

**\*\*Title:\*\***

Hydro Resources Contractors Corporation vs. National Irrigation Administration (484 Phil. 581)

**\*\*Facts:\*\***

1. **\*\*August 1978:\*\*** Hydro Resources Contractors Corporation (HRCC) was awarded Contract MPI-C-2 by the National Irrigation Administration (NIA) for the Magat River Multi-Purpose Project.

- Contract value: P1,489,146,473.72 (P1,041,884,766.99 in Pesos and \$60,657,992.37 in USD at an exchange rate of P7.3735 to \$1).

2. **\*\*November 6, 1978:\*\*** Amendment No. 1 signed: NIA increased foreign currency allocation for equipment financing to \$38,000,000.00 for the first year.

3. **\*\*April 9, 1980:\*\*** Memorandum of Agreement (MOA) signed, allowing HRCC direct availment of foreign currency for purchasing necessary equipment and spare parts.

4. **\*\*1980:\*\*** Supplemental MOA included items like construction materials and permanent works.

5. **\*\*1982:\*\*** HRCC substantially completed the project, and on February 14, 1984, NIA accepted it.

6. **\*\*1984:\*\*** Due to currency fluctuations, disputes arose regarding the exchange rate applied by NIA.

7. **\*\*April 1983:\*\*** HRCC claimed underpayment due to price escalations and presented the "MPI-C-2 Dollar Rate Differential on Foreign Component of Escalation," showing HRCC was entitled to an additional \$1,353,771.79/P10,898,391.17.

8. **\*\*August 12, 1983:\*\*** HRCC submitted a claim to NIA, which was rejected on January 6, 1987.

9. **\*\*December 7, 1994:\*\*** HRCC filed for arbitration with CIAC (CIAC Case No. 18-94).

10. **\*\*NIA's Defense:\*\***

- Filed Answer with Counterclaim raising laches, estoppel, lack of CIAC jurisdiction.

- Sought dismissals and pursued legal recourse (CA-G.R. SP No. 37180 and G.R. No. 129169).

11. **June 10, 1997:** CIAC ruled in favor of HRCC.

12. **NIA Appeal:** Filed CA-G.R. SP No. 44527 with the Court of Appeals, resulting in CIAC's decision being overturned on several grounds.

**Issues:**

1. Did HRCC's claim prescribe?
2. Is HRCC's claim contrary to R.A. No. 529?
3. Should the exchange rates be computed at the fixed rate?
4. Was NIA's Certification of Non-Forum Shopping proper?

**Court's Decision:**

1. **Prescription:**

- **CA Decision:** HRCC's claim prescribed as per Section 25 of the contract (30-day period post-administrator denial for arbitration notice).
- **Supreme Court:** Disagreed, noting final denial was on January 6, 1987, and HRCC responded within 30 days. Also, the 30-day period in contracts applies to disputes during construction, not post-completion.

2. **Applicability of R.A. No. 529:**

- **CA Decision:** Applied R.A. No. 529, barring payments in foreign currency.
- **Supreme Court:**
  - Exempted the contract as it involved international funding from IBRD.
  - Even if applicable, R.A. No. 529 voids the provision of payment foreign currency, not the payment itself.

3. **Fixed Exchange Rate:**

- **Supreme Court:** NIA charged interest at prevailing rates during the contract and now cannot backtrack to fixed rates. Estoppel applies due to NIA's inconsistency in computation.

4. **Certificate of Non-Forum Shopping:**

- **Supreme Court:** Lawyer must be specifically authorized. Lack of proper authorization made NIA's certification invalid. NIA had been guilty of forum shopping due to multiple identical lawsuits.

**\*\*Doctrine:\*\***

1. **\*\*Prescription:\*\***

- Arbitration clauses in contracts generally apply during construction phases to prevent delays, not to post-completion disputes.

2. **\*\*R.A. No. 529 Exceptions:\*\***

- Internationally funded contracts are exempt from local currency restrictions.

3. **\*\*Estoppel:\*\***

- Consistent stance required. A party is bound by its acts and representations.

4. **\*\*Forum Shopping:\*\***

- Filing multiple suits on the same issues constitutes improper conduct and potential case dismissal.

5. **\*\*Non-Forum Shopping Certificate:\*\***

- Must be signed by authorized individuals; counsel must have specific authority.

**\*\*Class Notes:\*\***

Key elements and concepts:

1. **\*\*Prescription:\*\*** Definitions and exceptions.

2. **\*\*R.A. No. 529 Application:\*\*** Contracts funded by international financial institutions are exempt.

3. **\*\*Estoppel Principles:\*\*** Actions bind parties; avoids inconsistent positions.

4. **\*\*Forum Shopping Definition:\*\*** Identity of parties, causes of action, and reliefs sought.

5. **\*\*Non-Forum Shopping Certification:\*\*** Role and requirements for signing authority.

**\*\*Historical Background:\*\***

- **\*\*Magat River Multi-Purpose Project:\*\*** Major infrastructure initiative funded by IBRD.

- **\*\*Currency Fluctuations:\*\*** Issue pertinent during Marcos era with economic policy impacts.

- **\*\*CIAC's Role:\*\*** Seen as an impartial body for construction disputes, its establishment aimed to streamline dispute resolution distinct from regular courts.