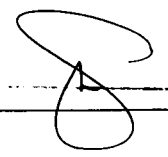


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SENATE
P.S. Resolution No. **1190**

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Introduced by **SENATOR IMEE R. MARCOS**

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, INTO THE ALLEGED NON-
COMPLIANCE OF THE PHILIPPINE IDENTIFICATION SYSTEM (PHILSYS
ID) CARD SUPPLIER WITH ITS CONTRACTUAL OBLIGATIONS WHICH
CAUSED UNDUE DELAY IN THE DELIVERY AND RELEASE OF THE PHILSYS
CARDS

WHEREAS, Republic Act (RA) No. 11055, otherwise known as the "Philippine Identification System Act", provides that the State shall establish a single national identification system, referred to as the Philippine Identification System (PhilSys), for all citizens and resident aliens of the Republic of the Philippines to promote seamless service, to improve the efficiency, transparency, and targeted delivery of public and social services, to enhance administrative governance, to reduce corruption and curtail bureaucratic red tape, among others;

WHEREAS, the PhilSys was established to provide a valid proof of identity for all citizens and resident aliens as a means of simplifying public and private transactions. It is the government's central identification platform for all citizens and resident aliens of the Philippines;

WHEREAS, the Bangko Sentral ng Pilipinas (BSP) is responsible for printing the National ID while the Philippine Statistics Authority (PSA) is in charge of gathering the data that goes into the cards;

WHEREAS, on 01 October 2020, BSP entered into a three (3) -year contract with AllCard Inc. for the supply, delivery, installation, and commissioning of the card production equipment, including supply and delivery of raw materials, wear and tear spare parts for the production of 116 million PhilSys cards;

WHEREAS, on 26 October 2020, due to a material defect supplied by KINEGRAM, a pre-determined supplier of BSP, the production of the cards stopped for

almost five (5) months. AllCard Inc. allegedly requested for work stoppage but was denied;

WHEREAS, BSP reportedly imposed liquidated damages against AllCard Inc. On 05 December 2022, AllCard Inc. filed its Position Paper questioning the continuous imposition of liquidated damages. On 12 July 2023 or seven (7) months from the AllCard Inc.'s submission of its Position Paper and receiving no response from BSP, AllCard Inc. sent a letter to BSP requesting for a compromise;

WHEREAS, on 21 July 2023, AllCard Inc. received a Notice of Full Work Suspension from the BSP for the following reasons: (1) directives from the President to engage with a different service provider and the intention of the PSA to terminate the Memorandum of Agreement (MOA) with the BSP thus limiting the target quantity of AllCard Inc. to 50 million pieces;

WHEREAS, in a ruling dated 15 August 2024, the Monetary Board (MB) of the BSP ordered the termination of the contract between the BSP and AllCard Inc.;

WHEREAS, on 29 August 2024, Secretary of Finance Ralph Recto confirmed that the BSP has terminated its contract with AllCard Inc. due to the supplier's non-compliance with the terms of the contract;

WHEREAS, AllCard Inc. stated that the company filed a Motion for Reconsideration on 29 August 2024. Further, AllCard Inc. said that it was in full compliance with all its contractual obligations and that the termination of its contract may have been based on inaccurate or incomplete information, given that there has been no breach of contract;

WHEREAS, through its representative, AllCard Inc. stated, "AllCard has diligently complied with the contractual obligations set forth in the Lot 1 Contract, as per the BSP's Technical Specifications and Terms of Reference. We have provided the necessary equipment, technical and maintenance support personnel, and conducted training for BSP and Philippine Statistics Authority personnel, as required";

WHEREAS, AllCard Inc., expressed concern that the termination of its contract may cause significant delays in the issuance of millions of National IDs. Further, it shall lay waste to approximately 60 million already produced cards, resulting in substantial financial loss and inefficiencies;

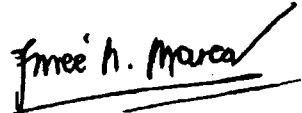
WHEREAS, on 31 January 2024, AllCard Inc. filed a Notice of Arbitration before the Philippine Dispute Resolution Center;

WHEREAS, PSA said that it remains committed to making sure that all registered Filipinos receive their IDs. Last 15 March 2024, the PSA stated that only around 50 million PhilSys or national IDs have been delivered;

WHEREAS, despite the enactment of RA No. 11055 in 2018, or over six (6) years after, the delivery of the PhilSys or national ID cards have yet to be fully completed;

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, directing the appropriate Senate committee to conduct an inquiry, in aid of legislation, into the alleged non-compliance of the Philippine Identification System (PhilSys ID) card supplier with its contractual obligations which caused undue delay in the delivery and release of the PhilSys cards.

Adopted,


IMEE R. MARCOS