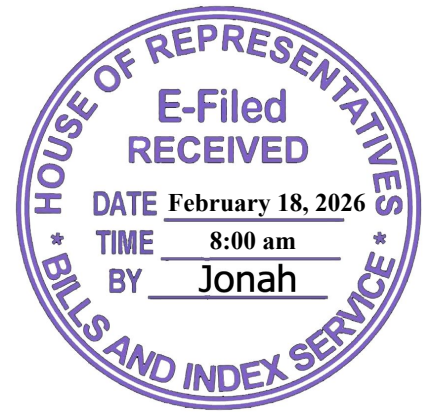


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7838



Introduced by Representative LEILA M. DE LIMA

AN ACT
PUNISHING THE CRIME OF MACHINATIONS IN GOVERNMENT
PROCUREMENT, AMENDING ARTICLE XX OF REPUBLIC ACT NO. 12009,
OTHERWISE KNOWN AS THE “NEW GOVERNMENT PROCUREMENT ACT”,
AND PRESIDENTIAL DECREE NO. 1606, OR THE LAW CREATING THE
SANDIGANBAYAN, AS AMENDED, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Dubbed as the “biggest corruption scandal in Philippine history”, the 2025 flood control projects controversy has revealed deep-seated problems in the government infrastructure program, exposing critical gaps in our public procurement laws and their implementation.¹ Official investigations, as well as credible media reports, have exposed a grand theft where billions of pesos of flood control funds have been pocketed by corrupt high-ranking officials, including lawmakers and government engineers, and their private sector cohorts. They have executed the heist through multiple ghost projects, substandard construction, and a monopoly of contracts to a favored group of contractors.²

Some of the major gaps identified by serious observers of the flood control projects controversy pertained to several weaknesses in the conduct of procurement and bidding implementation. There were contractor monopolies, as a staggering P100 billion, or nearly 20 % of the P545 billion flood control budget from 2022 to 2025, was awarded to only 15 out of over 2,400 accredited contractors. Also, there were “license

¹ Cleo Anne Calimbahin (2 December 2025). Accountability washed away in Philippine flood control corruption. Retrieved from <https://eastasiaforum.org/2025/12/02/accountability-washed-away-in-philippine-flood-control-corruption/#:~:text=The%20Philippines%20has%20lost%20an,donors%20to%20senators%20and%20Representatives.>

² David Dizon (12 September 2025). An A-Z of players in Philippine flood control scandal. Retrieved from <https://www.abs-cbn.com/news/nation/2025/9/12/an-a-z-of-players-in-the-philippine-flood-control-scandal-1625>

renting schemes, where big, triple-A rated contractors were found to be leasing their licenses to smaller, unqualified builders, leading to poor-quality construction. Further, collusion and favoritism had persisted, where infrastructure contracts were frequently awarded to "friendly companies" connected to politicians and government engineers, allowing for 25%–30% kickbacks.³ These firms faced questions about their actual capacity to deliver, alleged dummy ownership, links to legislators who approved the budget, and connections to officials with regulatory influence.⁴

These gaping holes in the bidding and awarding of infrastructure projects come into sharper focus when we consider that -- instead of plugging the gaps in our legal and regulatory frameworks -- the new law governing public procurement, Republic Act No. 12009, or the "New Government Procurement Act of 2024", has watered down the provisions on exacting accountability against dishonest and corrupt public officials and their private sector accomplices. This recent law completely repeals the penal clauses of its predecessor, Republic Act No. 9184, or the "Government Procurement Reform Act", merging instead in one article the provisions on administrative sanctions and civil liabilities. This is a step in an epically wrong direction.

To remedy the situation, and in response to the public clamor to promulgate stronger legislative measures to curb corruption, especially in the area of government procurement, this bill seeks to revive the intent and reinstate the major provisions of Article XXI (Penal Clause) of RA 9184, with certain modifications. In this bill, we seek to criminalize various acts of machination of government procurement, and further amend Presidential Decree No. 1606 to empower the Sandiganbayan to try and decide cases concerning offenses involving public officials with salary of 27 or higher. Article XX of RA 12009 is sought to be amended to come up with a consolidated new article that encompasses criminal, civil and administrative liabilities to underscore the need for comprehensive and integrated accountability mechanisms to combat corruption in the conduct of bidding and other activities in government procurement.

