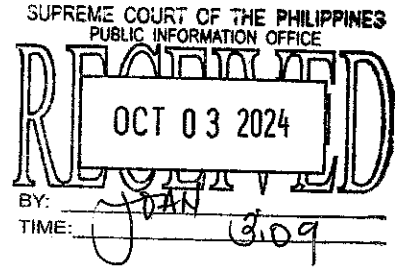




Republic of the Philippines
Supreme Court
Manila



FIRST DIVISION

ARNOLD D. NAVALES, REY C. G.R. No. 219598
CHAVEZ, ROSINDO J.
ALMONTE, and ALFONSO E.
LAID,

Petitioners,

-versus-

PEOPLE OF THE PHILIPPINES,
Respondent.

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WILLIAM VELASCO GUILLEN,
Petitioner,

G.R. No. 220108

Present:

-versus-

PEOPLE OF THE PHILIPPINES,
Respondent.

GESMUNDO, C.J., Chairperson,
HERNANDO,
ZALAMEDA,
ROSARIO, and
MARQUEZ, JJ.

Promulgated:

AUG 07 2024

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DECISION

MARQUEZ, J.:

A violation by public officers of procurement laws will not *ipso facto* lead to their conviction under Section 3(e) of Republic Act No. 3019, or the Anti-Graft and Corrupt Practices Act. To convict them for violating the

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special penal law, the prosecution must prove beyond reasonable doubt not only defects in the procurement, but also all the elements of the crime.¹

Before the Court are two consolidated Petitions for Review on *Certiorari*² under Rule 45 of the Rules of Court, assailing the Decision³ and Resolution⁴ of the Sandiganbayan that found petitioners Arnold D. Navales (Navales), Rey C. Chavez (Chavez), Rosindo J. Almonte (Almonte), Alfonso E. Laid (Laid), [and William V. Guillen (Guillen)] guilty beyond reasonable doubt of violation of Section 3(e) of Republic Act No. 3019, as amended.

Petitioners were officials of the Davao City Water District (DCWD). Navales, Chavez, [and Guillen] were members of the Pre-Bidding and Awards Committee-B (PBAC-B), while Almonte was the Division Manager of the DCWD Engineering and Construction Department and Laid, the Assistant General Manager for Administration.⁵

In Board Resolution No. 97-248 adopted on November 21, 1997, the DCWD Board of Directors approved the recommendation of DCWD General Manager Wilfredo A. Carbonquillo (Carbonquillo) to undertake the Cabantian Water Supply System Project with a budgetary cost of PHP 33,200,000.00 and to directly negotiate its initial well drilling phase with Hydrock Wells, Inc. (Hydrock). The phase consisted of the simultaneous drilling of two wells located in Cabantian (the VES 15 Project) and Communal (the VES 21 Project), estimated at PHP 4,000,000.00 each.⁶

On November 24, 1997, the president of Hydrock informed Carbonquillo of the company's willingness to undertake the projects pending DCWD approval to test the availability of water by drilling a pilot hole for electric logging since its crew and equipment were idle.⁷

In Resolution No. 05-97 dated November 25, 1997, the PBAC-B dispensed with the advertisement requirement in the conduct of bidding and instead, invited accredited well drillers to participate in the VES 15 and VES 21 Projects. Of the four drillers invited, only three responded: Hydrock, AMG Drilling, and Drill Mechanics Incorporated (Drill Mechanics). AMG

¹ *Martel v. People*, G.R. Nos. 224720-23 & 224765-68, February 2, 2021 [Per J. Caguioa, *En Banc*].

² *Rollo* (G.R. No. 219598), pp. 18-49; *rollo* (G.R. No. 220108), pp. 26-50.

³ *Rollo* (G.R. No. 219598), pp. 50-68. The March 26, 2015 Decision in Criminal Case No. SB-07-CRM-0067 was penned by Presiding Justice Amparo M. Cabotaje-Tang and concurred in by Associate Justices Samuel R. Martires (now a retired member of this Court) and Alex L. Quiroz of the Special Third Division, Sandiganbayan.

⁴ *Id.* at 69-85. The August 7, 2015 Resolution in Criminal Case No. SB-07-CRM-0067 was penned by Presiding Justice Amparo M. Cabotaje-Tang and concurred in by Associate Justices Samuel R. Martires (now a retired member of this Court) and Alex L. Quiroz of the Special Third Division, Sandiganbayan.

⁵ *Id.* at 470.

⁶ *Id.*

⁷ *Id.* at 471.

