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OF THE REPUBLIC OF THE PHILIPPINES)
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SENATE

P. S. Res. No. 832

RECEIVED

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INTRODUCED BY THE HONORABLE MAR ROXAS

A RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED BID RIGGING AND COLLUSIVE PRACTICES OF SEVEN CONSTRUCTION FIRMS INVOLVED IN THE NATIONAL ROADS IMPROVEMENT AND MANAGEMENT PROGRAM OF THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS REPORTED BY THE WORLD BANK, WITH THE END IN VIEW OF DETERMINING APPROPRIATE REMEDIAL MEASURES THAT WILL STRENGTHEN ANTI-CORRUPTION LAWS OF THE COUNTRY.

WHEREAS, Article II, Section 27 of the 1987 Philippine Constitution, expressly mandates the State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption;

WHEREAS, Article XIII, Section 19 of the 1987 Philippine Constitution further allows the regulation and prohibition of monopolies when public interest requires, and in no uncertain terms declare that no combinations in restraint of trade or unfair competition shall be allowed;

WHEREAS, the Philippines National Roads Improvement Management Program (NRIMP) managed by the Department of Public Works and Highways which is designed to assist the Philippines to upgrade its road network and at the same time to address weaknesses in project management so that future road projects would deliver more benefit at a lower cost, was partially financed by a \$150 Million loan from World Bank;

WHEREAS, World Bank's Integrity Vice President Leonard McCarthy has said in a World Bank press release dated 14 January 2009 that an in-depth investigation conducted by the World Bank's Integrity Vice Presidency (INT) uncovered major evidence of a major cartel involving four (4) Chinese firms and three (3) local construction companies involved in bid-rigging of contracts under phase I of the NRIMP;

WHEREAS, based on the INT's investigation, the World Bank's Sanction Board concluded that E.C. Luna Construction Corporation, China Road and Bridge Corporation, China State Construction Corporation, China Wu Yi Company, China Geo-Engineering Corporation, Cavite Ideal International Construction and

Development Corporation and CM Pancho Construction Incorporated had participated in a collusive scheme with government officials to establish bid prices at artificial, non-competitive levels constituting fraudulent practices and accordingly announced their debarments;

WHEREAS, the World Bank was quoted as saying in various media reports that “as a result of swift action when suspicions of collusion in the bidding process were raised by the project team, the World Bank stopped an estimated \$33 million from being awarded” and affirmed that no project funds were disbursed to the sanctioned firms;

WHEREAS, a 16 January 2009 *Business World* news article reported that Budget Secretary Rolando Andaya Jr. has announced that the government has also decided to bar the firms temporarily from entering into public work contracts following the World Bank decisions, as the DPWH and the Ombudsman conducts separate investigations on the bid-rigging allegations;

WHEREAS, the Philippines is a clear testament to the December 2007 report entitled “*Philippines: Critical Development Constraints*,” of the *Asian Development Bank* which found that corruption, political instability and weak rule of law have significant negative effects on investments;

WHEREAS, data from *Political and Economic Risk Consultancy* showed that the Philippines has the distinction of being perceived as the most corrupt in Asia while the *World Bank Institute's World Wide Governance of Indicators* rates the government as among those having the poorest control of corruption, and the *Center for Global Development* 2008 report showed that the country's ranking in the “control of corruption” indicator set by the US-funded Millennium Challenge Corporation dropped from 76th percentile in 2006 to 57th percentile in 2007, before plummeting further to 47th percentile in 2008;

WHEREAS, the country's dismal failure to curb corruption adversely affects international confidence in our government which is much needed at this time when investments and political support are indispensable to our capacity to weather the financial crisis;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate direct the appropriate Senate Committees to conduct an inquiry in aid of legislation, on the alleged bid rigging and collusive practices of seven construction firms involved in the National Roads Improvement and Management Program of the Department of Public Works and Highways Reported by the World Bank, with the end in view of determining appropriate remedial measures that will strengthen anti-corruption laws of the country.

Adopted,


MAR ROXAS
Senator