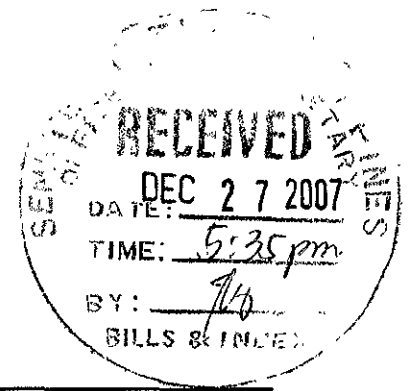


FOURTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
*First Regular Session* )

SENATE  
P.S. Resolution No. 262



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Introduced by Senator Panfilo M. Lacson

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**RESOLUTION**

**DIRECTING THE SENATE BLUE RIBBON COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE ALLEGED OVERPRICING OF THE DECORATIVE LAMP POSTS USED IN THE ASEAN SUMMIT IN CEBU CITY AND THE CONSTRUCTION OF THE CEBU INTERNATIONAL CONVENTION CENTER (CICC), WITH THE END IN VIEW OF PROVIDING REMEDIAL LEGISLATIONS THAT WILL FURTHER STRENGTHEN THE PERTINENT PROVISIONS OF REPUBLIC ACT NO. 9184 AND REPUBLIC ACT NO. 3019.**

**Whereas**, in preparation for the 12<sup>th</sup> Association of Southeast Asian Nations (ASEAN) Summit last January, the provincial government of Cebu entered into a contract for the supply and construction of decorative lamp posts/street lightings with Fabmik Construction and Equipment Company and Gampik Construction and Development Inc.

**Whereas**, in order to have a suitable venue for the said summit, the Provincial government of Cebu likewise entered into a contract for the construction of the Cebu International Convention Center (CICC);

**Whereas**, after the said event, allegations were made that the various contracts entered into by the provincial government of Cebu for the holding of the ASEAN summit were overpriced and in violation of our procurement laws;

**Whereas**, allegations were made that with respect to the CICC project, the provincial government of Cebu violated pertinent provisions of Republic Act No. 9184 otherwise known as the Government Procurement Reform Act of 2003 when it entered into negotiated contracts with some public works contractors while the law specifically mandates competitive bidding in order to get the lowest and responsive bid that is most advantageous to the government;

**Whereas**, in addition thereto, it is also alleged that the CICC project also violated the provision COA Circular NO. 76-41 (1976) which prohibits the splitting of contracts thereby increasing the project costs;

**Whereas**, to show that the CICC project was above board, Governor Gwendolyn Garcia of the province of Cebu in her presentation of the cost of the CICC stated that the provincial government spent P581.273 million for the CICC project which was way below the P637.4 million allocated for it;

**Whereas**, there were reports that Governor Garcia did not fully disclose the entire amount spent for the said project since WT Construction, one of the contractors for the said project, submitted an additional billing statement in the amount of P261,217,886.06;

**Whereas**, a careful perusal of the report made by Gov. Garcia would show that the said amount was not included in the P581,273,000 she previously stated which if added will make the total cost of the project balloon to P842,490,000 or way above the approved project cost for the construction of the CICC;

**Whereas**, with respect to the decorative lamps used in the ASEAN Summit, the Office of the Ombudsman stationed in Cebu discovered that the average rate of P89,385 for the 683 lamps in Cebu City were priced higher than the amount stated in the import documents of Chinese manufacturer, Zhongshan Guzhen Yongan, when it shipped the said items to Gampik Construction and Development Inc.;

**Whereas**, according to the import documents covering said articles, each lamp is only 224RMB which when converted to local currency only amounts to P1,399.22;

**Whereas**, according to the anti-graft office's computations with respect to the Cebu City lamps, the government should not have paid anything higher than P6,737.79 for each unit which amount factors in additional expenses, duties and fees to the P1,399.82 price tag;

**Whereas**, unfortunately, to their surprise, the DPWH accepted the P50,000.00 estimate per unit and bought them at that rate, exclusive of installation resulting in a P43,262.21 loss to the government for each unit ;

**Whereas**, with respect to Mandaue City which sought to procure 655 units, the Office of the Ombudsman discovered that the P224,000 lamps should have cost not more than P11,700 each inclusive of custom duties, transport and other cost excluding installation;

**Whereas**, the losses suffered by the government were more pronounced in the purchase of the streetlights which were priced based on the prepared program of works and estimates for single, double and triple-arm streetlights at a cost of P72,500, P85,500 and P95,000 per unit, excluding installation cost. However, based on the import documents for said items, it should have only cost the government P7,536.96, P8,121.20 and P9,523.37 each, excluding installation, respectively;

**Whereas**, the unabated anomalies and corruption that oftentimes accompany contracts entered into not only by the national government but even by local government units tend to show the utter disregard by public officers of the pertinent provisions of Republic Act No. 9184 to the prejudice of the public coffers;

**Whereas**, this practice of public officers of continuously resorting to violation of Republic Act 9184 just so they could enrich themselves at the expense of the public coffers likewise show their apathy towards the provisions of the Anti-Graft and Corrupt Practices Act; **NOW, THEREFORE,**

**BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, to direct, as it hereby directs, the Senate Blue Ribbon Committee to inquire, in aid of legislation, the anomalous infrastructure contracts entered into by the provincial government of Cebu in relation to the just concluded 12th Association of Southeast Asian Nations (ASEAN) Summit, with the end in view of providing remedial legislations to further strengthen the provisions of Republic Act No. 9184 with respect to requirement of public bidding and the penal provisions of Republic Act No. 3019.

**Adopted.**

  
**PANFILO M. LACSON**  
Senator