Drilling and Drill Mechanics, however, requested that the projects be implemented on a later date due to unavailability of equipment.⁸

In Resolution No. 06-97 approved on December 16, 1997, the PBAC-B endorsed the matter to the head of the DCWD for approval, with a recommendation to award the project to Hydrock by negotiated contract, taking into account the company's track record, efficiency, and quoted price in relation to the urgency and importance of the projects.⁹

In Resolution No. 98-27 dated February 13, 1998, the DCWD board approved the PBAC-B recommendation and awarded the VES 15 Project at PHP 2,807,100.00 and the VES 21 Project at PHP 2,349,180.00 to Hydrock. On even date, Carbonillo issued a notice of award to Hydrock.¹⁰

In 2005, several complaints were filed against petitioners for the following offenses: (1) violation of Section 3(e) of Republic Act No. 3019, for the alleged non-observance of the proper bidding procedure in the VES 21 Project; (2) violation of Section 3(e) of Republic Act No. 3019, for the alleged non-observance of the proper bidding procedure in the VES 15 Project; (3) grave misconduct, grave abuse of authority, dishonesty, and gross negligence in implementing the VES 21 Project; and (3) grave misconduct, grave abuse of authority, dishonesty, and gross negligence in implementing the VES 15 Project.¹¹ In essence, petitioners were charged with dispensing with the competitive public bidding required by Presidential Decree No. 1594.¹² These complaints proceeded independently.

With respect to the VES 21 Project, an Amended Information was filed against petitioners and several other DCWD officials for violating Section 3(e) of Republic Act No. 3019. The accusatory portion reads:

That sometime in November 1997 to February 1999, and immediately prior or subsequent thereto, in the City of Davao, Philippines and within the jurisdiction of this Honorable Court, the accused WILFREDO A. CARBONILLO, a high-ranking public official, being then the General Manager A, WILFRED GACUS YAMSON and ALFONSO EDEN LAID, both being then Assistant General Manager A, WILLIAM VELASCO GUILLEN, REY CAÑETE CHAVEZ and ARNOLD DOMINGO NAVALES, all being then Department Managers C, and ROSINDO JAPAY ALMONTE, Division Manager C, all of the Davao City Water District (DCWD), Davao City, while in the performance of their official administrative functions as such, conspiring and confederating with each other, acting with evident bad faith and manifest partiality, and committing the

⁸ *Id.* at 63-64.

⁹ *Id.*

¹⁰ *Id.* at 471.

¹¹ *Id.* at 472.

¹² Presidential Decree No. 1594 (1978), Prescribing Policies, Guidelines, Rules and Regulations for Government Infrastructure Contracts.

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offense in relation to office, did then and there willfully, unlawfully[,] and criminally give unwarranted benefit, preference[,] and advantage to Hydrock Wells, Inc., represented by Mr. Roberto Puentespina, with business address at Bolcan Street, Agdao, Davao City by awarding thereto through a negotiated contract, the Well Drilling Project at VES 21 (Alegre's Property) in Communal, Davao City, amounting to Two Million Two Hundred Forty Four Thousand Seven Hundred Eighty Pesos (P2,244,780.00) **by passing PBAC-B Resolution No. 05-97 which dispensed with the requirements of open competitive public bidding through advertisement in newspapers of general circulation and by issuing PBAC-B Resolution No. 06-97, to make it appear thereon that there was a failure of public bidding, and to recommend that the project be pursued through a negotiated contract with Hydrock Wells, Incorporated, when all the accused knew fully well that there was no legal basis to declare a failed bidding and to resort to a negotiated contract because no actual open competitive public bidding as required by law was conducted in connection with the awarding of this project, whereupon no three qualified bidders have tendered their respective bids, and that, Hydrock Wells, Inc., was already allowed to start working on the project as early as December 29, 1997 which date was way before the actual completion of the documentation and awarding of the said project considering that the Notice of Award was issued only on February 13, 1998 and the Notice to Proceed was issued only on February 20, 1998.**

CONTRARY TO LAW.¹³ (Emphasis in the original)

Petitioners pleaded not guilty to the crime charged. Trial ensued. The prosecution presented witnesses,¹⁴ officers, and employees of the DCWD, and documentary evidence to show that petitioners sent invitations to bid to accredited drillers instead of publishing the same, thereby dispensing with the regular procedure in public bidding. They also recommended that the contract be awarded to Hydrock through negotiated contract and allowed the company to start on the project even before the notice of award and notice to proceed were issued.¹⁵

In their defense, petitioners alleged that the requirement of public bidding admits of exceptions such as the urgency of the situation, failure of competitive bidding, and lack of qualified bidders which were all present in this case. Moreover, they merely recommended the approval of the contract to the DCWD board, which was the body that ultimately awarded the contract to Hydrock.¹⁶

In a Decision dated March 26, 2015, the Sandiganbayan convicted petitioners after finding that the prosecution was able to prove the following elements of the crime: (1) petitioners were public officers discharging

¹³ *Id.* at 50-51.

¹⁴ *Id.* at 52. The prosecution witnesses were: (1) Danilo Cabatingan Castro; (2) George F. Inventor; (3) Jose David Colindres; (4) Rodrigo Pasaje; and (5) Elpidio Barcelona III.

¹⁵ *Id.* at 53.

