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REPUBLIC OF THE PHILIPPINES)
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SENATE
P. S. Res. No. 996

Introduced by Senator Aquilino “Koko” Pimentel III

A RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE
ALLEGED LARGE-SCALE SCAM IN THE PROCUREMENT OF
INFRASTRUCTURE PROJECTS BY THE DEPARTMENT OF
PUBLIC WORKS AND HIGHWAYS RESULTING TO A SINGLE
PROPRIETOR, C.T. LEONCIO CONSTRUCTION AND
TRADING, GARNERING BILLIONS OF PESOS WORTH OF
PROJECTS SINCE 2011

1 **WHEREAS**, Republic Act No. 9184 (“R.A. 9184”) entitled “An
2 Act Providing for the Modernization, Standardization and Regulation of
3 the Procurement Activities of the Government and for Other Purposes,”
4 otherwise known as the “Government Procurement Reform Act”
5 (“GPRA”) was enacted on January 10, 2003, and took effect on January
6 26, 2003;

7 **WHEREAS**, the GPRA was enacted to improve competition,
8 transparency, accountability, efficiency and economy in the procurement
9 activities of all procuring entities of government through the institution
10 of streamlined and standardized procurement rules and procedures. It
11 also holds public officials found guilty of corruption, coercion, collusion

1 and disruptive practices liable for administrative, criminal and civil
2 sanctions;

3 **WHEREAS**, public procurement is essential to ensure high and
4 sustainable economic growth. When done well, it results in the awarding
5 of contracts to companies which deliver maximum value to the public,
6 and improves the level of wellbeing for society as a whole. However,
7 public procurement has always been highlighted as a high risk area for
8 corruption, where government processes are prone to manipulation to
9 the advantage of influential individuals for personal gain¹;

10
11 **WHEREAS**, House Majority Floor Leader Rolando Andaya Jr.
12 during his privilege speech in the House of Representatives on
13 December 10, 2018, and during the hearing of the House Committee on
14 Rules on January 3, 2019, revealed a large-scale scam on the
15 implementation of the 2018 budget, in which a certain single proprietor,
16 C.T. Leoncio, allegedly garnered billions of pesos in contracts in various
17 congressional districts. In Sorsogon alone in 2018, C.T. Leoncio
18 allegedly cornered 39 public works projects, yet it has failed to complete
19 some of them;

20
21 **WHEREAS**, based on the data of Philippine Government
22 Electronic Procurement System (PhilGEPS), 333 government contracts
23 were awarded to C.T. Leoncio from April 2011 to April 2018. The
24 contracts have a total worth of P12.94 billion. Two hundred seventy-five
25 (275) of these contracts, with a total worth of P9.24 billion, were entered
26 into by the government with C.T. Leoncio alone. The remaining 58,
27 worth a total of P3.7 billion, were projects of C.T. Leoncio in joint
28 venture with other contractors. Three hundred twelve (312) of these
29 contracts, worth a total of P12.35 billion, were implemented by the
30 different regional, provincial, and district offices of the Department of
31 Public Works and Highways²;

32
33 **WHEREAS**, similar instances have been reported where certain
34 contractors would bag several government infrastructure contracts worth

¹<https://www.global-economic-symposium.org/knowledgebase/fighting-corruption-in-a-multipolar-world/proposals/strengthening-the-public-procurement-process>.

²<https://www.gmanetwork.com/news/news/specialreports/678517/firm-in-andaya-expose-bagged-p4-24b-worth-of-gov-t-contracts-in-2017-philgeps/story/>.

1 billions of pesos, such as Katha Builders and Supplies, which allegedly
2 cornered 49 contracts worth more than P1.6 billion by September 30,
3 2018; and R.C. Tagala Construction (now registered as Syndtite
4 Construction Corp.), which had bagged PhP5.7 billion worth of
5 contracts in 2016 but was later on blacklisted by DPWH in August of
6 2018.

7
8 **WHEREAS**, Rep. Andaya questioned how a small construction
9 outfit like C.T. Leoncio was able to bag multi-billion peso contracts in
10 provinces located hundreds of kilometers away from its office in Sta.
11 Maria, Bulacan. He said that based on their study, C.T. Leoncio has
12 already incurred negative slippages in different projects of the
13 government, which only shows its lack of competence. He even pointed
14 out that some of the committed equipment units by C.T. Leoncio for use
15 in one project are also committed to be used in other on-going projects at
16 the same time. Lastly, he alleged that C.T. Leoncio is also being used as
17 a dummy by Aremar Construction, to bag government projects. He said
18 that C.T. Leoncio's role, being a 'triple A' construction company, is just
19 to secure the contract and then lend its license to the company that will
20 really undertake the project;

21
22 **WHEREAS**, monitoring reports submitted by Department of
23 Public Works and Highways (DPWH) district offices in the provinces,
24 where C.T. Leoncio has projects since 2017, would show that it has
25 incurred delays. Of the 39 infrastructure projects awarded to C.T.
26 Leoncio in 2018, 7 were not implemented according to the project
27 timetable. As of September 2018, project slippages had ranged from 19
28 percent to 50 percent³;

29
30 **WHEREAS**, pursuant to Section 34.3 of the Implementing Rules
31 and Regulations (IRR) of R.A. 9184, during the post-qualification
32 process, the Bids and Awards Committee is supposed to verify, validate,
33 and ascertain all statements made and documents submitted by the
34 bidder, ensuring its compliance with the legal, technical, and financial
35 requirements specified in the rules and the bidding documents;

³<https://newsinfo.inquirer.net/1063107/no-hand-in-sorsogon-projects-cornered-by-1-contractor-says-mayor#ixzz5cWVR5reN>.

1
2 **WHEREAS**, the aforementioned facts put into question not just
3 the procurement processes of DPWH, awarding contracts to a favored
4 and pre-determined contractor, who is of doubtful capacity to undertake
5 several projects, and who is already in delay; but also the whole
6 procurement process as provided in R.A. 9184 and its IRR, whether it
7 has enough safeguards in place to prevent favored and incapacitated
8 contractors to bag government contracts;

9
10 **NOW, THEREFORE, BE IT RESOLVED**, as it is hereby
11 resolved to direct the appropriate Senate committee to conduct an
12 inquiry, in aid of legislation, into the procurement processes of these
13 infrastructure projects by the DPWH, with the end in view of making
14 changes to our procurement laws and processes, if found necessary.

Adopted,


AQUILINO "KOKO" PIMENTEL III