

****Title**:** Francisco I. Chavez v. Public Estates Authority and Amari Coastal Bay Development Corporation (The Manila Bay Reclamation Case)

****Facts**:**

This legal case emerged from a government contract where 157.84 hectares of reclaimed public lands along Roxas Boulevard in Metro Manila were conveyed to the private entity AMARI Coastal Bay Development Corporation at a price significantly below market value, generating substantial public concern and scrutiny. The sale's controversial aspects, apart from the staggering financial difference, included the absence of a public bidding, contradicting the Government Auditing Code, and the involvement of substantial commissions potentially amounting to bribe money.

The Public Estates Authority (PEA), a government agency, entered into a Joint Venture Agreement (JVA) with AMARI to develop the reclaimed lands. Despite several high-value alternative offers and the obligatory requirement of a public bidding process for government land sale, PEA proceeded without such, raising questions of legal compliance and public interest protection.

The Senate, through two of its committees, conducted extensive hearings, revealing the deal's undervaluation of land based on official appraisals and failed to adhere to bidding requirements. Despite various procedural maneuvers and multiple reconsiderations, the case escalated to the Supreme Court for resolution on constitutional and legal grounds.

****Issues**:**

1. Whether the government contract to sell reclaimed lands to AMARI without public bidding violated the Government Auditing Code and other legal provisions.
2. Whether the sale of reclaimed lands to a private entity at under-market prices constituted a grave misuse of public assets.
3. Whether the JVA between PEA and AMARI contravened constitutional provisions prohibiting the sale of public lands to private entities.
4. The legitimacy of substantial commissions paid to secure the contract, potentially classifying as bribe money.

****Court's Decision**:**

The Supreme Court denied the motions for reconsideration filed by PEA and AMARI, upholding its original decision that the contract violated explicit constitutional mandates prohibiting the sale of public domain lands to private entities. The Court emphasized that

submerged lands and those reclaimed from them are inalienable natural resources owned by the State, inherently outside of commercial transactions purview. It concluded that the JVA contravened the Constitution, and PEA could not legally convey reclaimed lands to AMARI, a private corporation. The decision underscored the principle that legal and ethical procedures in government contracts must be strictly observed, especially in transactions involving valuable public assets.

****Doctrine**:**

The Supreme Court reiterated the doctrine that lands of the public domain, particularly submerged and reclaimed lands, are inalienable and cannot be the object of sale to private entities, in line with constitutional provisions safeguarding natural resources and public assets. The decision affirmed the legal requirement for public bidding in governmental asset disposition and the prohibition against private corporations from acquiring any kind of alienable land of the public domain.

****Class Notes**:**

- ****Submerged Lands**:** These are inalienable parts of the public domain, under the State's ownership, cannot be sold to private entities.
- ****Reclaimed Lands**:** Once reclaimed, they are classified as public domain lands and are subject to the Constitution's provisions regarding natural resources and state property.
- ****Public Bidding Requirement (Government Auditing Code, PD No. 1445, Section 79)**:** Government property sale must proceed through public bidding, ensuring transparency and fairness.
- ****Constitutional Prohibition (1987 Philippine Constitution, Article XII, Sections 2 and 3)**:** Private corporations are barred from acquiring any kind of alienable land of the public domain, a measure protecting national patrimony.

****Historical background**:**

The case against the PEA and AMARI Coastal Bay Development Corporation arose during a period of heightened vigilance against corruption and misuse of public resources in the Philippines. It reflects the broader struggles and tensions between public interest, governance, and private sector involvement in national development projects. The controversy underscored the need for stringent adherence to legal and constitutional directives in transactions involving the public domain, emphasizing the primacy of public interest and accountability in governmental actions.