¹⁶ *Id.* at 474-475.

official functions at the time material to the case; (2) petitioners acted with evident bad faith and manifest partiality when they conspired and awarded the VES 21 Project to Hydrock through negotiated contract thus dispensing with the required public bidding and even allowing it to start the project before the notice to proceed was issued; and (3) the acts gave Hydrock unwarranted benefits, preference, and advantage.¹⁷ The Sandiganbayan disposed of the case as follows:

WHEREFORE, premises considered, the Court finds accused WILLIAM VELASCO GUILLEN, REY CAÑETE CHAVEZ, ARNOLD DOMINGO NAVALES, ROSINDO JAPAY ALMONTE AND ALFONSO EDEN LAID **GUILTY** beyond reasonable doubt of violation of Section 3(e) of Republic Act No. 3019, as amended. Accordingly, they are hereby sentenced to suffer the indeterminate penalty of imprisonment of six (6) years and one (1) month, as minimum, to ten (10) years, as maximum, with perpetual disqualification from public office.

Since the Court has not acquired jurisdiction over the persons of accused WILFREDO A. CARBONQUILLO and WILFRED GACUS YAMSON, the case against them is ordered archived, the same to be revived upon their arrest. Let an *alias* warrant of arrest be then issued against accused WILFREDO A. CARBONQUILLO and WILFRED GACUS YAMSON.

SO ORDERED.¹⁸ (Emphasis in the original)

In its Resolution dated August 7, 2015, the Sandiganbayan denied the following motions for lack of merit: (1) motion for reconsideration filed by Guillen; (2) motion for reconsideration or in the alternative for new trial filed by Navales, Chavez, Almonte, and Laid; (3) motion to reopen case filed by Navales; and (4) supplemental motion to reopen case filed by Navales.¹⁹

In their Petitions filed before the Court on September 24, 2015 and October 1, 2015, petitioners pray that they be acquitted or, in the alternative, that the case be remanded to the Sandiganbayan to allow them to present their evidence. They argue that the prosecution failed to prove the crime beyond reasonable doubt.²⁰

Petitioners contend that they were charged with graft by awarding a negotiated contract without public bidding but stress that their participation was merely recommendatory to the DCWD board. Hence, it was not possible to commit conspiracy of the offense charged when the members of the DCWD board who actually awarded the contract were not charged at all. As for Laid who signed the certificate of completion, this act had no relation

¹⁷ *Id.* at 61–68.

¹⁸ *Id.* at 67.

¹⁹ *Id.* at 69–86.

²⁰ *Id.* at 28–41; *rollo* (G.R. No. 220108), pp. 34–44.

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whatsoever to the alleged criminal act of awarding the contract charged in the Amended Information. As for Almonte who signed the daily reports, the same also had no correlation to the alleged criminal act.²¹

Finally, petitioners maintain that the gross negligence of their former counsel who decided not to present evidence or allow them to testify on their behalf deprived them of the opportunity to present their own defense.²²

In a Consolidated Comment filed on June 8, 2016, the Office of the Special Prosecutor (OSP) counters that the PBAC-B's resolution to recommend the negotiated contract despite the absence of any real urgency to justify the omission of public bidding constitutes evident bad faith and manifest partiality. In fact, they awarded the contract to Hydrock independently of, and much earlier than the award made by the DCWD board based on the misrepresentation that a public bidding was conducted. While Almonte and Laid were not members of the PBAC-B, they signed vital documents that enabled Hydrock to work on the project and claim payment even if the same was not yet approved.²³

Petitioners filed their Consolidated Reply on July 7, 2016, contending that their right to speedy disposition of cases was violated when it took the Ombudsman almost four years to file the Amended Information against them. They also maintain that their right to be informed of the nature and cause of accusation against them was disregarded as the Amended Information did not allege the acts of signing documents. Ultimately, negotiated contracts are not *per se* illegal – the circumstances present in this case justified this resort, specifically, the urgency of the water crisis in Davao City and the lack of qualified bidders.²⁴

Incidentally, on July 20, 2016, the Court promulgated a Decision²⁵ in G.R. Nos. 194763–64, entitled *Wilfred Gacus Yamson, Assistant General Manager A et al. vs. Danilo C. Castro and George F. Inventor*, resolving the administrative charge against petitioners relative to the same VES 21 Project. The dispositive portion reads:

WHEREFORE, the Decision dated December 6, 2010 of the Court of Appeals in CA-G.R. SP No. 105868 and CA-G.R. SP No. 105869 is hereby **MODIFIED** as follows:

(1) OMB-M-A-05-104-C is **DISMISSED** on ground of forum shopping;

(2) Petitioners Wilfred G. Yamson, Rey C. Chavez and Arnold D. Navales are found **GUILTY** of

²¹ *Rollo* (G.R. No. 219598), pp. 27–28; *rollo* (G.R. No. 220108), p. 34.

²² *Rollo* (G.R. No. 219598), pp. 42–43.