By describing and punishing certain reprehensible acts as crimes of "machinations in government procurement", and prescribing stiff penalties for their commission -- including long-term imprisonment and disqualification from holding public employment or transacting with government -- it is hoped that the proposed law will have its intended deterrent and retributive effects. Thus, this bill can bolster our legal arsenal to better confront the lingering problem of pestering corruption and dishonesty among some of our public officials and employees.

³ UP Center for Integrative and Development Studies, Flood-Control Fiasco: A Policy Reckoning for Accountability in the Philippines' Climate Risk Governance (October 2025). Retrieved from <https://cids.up.edu.ph/flood-control-fiasco-a-policy-reckoning-for-accountability-in-the-philippines/#:~:text=2..the%20laundering%20of%20anomalous%20funds>.

⁴ Reality of Aid (6 November 2025). Cracks in the Wall: How Flood Control Funds Sink into Corruption While Filipinos Drown. Retrieved from <https://realityofaid.org/cracks-in-the-wall-how-flood-control-funds-sink-into-corruption-while-filipinos-drown/>

In preparing this bill, acknowledgement is due to the “Criminal Code of the Philippines” project of the Department of Justice (DOJ), in collaboration with the University of the Philippines (UP) Law Center.

Early approval of this urgent measure is requested.



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beyond the prescribed periods of action provided for in the implementing rules and regulations (IRR);

- c) Unduly influencing or exerting undue pressure on any member of the Bids and Awards Committee (BAC) or any officer or employee of the Procuring Entity to take a particular action which favors, or tends to favor a particular bidder, or allowing oneself to be unduly influenced or pressured;
- d) Splitting of contracts which exceed procedural purchase limits to avoid competitive bidding; or
- e) Abusing the exercise of the power of the head of the agency or his duly authorized representative to reject any or all bids with manifest preference to any bidder.

When any of the foregoing acts is done in collusion with private individuals, the private individuals shall likewise be liable for the offense.

In addition, the public officer involved shall also suffer the penalty of temporary disqualification from public office, while the private individual shall be permanently disqualified from transacting business with the government.

Section. 93. *Machinations in Government Procurement, Committed by Private Individuals.* — The penalty of imprisonment of not less than six (6) years and one (1) day, but not more than fifteen (15) years shall be imposed on private individuals who commit any of the following machinations in public procurement:

- a) When two or more bidders agree and submit different bids as if they were *bona fide*, when they knew that one or more of them was so much higher than the other that it could not be honestly accepted, and that the contract will be awarded to the pre-arranged lowest bid;
- b) When a bidder maliciously submits different bids through two or more persons, corporations, partnerships, or any other business entity in which he has an interest, to create the appearance of competition which does not in fact exist, so as to be adjudged as the winning bidder;
- c) When two or more bidders enter into an agreement that results in preventing any one of them from bidding, or which causes the withdrawal of bids already submitted, or which otherwise creates an undue advantage to any one of them; or

- 1 d) When a bidder, by themselves or in connivance with others, employs
2 schemes which tend to restrain the natural rivalry of the parties or
3 operates to stifle or suppress competition and thus produce a result
4 disadvantageous to the government or the public.
5

6 In addition, the persons involved shall also suffer the penalty of temporary or
7 perpetual disqualification from public office and be permanently disqualified from
8 transacting business with the government.
9

10 Section. 94. *Other Acts of Machination in Government Procurement.* -- The
11 penalty of imprisonment of not less than six (6) years and one (1) day, but not more
12 than fifteen (15) years shall be imposed on private individuals and public officers
13 conspiring with them, if any, who commit any of the following other acts of machination
14 in public procurement:
15

