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SENATE  
P.S. Res. No. 830

RECEIVED by 

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Introduced by Senator Lacson  
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**RESOLUTION**

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE PURPORTED EXISTENCE OF A MAJOR CARTEL OF CONSTRUCTION FIRMS ALLEGEDLY ENGAGED IN COLLUSIVE AND FRAUDULENT SCHEMES DESIGNED TO PREVENT FREE AND OPEN COMPETITION IN THE BIDDING OF INFRASTRUCTURE CONTRACTS BEING FINANCED BY THE WORLD BANK, WITH THE END IN VIEW OF PROVIDING STRONGER REMEDIAL LEGISLATION TO AMEND REPUBLIC ACT NO. 9184, OTHERWISE KNOWN AS THE GOVERNMENT PROCUREMENT REFORM ACT**

Whereas, according to reports, the World Bank recently barred three (3) Philippine and four (4) Chinese firms from bidding on its projects due to alleged collusive practices in the National Roads Improvement and Management Program (NRIMP);

Whereas, in a statement, the World Bank (WB) said that its investigation had "uncovered evidence of a major cartel involving local and international firms bidding on contracts under Phase 1 of the Philippines' National Roads Improvement and Management Program, known as NRIMP 1."

Whereas, based on the findings of World Bank's Integrity Vice Presidency (INT), the seven firms barred were found to be engaging in collusive practices designed to manipulate bid prices that are violative of procurement laws and of the applicable procurement rules applying to NRIMP 1;

Whereas, NRIMP 1 was designed to assist the Philippine government to upgrade its road network and was partially financed by a \$150-million loan from the World Bank. It is composed of three phases: NRIMP-1 with a funding of \$150 million wherein \$138 million had already been disbursed, NRIMP-2 is worth \$232 million, and finally, NRIMP-3 which is expected to range anywhere between \$200 to \$250 million;

Whereas, the permanent debarments/disqualification were imposed on the firm, E. C. de Luna Construction Corp., and on its owner, Eduardo C. de Luna. The two other sanctioned Filipino firms were Cavite Ideal International Construction and Development Corp., and CM Pancho Construction Inc., both of which were debarred for four years;

Whereas, the four (4) Chinese firms found to be involved in the said collusive scheme were the China Road and Bridge Corp., which was debarred for eight years, China State Construction Corp., and China Wu Yi Co. Ltd., both debarred for six years, and China Geo-Engineering Corp., which was debarred for five years;

Whereas, as a result of this collusion, the World Bank stopped an estimated \$33 million from being awarded to the parties, and the bank also reported that no funds from the NRIMP 1 project were disbursed to the now-sanctioned firms;

Whereas, this is not the first time that allegations of corruption tainted government infrastructure/procurement contracts considering that a similar situation was uncovered during the 13<sup>th</sup> Congress involving the textbook procurement program of the Department of Education, which was also being funded by the World Bank;

Whereas, these alleged corrupt practices involving procurement projects during this administration would not have been possible without the knowledge and participation of the members of the procurement board of the agencies concerned;

Whereas, it is fortunate that the World Bank discovered this anomaly, which seemingly escaped the eyes of the present administration even though it is the one primarily in charge of implementing the said program;

Whereas, the discovery of the cartel in this program will hopefully lead to the discovery of other cartels not only for World Bank financed programs but also those being funded by other financing institutions as well as those funded under the General Appropriations Act;

Whereas, it is significant to note that while the World Bank severely sanctioned the abovementioned firms, our own government chose only to disqualify them *temporarily* from participating in public construction projects, which is a disservice to our people and our country;

Whereas, the worldwide embarrassment caused by this anomaly would be nothing compared to the stigma it will give our country if this kind of corrupt practice is left unchecked as it will undoubtedly give the World Bank and other foreign financial institutions a reason to doubt the veracity of our procurement process and thereby eliminating our chances of getting much needed foreign funding; NOW THEREFORE,

**BE IT RESOLVED AS IT IS HEREBY RESOLVED** to direct the appropriate Senate Committee to conduct an inquiry in aid of legislation into the purported existence of a major cartel of construction firms allegedly engaged in collusive and fraudulent schemes designed to prevent free and open competition in the bidding of infrastructure contracts being financed by the World Bank, with the end in view of providing stronger remedial legislation to Republic Act No. 9184, otherwise known as the Government Procurement Reform Act.

Adopted,

  
PANFILO M. LACSON  
Senator