²³ *Id.* at 313–343.

²⁴ *Id.* at 374–389.

²⁵ *Id.* at 469–499.

Simple Neglect of Duty, aggravated by Simple Misconduct and are imposed the penalty of six (6) months suspension;

(3) Petitioner William V. Guillen is found **GUILTY** of Simple Neglect of Duty and is imposed the penalty of three (3) months suspension;

(4) Petitioners Rosindo J. Almonte and Alfonso E. Laid are found **GUILTY** of Simple Misconduct and are imposed the penalty of three (3) months suspension;

(5) Petitioners Rey C. Chavez, Arnold D. Navales, Rosindo J. Almonte and Alfonso E. Laid are hereby ordered **REINSTATED** to their former or equivalent positions without loss of seniority rights, but without backwages/back salaries; and

(6) Let a copy of this Decision be reflected in the permanent employment records of petitioners Wilfred G. Yamson and William V. Guillen.

SO ORDERED.²⁶ (Emphasis in the original)

Preliminarily, the Court in G.R. Nos. 194763–64 noted that while there were two administrative complaints involving the VES 15 and VES 21 Projects, petitioners could only be held liable for one administrative infraction. As such, the Court dismissed the administrative case relating to the VES 15 Project as its identity with the case involving the VES 21 Project was such that judgment in one would amount to *res judicata* on the other. Notwithstanding the difference in the location of the two projects, there was only one procedure and one board resolution which undertook the negotiated contracts for both. Thus, the Court resolved petitioners' administrative liability only with respect to the VES 21 Project.²⁷

On the merits, the Court ruled that absent any showing of corruption or bad faith, petitioners could not be held liable for grave misconduct. At most, they were answerable only for simple neglect of duty for failure to strictly comply with the procurement procedure in Presidential Decree No. 1594 and to exercise diligence in the discharge of their duties. In addition, there was no evidence to establish that they acted in conspiracy with the invited well drillers, or with DCWD General Manager Carbonquillo, who was the one shown to be predisposed to award the project to Hydrock without the benefit of any bidding and to commence the drilling prior to board approval.²⁸

²⁶ *Id.* at 497.

²⁷ *Id.* at 480–484.

²⁸ *Id.* at 488–490.

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In a Manifestation filed on November 8, 2016, petitioners beg the Court to consider the findings in its July 20, 2016 Decision in G.R. Nos. 194763–64, such as the absence of collusion, among others.²⁹

In another Manifestation filed on September 5, 2016, petitioners reiterate their claim that their right to speedy disposition of cases was violated. This time, they cite a Resolution dated August 17, 2016 of the Sandiganbayan, First Division, which dismissed the criminal case involving the VES 15 Project because petitioners's right to speedy disposition of cases was infringed when it took the Ombudsman almost eight years to complete the preliminary investigation.³⁰ Hence, the present case involving the VES 21 Project must similarly be dismissed for the same reasons.

In its Comment filed on September 22, 2017, the OSP counters that the right to speedy disposition of cases was already deemed waived and petitioners's belated invocation of said right invites a re-examination of factual findings that is inappropriate in an appeal by *certiorari*. Besides, the Sandiganbayan decision with respect to the VES 15 Project is not binding on the present case involving the VES 21 Project.³¹

Hence, the issues now before Us are whether petitioners's right to speedy disposition of cases was violated and whether their conviction for violating Section 3(e) of Republic Act No. 3019 was proper. The Court rules on both issues in the negative.

At the outset, the Court cannot allow petitioners's belated invocation of their right to speedy disposition of cases. Records reveal that they raised the issue only in their Consolidated Reply filed before this Court on July 7, 2016 or more than seven years from the filing of the Amended Information on January 29, 2009. At that point, they were already arraigned and convicted by the Sandiganbayan after trial on the merits. In fact, they filed their petition before this Court without any complaint about the Ombudsman's conduct of the preliminary investigation.

In *Republic v. Sandiganbayan (Special Second Division)*,³² the Court denied the belated invocation of petitioners therein of their right to speedy disposition of cases, having raised the alleged violation after one and a half years from the filing of the Information. The Court pronounced:

While the Constitution guarantees the right of the accused to speedy disposition of cases, this constitutional right is not a magical invocation which can be cunningly used by the accused for his or her advantage. This right is not a last line of remedy when accused find themselves at the losing end of the proceedings. The State's duty to

²⁹ *Id.* at 460–466.

³⁰ *Id.* at 422–426.

³¹ *Id.* at 515–521.

³² 871 Phil. 390 (2020) [Per J. Leonen, Third Division].

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prosecute cases is just as equally important and cannot be disregarded at the whim of the accused, especially when it appears that the contention was raised as a mere afterthought.³³

This notwithstanding, petitioners's appeal for acquittal must nonetheless be granted.

