


FOURTEENTH CONGRESS)
OF THE REPUBLIC OF THE PHILIPPINES)
First Regular Session)

8 APR 24 2008

SENATE
P.S. Res. No. 370

RECEIVED BY: 

Introduced by Sen. M.A. Madrigal

RESOLUTION

DIRECTING THE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS TO INQUIRE, IN AID OF LEGISLATION, INTO THE IRREGULAR AND FRAUDULENT ACTS OF QUEDANCORP'S OFFICIALS IN GRANTING ANOMALOUS LOANS AND PROCURING INPUT SUPPLIES FROM UNQUALIFIED SUPPLIERS IN AN OSTENSIBLE SWINE PROGRAM AND OTHER PROGRAMS, WHICH ACTS ARE IN VIOLATION OF THE GOVERNMENT PROCUREMENT LAW THAT HAVE RESULTED IN LOSSES AMOUNTING TO ALMOST 1.7 BILLION PESOS

WHEREAS the Quedan and Rural Credit Guarantee Corporation (QUEDANCORP) was established by virtue of Republic Act No. 7393, as amended by Republic Act No. 8435, with the objective of accelerating the flow of investments in credit resources into the countryside so as to trigger the vigorous growth and development of rural productivity, employment, livelihood and income opportunities;

WHEREAS in 2003, QUEDANCORP launched a Swine Program, ostensibly to assist farmers who wanted to venture into hog raising. The funds for this project reportedly amounted to five (5) billion pesos which were borrowed from the Land Bank of the Philippines and Equitable PCI with government bonds issued as collateral; ostensible

WHEREAS on 5 July 2004, President Gloria Macapagal Arroyo issued Executive Order No. 322 which effected the transfer of QUEDANCORP from the Department of Agriculture to the Office of the President, fueling allegations about the diversion of funds of QUEDANCORP to the election campaign of President Arroyo;

WHEREAS reports reveal that QUEDANCORP officials granted anomalous loans in huge amounts which cannot be accounted for and that they also procured several input supplies from unqualified companies which share majority stakeholders, thus monopolizing the procurement of input supplies for the Swine Program;

WHEREAS in the 2005 Annual Report of the Commission on Audit (COA), the Commission made the following significant findings in connection with the said Swine Program, to wit:

1. The collection of the QUEDANCORP's Swine Program outstanding loan balance totaling to 755,620,000 pesos as of 31 December 2005, consisting of what is due from the Input Suppliers (IS) for stocks pulled-out and from borrowers for stocks still with the borrowers amounting to 588,278,923 pesos, is doubtful;

2. Ninety one percent (91%) or 663,766,958 pesos of the total credits to the Receivable-Trade-Quedan Swine Program is doubtful because it is based on an improper offsetting of accounts;
3. The procurement of input supplies for the QUEDANCORP Swine Program amounting to 1,666,214,621 pesos was not made in accordance with the provisions of the Government Procurement Law and its Implementing Rules and Regulations;
4. The high cost of credit under the QUEDANCORP Swine Program is not supportive of the agency mandate and is deemed not beneficial to its intended farmer-beneficiaries; and
5. The QUEDANCORP is performing quasi-banking functions without prior authority from the Bangko Sentral ng Pilipinas (BSP), an indispensable requirement of Section 6 of RA 8791, otherwise known as the General Banking Law of 2000.

WHEREAS some borrowers denied having borrowed from QUEDANCORP and even narrated that their signatures were sought by representatives of QUEDANCORP's input suppliers in exchange for a sum of money ranging from 200 to 300 pesos per signature;

WHEREAS as of 31 December 2005, QUEDANCORP had procured a total of 1,666,214,621 pesos worth of input supplies under the Swine Program with BIRKS, SRC and Metro Livestock getting the biggest shares of 35%, 29% and 23% respectively. Together with the New Gold Rock, these four input suppliers acquired 87.53% or 1,458,449,847 pesos of the total procurements;

WHEREAS three of these input suppliers have interlocking shareholders and directors. It must be noted that a certain Chief Executive Officer (CEO) and Managing Director of Metro Livestock Inc. is also a member of the Board of Directors of the BIRKS Agri-Livestock Corporation and a partner of the New Gold Agri-Vet Company. His name and that of a director of BIRKS Corporation also appear as former directors of the Silver Rock Resources Corporation;

WHEREAS private contracting parties who are eligible and qualified to participate were not given equal opportunity as no real public bidding took place;

WHEREAS the COA also discovered that these so-called hog suppliers were not accredited by the Bureau of Animal Industry and had no track record, having been incorporated only in 2003, several months before the 2004 election;

WHEREAS records further show that the major input suppliers had very low authorized capital stock each - from 62,500 to 760,000 pesos only - yet were given huge amounts of purchase orders;

WHEREAS although QUEDANCORP was organized as a government-owned financial institution, there is nothing in its charter (RA 7393) that authorizes it to perform quasi-banking functions;

WHEREAS the controversial Swine Program was implemented by Quedancorp while current Agriculture Secretary Arthur Yap was then administrator of the National Food

Authority and board member of the lending agency, along with former Agriculture Secretary Luis "Cito" Lorenzo Jr.;

WHEREAS it is imperative to determine the accountability of the public officers managing QUEDANCORP for allowing the grant of these anomalous loans and procurement of input supplies from unqualified companies in violation of the Government Procurement Act and its Implementing Rules and Regulations;

WHEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the Committee on Accountability of Public Officers and Investigations to inquire, in aid of legislation, into the irregular and fraudulent acts of QUEDANCORP'S officers in granting anomalous loans and procuring input supplies from unqualified suppliers in an ostensible Swine Program and other programs, which acts are in violation of the Government Procurement Law that have resulted in losses amounting to almost 1.7 billion pesos.

Adopted by,


M.A. MADRIGAL