- 16 a) Submit eligibility requirements of whatever kind and nature that
17 contain false information or falsified documents calculated to influence
18 the outcome of the eligibility screening process or conceal such
19 information in the eligibility requirements when the information will
20 lead to a declaration of ineligibility from participating in public bidding;
21
22 b) Submit bidding documents of whatever kind and nature that contain
23 false information or falsified documents, or conceal such information
24 in the bidding documents, in order to influence the outcome of the
25 public bidding;
26
27 c) Participate in a public bidding using the name of another or allow
28 another to use one's name for the purpose of participating in a public
29 bidding; or
30
31 d) Withdraw a bid, after it shall have qualified as the lowest calculated
32 bid/highest rated bid, or refuse to accept an award, without just cause
33 or for the purpose of forcing the procuring entity to award the contract
34 to another bidder. This shall include the non-submission within the
35 prescribed time, or delaying the submission of requirements such as,
36 but not limited to, performance security, preparatory to the final award
37 of the contract.

38 When the bidder is a juridical entity, criminal liability and the accessory penalties
39 shall be imposed on its directors, officers or employees who actually commit any of the
40 foregoing acts.
41

42 Section. 95. *Jurisdiction.* – Jurisdiction over offenses defined under this Article
43 shall belong to the Regional Trial Court for cases involving public officers and
44 employees with salary grades lower than 27, as governed by Batas Pambansa 129,
45 as amended.
46

1 For public officers with salary grades of 27 and higher, jurisdiction shall be with
2 the Sandiganbayan. Accordingly, Section 4 (a) of Presidential Decree No. 1606, as
3 amended by Republic Act No. 10660, is further amended to read, as follows:
4

5 "SEC. 4. *Jurisdiction.* – The Sandiganbayan shall exercise exclusive original
6 jurisdiction in all cases involving:
7

8 "a. Violations of Republic Act No. 3019, as amended, otherwise known as the
9 Anti-Graft and Corrupt Practices Act, Republic Act No. 1379, Chapter II, Section 2,
10 Title VII, Book II of the Revised Penal Code, AND REPUBLIC ACT NO. 12009,
11 OTHERWISE KNOWN AS THE "NEW GOVERNMENT PROCUREMENT ACT",
12 where one or more of the accused are officials occupying the following positions in the
13 government, whether in a permanent, acting or interim capacity, at the time of the
14 commission of the offense:
15

16 "(1) Officials of the executive branch occupying the positions of regional director
17 and higher, otherwise classified as Grade '27' and higher, of the Compensation and
18 Position Classification Act of 1989 (Republic Act No. 6758), specifically including:
19

20 "(a) Provincial governors, vice-governors, members of the sangguniang
21 panlalawigan, and provincial treasurers, assessors, engineers, and other
22 provincial department heads:

23 "(b) City mayors, vice-mayors, members of the sangguniang panlungsod, city
24 treasurers, assessors, engineers, and other city department heads;

25 "(c) Officials of the diplomatic service occupying the position of consul and
26 higher;

27 "(d) Philippine army and air force colonels, naval captains, and all officers of
28 higher rank;

29 "(e) Officers of the Philippine National Police while occupying the position of
30 provincial director and those holding the rank of senior superintendent and
31 higher;

32 "(f) City and provincial prosecutors and their assistants, and officials and
33 prosecutors in the Office of the Ombudsman and special prosecutor;

34 "(g) Presidents, directors or trustees, or managers of government-owned or
35 controlled corporations, state universities or educational institutions or
36 foundations.

37 "(2) Members of Congress and officials thereof classified as Grade '27' and
38 higher under the Compensation and Position Classification Act of 1989;

39 "(3) Members of the judiciary without prejudice to the provisions of the
40 Constitution;

41 "(4) Chairmen and members of the Constitutional Commissions, without
42 prejudice to the provisions of the Constitution; and

43 "(5) All other national and local officials classified as Grade '27' and higher under
44 the Compensation and Position Classification Act of 1989."
45

46 Section 96. *Administrative Actions against Public Officers.* – Without prejudice
47 to the filing of criminal cases for machinations in public procurement under preceding
48 Sections 92 to 94, as well as for violations of Republic Act No. 3019, Republic Act No.
49 1379, and Chapter II, Section 2, Title VII, Book II of the Revised Penal Code,
50 administrative actions may likewise be instituted against public officers with respect to

1 the administrative liabilities arising from the acts or omissions constitutive of the
2 offenses, pursuant to existing laws and rules of procedure, including those that are
3 applicable to the civil service and the Office of the Ombudsman.