The Court has often enough held that the findings in an administrative case are not necessarily conclusive on a criminal case for the same act. In *Pahkiat v. Office of the Ombudsman-Mindanao and Commission on Audit - XII*,³⁴ however, the Court discussed certain exceptions to the rule such as when two separate and distinct proceedings pertain to the same set of facts and evidence. Thus:

Notably, in *People [v. Sandiganbayan (First Division)]*, the Court was upholding a resolution of the Sandiganbayan which granted the demurrer to evidence of the accused. The anti-graft court took into account the decision of the CA in the administrative case, which upheld the legality and validity of the contracts subject of the proceedings, as a "persuasive ruling," considering that it involved the same issues, subject matter and parties. *It reasoned out that since the bases for the two (2) separate and distinct proceedings pertain to the same evidence, then the principle that the dismissal of an administrative case does not necessarily bar the filing of a criminal prosecution for the same or similar acts subject of the administrative complaint, on which its previous resolution was anchored, no longer applies. The conclusion then was that there being want of substantial evidence to support an administrative charge, there could be no sufficient evidence to warrant a conclusion that there is probable cause for a violation of Section 3 (e) of R.A. No. 3019.*

[...]

This Court is not unmindful of its rulings that the dismissal of an administrative case does not bar the filing of a criminal prosecution for the same or similar acts subject of the administrative complaint and that the disposition in one case does not inevitably govern the resolution of the other case/s and vice versa. The applicability of these rulings, however, must be distinguished in the present cases.

[...]

[...] *Unlike in the cases cited by the prosecution, this Court's Decision in the administrative case against Nicolas ruled squarely that he was not guilty of bad faith and gross neglect of duty, which constitute an essential element of the crime under Section 3(e) of [Republic Act] No. 3019. Under the doctrine of stare decisis, such ruling should be applied to the criminal case for violation of Section 3(e), [Republic Act] No. 3019, the facts and*

³³ *Id.* at 395.

³⁴ 888 Phil. 611 (2020) [Per J. Caguioa, *En Banc*].

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evidence being substantially the same.

In fine, absent the element of evident bad faith and gross neglect of duty, not to mention want of proof of manifest partiality on the part of Nicolas, the graft case against him cannot prosper.³⁵ (Emphasis supplied, citations omitted)

In G.R. Nos. 194763–64, the Court categorically ruled that petitioners cannot be held administratively liable for grave misconduct in the absence of evidence establishing corruption, bad faith, or complicity with Carbonquillo in the procurement of the VES 21 Project. Thus:

In the present case, there is no evidence on record that will convincingly establish that petitioners Yamson, Chavez, Navales and Guillen, who were the members of the PBAC-B, conspired or colluded with Carbonquillo and/or each other or with the invited well drillers, or that they schemed to rig the procurement process to favor Hydrock. There is also no evidence showing that they benefited from the procurement of the project. Much less was there any evidence that petitioners Almonte and Laid, who were not even members of the PBAC-B, conspired with their co-petitioners and the other bidding participants in the procurement of the VES 21 Project. Collusion may be determined from the collective acts or omissions of the PBAC-B members and/or contractors before, during and after the bidding process, and the respondents, as complainants, have the burden to prove such collusion by clear and convincing evidence. And while Hydrock eventually benefited from the VES 21 Project, having been awarded the contract, it should be stressed that Hydrock was not the only well driller invited by the PBAC-B to participate in the project. AMG and DMI were likewise invited by the PBAC-B, only that it was Hydrock's acceptable proposal and track record that clinched the award. And even then, the role of the PBAC-B was only to recommend the award of the project to Hydrock. It is DCWD, through its Board of Directors, that has the authority to approve, and has in fact, ultimately decided to award the contract to Hydrock.

What is unmistakable here is that it was Carbonquillo who was predisposed to award the project to Hydrock *sans* the benefit of any bidding. This is clear from the tenor of his letter to DCWD's Board of Directors already recommending direct negotiation of the project to Hydrock. But to the credit of both the PBAC-B and the Board of Directors, Carbonquillo's recommendation was disregarded, and the PBAC-B proceeded to invite other accredited well drillers. And *absent any evidence establishing corruption, bad faith or complicity with Carbonquillo, the petitioners cannot be held liable for grave misconduct or any other grave offense classified under the Civil Service Law*. At most, it is only petitioners Yamson, Chavez, Navales and Guillen, as members of the PBAC-B, who should be held individually accountable for their failure to strictly comply with the procurement procedure laid down in [Presidential Decree] No. 1594 and its [Implementing Rules and Regulations], which constitutes Simple

³⁵ *Id.* at 637–683.

Neglect of Duty.³⁶ (Emphasis supplied, citations omitted)

An application of *Pahkiat* leads to the conclusion that the Court's findings in G.R. Nos. 194763–64 on the administrative charge of grave misconduct may affect the outcome of the present criminal case of graft, the facts and evidence between the two being substantially the same. Specifically, in view of the express ruling that petitioners are not guilty of corruption, bad faith, or gross neglect of duty, which are essential elements of the crime under Section 3(e) of Republic Act No. 3019, the criminal case against them will not prosper in the absence of evidence to establish their guilt beyond reasonable doubt.

