

Title: Cristina Amposta-Mortel et al. vs. People of the Philippines

Facts:

The consolidated petitions stem from the construction of the President Diosdado Macapagal Boulevard (PDMB), a project under the Public Estates Authority (PEA, now the Philippine Reclamation Authority) designed to create a highway spanning 5.1234 kilometers from Buendia Avenue to Pacific Avenue at Asiaworld City. The project was initiated following Administrative Order No. 176 by President Fidel Ramos and a Memorandum by President Joseph Estrada.

The Sandiganbayan found several PEA officials and JD Legaspi (the contractor) guilty of violating Section 3(e) of R.A. No. 3019 due to irregularities in the project's bidding, contract awarding without proper funding, unauthorized contract price adjustments, and extra work orders. They were accused of not following simplified public bidding rules, bypassing detailed engineering requirements, and entering into a contract without secured funding. The court held that these actions resulted in the award of the project to JD Legaspi and subsequent cost adjustments that led to overpriced project costs, totalling an undue injury to the government in the amount of over PHP 100 Million.

Issues:

1. Whether the PEA officials violated Section 3(e) of R.A. No. 3019 by awarding the PDMB project following irregularities in its bidding and implementation.
2. Whether Amposta-Mortel and the PEA management should be held civilly liable for the alleged overpricing and irregularities in the PDMB Project.
3. Whether JD Legaspi should be held civilly liable for partaking in the irregularities related to the Seaside Drive Extension under Variation Order No. 2.

Court's Decision:

The Supreme Court found that the actions taken by PEA in relation to the bidding and awarding of the PDMB project, including reliance on a DPWH list in the absence of a PCAB masterlist and proceeding with the project through loan financing, did not automatically equate to a violation of Section 3(e) of R.A. No. 3019. The Court emphasized that the elements of manifest partiality, evident bad faith, or gross inexcusable negligence must be proven to establish a violation of the law. Additionally, the Court held that the technical requirement for detailed engineering, while not adhered to by the petitioners, did not constitute corrupt motives necessary for a conviction under the said law. Thus, the Court reversed the Sandiganbayan's conviction, highlighting that violations of procurement laws

and failure to comply with the president's directives on their own do not constitute criminal acts under R.A. No. 3019 without proof of graft or corrupt practices.

Doctrine:

Violation of procurement laws and directives, including those concerning detailed engineering and funding, does not automatically constitute a violation of Section 3(e) of R.A. No. 3019 without clear proof of corrupt motives or practices.

Class Notes:

- Section 3(e) of R.A. No. 3019 requires proof of manifest partiality, evident bad faith, or gross inexcusable negligence, leading to undue injury to the government or giving unwarranted benefits to a private party.
- Detailed Engineering as per P.D. No. 1594 is a prerequisite for bidding and awarding government contracts to ensure accurate project cost estimates and prevent overruns/underruns.
- The principle of transparency and competitive bidding as enshrined in R.A. No. 9184 mandates the disclosure of the source of funding and the approved budget for the contract in the invitation to bid.

Historical Background:

The construction of the PDMB was initiated under the administrations of Presidents Fidel V. Ramos and Joseph Ejercito Estrada as part of government efforts to develop infrastructure. The controversy surrounding the project's bidding and execution underlines the challenges in public procurement and the importance of adherence to laws and regulations to prevent corruption and ensure fiscal responsibility.