4
5 Section 97. *Imposition of Administrative Penalties.* - (a) In addition to the
6 provisions of this Article, the head of agency shall impose on bidders or prospective
7 bidders, the administrative penalty of suspension for one (1) year for the first offense,
8 and suspension of two (2) years for the second offense from participating in the public
9 bidding process, for the following violations:

10 1. Submission of eligibility requirements containing false information or falsified
11 documents.

12 2. Submission of bids that contain false information or falsified documents, or
13 the concealment of such information in the Bids in order to influence the
14 outcome of eligibility screening or any other stage of the public bidding.

15 3. Allowing the use of one's name, or using the name of another for purposes
16 of public bidding.

17 4. Withdrawal of a Bid, or refusal to accept an award, or enter into contract with
18 the government without justifiable cause, after he had been adjudged as having
19 submitted the Lowest Calculated Responsive Bid or Highest Rated Responsive
20 Bid.

21 5. Refusal or failure to post the required performance security within the
22 prescribed time.

23 6. Termination of the contract due to the default of the bidder.

24 Refusal to clarify or validate in writing its Bid during post-qualification within a
25 period of seven (7) calendar days from receipt of the request for clarification.

26 Any documented unsolicited attempt by a bidder to unduly influence the
27 outcome of the bidding in his favor.

28 All other acts that tend to defeat the purpose of the Competitive bidding.

29 (b) In addition to the penalty of suspension, the Bid security or the performance
30 security posted by the concerned bidder or prospective bidder shall also be forfeited.

31 (c) The Head of the Procuring Entity may delegate to the BAC the authority to impose
32 the aforementioned administrative penalties.

33 Section 98. *Preventive Suspension by Head of Agency.* - The head of agency
34 may preventively suspend any member of the TWG or the Secretariat, or the BAC,
35 and other officials and employees involved if there are strong reasons or *prima facie*
36 evidence showing that the officials or employees concerned may be liable of the
37 charges filed against them under Article XX of this Act, or for dishonesty or other acts
38 covered by civil service laws. In all cases, procedural and substantive due process as
39 mandated by the Constitution and civil service laws, rules and regulations shall be
40 strictly observed.

1 Section 99. *Civil Liability in Case of Conviction.* - Without prejudice to
2 administrative sanctions that may be imposed in a proper case, a conviction under this
3 Act and other penal laws shall carry with it civil liability, which may either consist of
4 restitution for the damage done, or forfeiture in favor of the government of any
5 unwarranted benefit derived from the act or omission in question, or both, at the
6 discretion of the courts.

7 Section 100. *Liquidated Damages.* - All contracts executed in accordance with
8 this Act shall contain a provision on liquidated damages which shall be payable in case
9 of breach thereof. The amount thereof shall be specified in the IRR.

10
11 SEC. 3. – *Renumbering of Sections.* – Provisions or Sections of Republic Act
12 No. 12009 that shall be affected by the preceding Section shall be renumbered
13 accordingly.

14
15 SEC. 4. *Repealing Clause* - All laws, presidential decrees and issuances,
16 executive orders, rules and regulations or parts thereof inconsistent with the provisions
17 of this Act are hereby repealed or modified accordingly.

18
19 SEC. 5. *Separability of Provisions* - If, for any reason or reasons, any part of
20 the provision of this Act shall be held to be unconstitutional or invalid, other parts or
21 provisions hereof which are not affected thereby shall continue to be in full force and
22 effect.

23
24 SEC. 6. - *Effectivity* – This Act shall take effect fifteen (15) days from the date
25 of its complete publication in at least two (2) newspapers of general circulation.
26

Approved,