That said, even if the Court makes its own assessment of the facts and records of the present criminal case, independent of the findings in the administrative case, petitioners must still be acquitted. Contrary to the conclusions of the Sandiganbayan, the prosecution failed to establish the concurrence of all the essential elements of the crime charged against petitioners. Hence, while the findings of fact of the Sandiganbayan as a trial court are accorded weight and respect, the Court shall not hesitate to reverse the conclusions which are based on a misappreciation of facts relative to applicable law and jurisprudence.³⁷

To recall, petitioners were charged with violating Section 3(e) of Republic Act No. 3019, which states:

SECTION 3. *Corrupt practices of public officers.* — In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

....

(e) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices or government corporations charged with the grant of licenses or permits or other concessions.

Accordingly, jurisprudence has laid down the following elements to sustain a conviction under Section 3(e): (1) the offender is a public officer

³⁶ *Rollo* (G.R. No. 219598), pp. 489–490.

³⁷ *People v. Adana*, G.R. No. 250445, March 29, 2022 [Per J. Inting, First Division] at 9. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website. (Citation omitted) The following are the exceptions to the rule that the Court does not generally review the factual findings of the Sandiganbayan: (1) the conclusion is a finding grounded entirely on speculations, surmises and conjectures; (2) the inference made is manifestly mistaken; (3) there is grave abuse of discretion; (4) the judgment is based on misapprehension of facts; and (5) the findings of fact of the Sandiganbayan are premised on a want of evidence and are contradicted by the evidence on record.

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discharging official, administrative, or judicial functions; (2) he or she acted with manifest partiality, evident bad faith, or gross inexcusable negligence; and (3) in the discharge of functions, his or her action caused undue injury to any party, including the government, or gave any unwarranted benefits, advantage, or preference.³⁸

A judicious review of the case records reveals that while the prosecution established the first element, namely, that petitioners were public officers of the DCWD performing official functions, it failed to prove the presence of the second and third elements beyond reasonable doubt.

The second element refers to the modes by which the offense may be committed, namely, manifest partiality, evident bad faith, and gross inexcusable negligence which case law defines as follows:

There is “**manifest partiality**” when there is clear, notorious, or plain inclination or predilection to favor one side or person rather than another. “**Evident bad faith**” connotes not only bad judgment but also palpably and patently fraudulent and dishonest purpose to do moral obliquity or conscious wrongdoing for some perverse motive or ill will. “Evident bad faith” contemplates a state of mind affirmatively operating with furtive design or with some motive of self-interest or ill will or for ulterior purposes. “**Gross inexcusable negligence**” refers to negligence characterized by the want of even the slightest care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with conscious indifference to consequences insofar as other persons may be affected.³⁹ (Emphasis in the original)

The Amended Information charged petitioners under the modes of evident bad faith and manifest partiality. According to the Sandiganbayan, this was successfully proven by the prosecution for the acts of petitioners were in violation of Section 4 of Presidential Decree No. 1594,⁴⁰ the prevailing law at the time of the incident. Essentially, the provision requires competitive public bidding for construction projects subject to certain exceptions where negotiated contracts are permitted:

SECTION 4. *Bidding*. — Construction projects shall generally be undertaken by contract after competitive public bidding. Projects may be undertaken by administration or force account or by negotiated contract only in exceptional cases where time is of the essence, or where there is lack of qualified bidders or contractors, or where there is a conclusive evidence that greater economy and efficiency would be achieved through this arrangement, and in accordance with provision of laws and acts on the matter, subject to the approval of the Ministry of

³⁸ *Libunao v. People*, G.R. Nos. 214336–37, February 15, 2022 [Per J. J. Lopez, First Division] at 10. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website. (Citation omitted)

³⁹ *Id.* at 11.

⁴⁰ Presidential Decree No. 1594 (1978) was expressly repealed by Republic Act No. 9184 effective January 26, 2003.

Public Works, Transportation and Communications, the Minister of Public Highways, or the Minister of Energy, as the case may be, if the project cost is less than [PHP] 1 Million, and of the President of the Philippines, upon the recommendation of the Minister, if the project cost is [PHP] 1 Million or more.

A bidder's bond, in an amount to be established in accordance with the rules and regulations to be promulgated pursuant to Section 12 of this Decree, shall accompany the bid to guarantee that the successful bidder shall, within a prescribed period from receipt of the notice of award, enter into account and furnish the required performance bond for the faithful and complete prosecution of the work specified in the contract documents.

