

Title: Metropolitan Manila Development Authority vs. Jancom Environmental Corporation and Jancom International Development Projects Pty. Limited of Australia

Facts:

- In 1994, President Fidel V. Ramos issued Presidential Memorandum Order No. 202 creating the Executive Committee (EXECOM) to oversee the BOT (Build-Operate-Transfer) scheme for waste management projects in San Mateo, Rizal, and Carmona, Cavite, led by the MMDA Chairman and the Cabinet Officer for Regional Development-National Capital Region (CORD-NCR).
- The requirements for these projects emphasized incineration technology for municipal solid waste thermal plants. Eleven proponents submitted pre-qualification documents, but most did not meet the criteria. Eventually, three were pre-qualified, including JANCOM International Pty. Ltd.
- On May 2, 1996, a bidding conference was held, and after some extensions and re-evaluations due to changes in proponents' composition, JANCOM for the San Mateo site, and First Philippines for the Carmona site, were declared the winning bidders.
- A BOT contract for the San Mateo Waste-to-Energy project was signed on December 19, 1997, between JANCOM and the Philippine Government, represented by the Presidential Task Force on Solid Waste Management through various officials.
- The BOT contract was submitted to President Ramos for approval, which did not occur before the end of his term. The assignment of EXECOM's leadership changed with President Joseph E. Estrada's administration, and the contract faced obstacles due to the Clean Air Act and other policy changes.
- JANCOM filed a petition for certiorari with the Regional Trial Court of Pasig, contesting the decision not to pursue the BOT contract. The court sided with JANCOM, but instead of appealing, MMDA filed a special civil action for certiorari with the Court of Appeals, which eventually led to the Supreme Court.

Issues:

1. Whether the special civil action for certiorari was the appropriate recourse for the MMDA.
2. The validity and binding nature of the BOT contract despite the absence of the President's signature and compliance with preceding conditions.
3. The applicability of the Clean Air Act and other reasons for contract cessation.

Court's Decision:

The Supreme Court dismissed MMDA's petition, affirming the decision of the Court of

Appeals and the validity of the BOT contract between the Philippine Government and JANCOM. The Court highlighted that:

1. The remedy of certiorari was improperly sought by MMDA, as the proper course of action was to appeal the trial court's decision.
2. The BOT contract was deemed perfected and valid, with the execution and signing signifying agreement and consent by the parties.
3. The reasons cited by MMDA for not pursuing the contract, including the Clean Air Act, were insufficient to abrogate the agreement.

Doctrine:

Contracts are perfected by mere consent, and once a contract is entered into, it cannot be renounced unilaterally without the other party's consent. This case reiterates the importance of adherence to contractual commitments and the legal parameters governing contracts in the context of public-private partnerships under Philippine law.

Class Notes:

- **Contracts**: Perfection by consent; binding nature upon parties; conditions that can affect validity and enforceability.
- **Special Civil Actions**: Proper recourse for certiorari under Rule 65; limitations when appeal is available.
- **Public-Private Partnerships (PPP)**: Legal framework under the BOT scheme; significance of governmental and presidential approvals.
- **Doctrine of Estoppel**: Government officials' actions binding the state in certain contexts; limitations thereof.
- **Clean Air Act**: Impact on contractual obligations and project feasibility.

Historical Background:

This case unfolded during the transitions between the administrations of Presidents Fidel V. Ramos and Joseph Estrada, showcasing the impact of executive and legislative changes on ongoing government projects. The introduction of the Clean Air Act and policy shifts emphasized environmental concerns and their influence on infrastructural contracts and technologies chosen for waste management.