In particular, the Sandiganbayan found that petitioners awarded the VES 21 Project to Hydrock without the required public bidding or the detailed engineering prior to bidding. They also failed to substantiate their claims that the lack of public bidding was justified under Section 4 of Presidential Decree No. 1594, specifically that there was an urgency and failure of competitive bidding due to poor participation in previous bidding invitations. They even allowed Hydrock to begin working on the VES 21 Project even before the issuance of the notice of award and notice to proceed.⁴¹

At the outset, it must be clarified that petitioners Navales, Chaves, and Guillen, as members of the PBAC-B, merely recommended to the DCWD board the award of the contract to Hydrock. In fact, petitioners Almonte and Laid were not even members of the PBAC-B. As this Court found in G.R. Nos. 194763–64, it was the DCWD board which had the authority to approve and had in fact ultimately awarded the contract to Hydrock.⁴² But even granting that petitioners were primarily responsible for the same, prevailing jurisprudential pronouncements warrant their acquittal.

In *Martel v. People*,⁴³ the Court stressed that a violation of a procurement law does not *ipso facto* lead to a violation of Section 3(e) of Republic Act No. 3019. To successfully prosecute an accused under said section, it is imperative for the prosecution to prove beyond reasonable doubt that the accused violated the procurement law through evident bad faith, manifest partiality, or gross inexcusable negligence, thereby causing undue injury to any party, including the government, or giving any private party unwarranted benefits, advantage or preference.⁴⁴

A thorough review of the case records shows that the Sandiganbayan convicted petitioners simply for their non-compliance with the procedure required by the law on procurement. *Martel* is emphatic. There can be no

⁴¹ *Rollo* (G.R. No. 219598), pp. 62–65.

⁴² *Id.* at 489–490.

⁴³ G.R. Nos. 224720–23 & 224765–68, February 2, 2021 [Per J. Caguioa, *En Banc*].

⁴⁴ *Id.* at 21.

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conviction under Section 3(e) based on such fact alone. While there might have been irregularities in the procurement process that constituted as violations of procurement laws, there was no evidence to prove that petitioners were especially motivated by manifest partiality or evident bad faith.

On the contrary, petitioners assert their honest belief that their resort to negotiated contract was permitted for being among the recognized exceptions under the law. Recall that Section 4 of Presidential Decree No. 1594, states that “[p]rojects may be undertaken . . . by negotiated contract only in exceptional cases where time is of the essence, or where there is lack of qualified bidders or contractors, or where there is a conclusive evidence that greater economy and efficiency would be achieved through this arrangement[.]”⁴⁵

First, petitioners stress that there was poor participation of well drillers in bidding invitations for well drilling projects. Second, there was a public outcry for water in the affected area with residents resorting to street demonstrations. According to petitioners, Davao City was facing a water crisis at the time they passed the questioned resolutions.⁴⁶

It bears stressing that evident bad faith partakes of the nature of fraud and does not simply denote bad judgment or negligence.⁴⁷ It contemplates a patently dishonest purpose or perverse motive to do moral obliquity.⁴⁸ In a similar manner, manifest partiality is in the nature of *dolo* and requires a malicious and deliberate inclination or predilection to favor one side or person rather than the other.⁴⁹

Indeed, even as it turned out that the exceptional circumstances of urgency and failure of competitive bidding relied on by petitioners were not substantiated, *Martel* teaches that proof of their non-compliance with procurement laws, without further showing of malicious intent, cannot convict them of graft and corruption. Settled is the rule that mistakes, no matter how patently clear, are not actionable without any indication that these were committed with malice or gross negligence amounting to bad faith.⁵⁰

The second element is, therefore, absent in this case. While the prosecution presented evidence to demonstrate certain procedural lapses in the procurement process, the same does not constitute proof of evident bad

⁴⁵ Presidential Decree No. 1594 (1978), sec. 4.

⁴⁶ *Rollo* (G.R. No. 219598), pp. 408–409.

⁴⁷ *Martel v. People*, G.R. Nos. 224720–23 & 224765–68, February 2, 2021 [Per J. Caguioa, *En Banc*] at 21–22. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website. (Citations omitted)

⁴⁸ *Id.* at 21.

⁴⁹ *Id.* at 25. (Citation omitted)

⁵⁰ *Id.* at 22. (Citation omitted)

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faith or manifest partiality on the part of petitioners. To the Court, their failure to conduct competitive public bidding was driven not by an evil or corrupt motive, but by an honest, albeit mistaken, notion that a negotiated contract was permissible under the circumstances.

As for the third element, the Court finds that the same is also absent. Case law identifies the two ways by which Section 3(e) of Republic Act No. 3019 may be committed, namely: (a) causing undue injury to any party, including the government; or (b) giving any private party any unwarranted benefit, advantage, or preference.⁵¹

In the present case, the Sandiganbayan convicted petitioners under the second mode. It held that they gave unwarranted benefit, advantage, or preference to Hydrock when they awarded the contract without public bidding. In fact, the company started working on the project even before the notice of award and notice to proceed were issued.

The Court stressed in *Adana*,⁵² however, that to be found guilty under the second mode, it must be shown that the accused gave unjustified favor or unwarranted benefit to another in the exercise of his or her official functions. *Adana* elucidates:

In the second mode, “the word ‘unwarranted’ means lacking adequate or official support; unjustified; unauthorized or without justification or adequate reason. ‘Advantage’ means a more favorable or improved position or condition; benefit, profit or gain of any kind; benefit from some course of action. ‘Preference’ signifies priority or higher evaluation or desirability; choice or estimation above another.”⁵³

Applying the foregoing definitions, the Court finds that the third element was not proven beyond reasonable doubt. To begin with, petitioners merely recommended to the DCWD board that the contract be awarded to Hydrock. It was the board which possessed the power to actually award the same.

Moreover, as the Court found in G.R. Nos. 194763–64, “it was Carbonquillo who was predisposed to award the project to Hydrock *sans* the benefit of any bidding. This is clear from the tenor of his letter to DCWD’s Board of Directors already recommending direct negotiation of the project to Hydrock.”⁵⁴ But despite this express recommendation and to the credit of petitioners, “Carbonquillo’s recommendation was disregarded, and the PBAC-B proceeded to invite other accredited well drillers.”⁵⁵ There were, in fact, three other companies that submitted their bids for the project. They

⁵¹ *People v. Adana*, G.R. No. 250445, March 29, 2022 [Per J. Inting, First Division] at 14. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website. (Citation omitted)

⁵² *Id.* (Citation omitted)

⁵³ *Id.* at 14–15. (Citation omitted)

⁵⁴ *Rollo* (G.R. No. 219598), p. 490.

⁵⁵ *Id.*

lost, however, to Hydrock as they gave higher price quotations and sought later commencement dates.

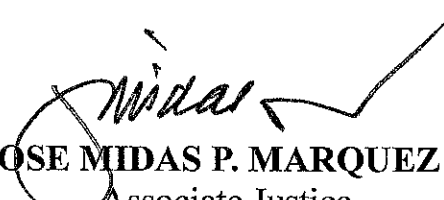
Settled is the rule that mere allegations are not proof beyond reasonable doubt for to hold otherwise would be to permit mere speculations to qualify as proof of guilt.⁵⁶ Verily, petitioners cannot be guilty under the third element as there is reasonable doubt that they intentionally gave Hydrock unwarranted benefit, advantage, or preference.

Indeed, it is hornbook principle that to convict an accused in criminal prosecutions, the prosecution bears the burden to prove all the elements of the crime beyond reasonable doubt.⁵⁷ In this case, the Court finds that the prosecution failed to discharge this burden. Hence, petitioners must, perforce, be acquitted of the crime under Section 3(e) of Republic Act No. 3019.

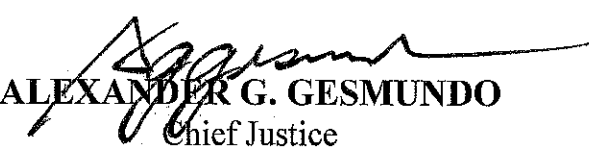
FOR THESE REASONS, the Consolidated Petitions for Review on *Certiorari* are **GRANTED**. The Decision dated March 26, 2015 and the Resolution dated August 7, 2015 of the Sandiganbayan (Special Third Division) in Criminal Case No. SB-07-CRM-0067, are **REVERSED**. Petitioners Arnold D. Navales, Rey C. Chavez, Rosindo J. Almonte, Alfonso E. Laid, and William V. Guillen are **ACQUITTED** for failure of the prosecution to prove their guilt beyond reasonable doubt.

Let entry of judgment be issued immediately.

SO ORDERED.


JOSE MIDAS P. MARQUEZ
Associate Justice

WE CONCUR:


ALEXANDER G. GESMUNDO
Chief Justice

⁵⁶ *People v. Adana*, G.R. No. 250445, March 29, 2022 [Per J. Inting, First Division] at 15. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website. (Citation omitted)

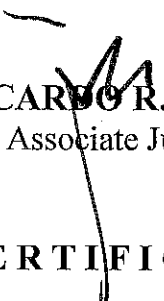
⁵⁷ *Martel v. People*, G.R. Nos. 224720–23 & 224765–68, February 2, 2021 [Per J. Caguioa, *En Banc*] at 29. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.



RAMON PAUL L. HERNANDO
Associate Justice



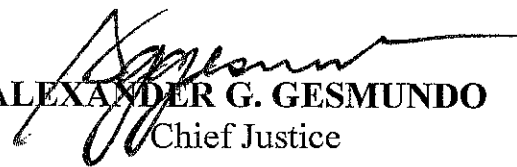
RODIL V. ZALAMEDA
Associate Justice



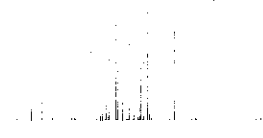
RICARDO R. ROSARIO
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice



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