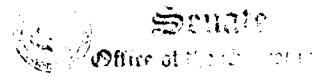
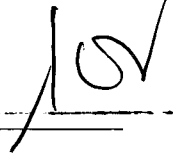


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



24 MAR -4 AIO :55

SENATE
P.S. Resolution No. 940

RECEIVED BY: 

Introduced by **SENATOR IMEE R. MARCOS**

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE IRREGULAR DISPOSITION AND SALE OF THE NATIONAL FOOD AUTHORITY (NFA) REPACKAGED RICE STOCKS TO CERTAIN RICE TRADERS AT LOW PRICES

WHEREAS, the National Grains Authority was created under Presidential Decree (PD) No. 4, series of 1972, and later became the National Food Authority (NFA) through PD No. 1770, series of 1981, through President Ferdinand E. Marcos, with the original mandate to promote the integrated growth and development of the country's grains industry, provide food security in staple cereals in times and places of calamity or emergency, both natural or man-made and promote the stabilization of supply and prices of staple cereals both at the farm gate and consumer levels;

WHEREAS, on 05 March 2019, President Rodrigo Roa Duterte signed into law Republic Act No. 11203, or the "Rice Tariffication Law". The Rice Tariffication Law removed the various regulatory powers of the NFA, from import licensing to warehouse inspection, it likewise eliminated the agency's commercial functions as NFA is no longer allowed to sell rice in the market;

WHEREAS, under the Rice Tariffication Law, the NFA's mandate has been limited to providing emergency buffer rice stock to be sourced exclusively from local farmers. Rule 8.2, Article 8 of the Implementing Rules and Regulations of the Rice Tariffication Law provides that the NFA Council shall issue the necessary rules and regulations governing the acquisition, maintenance and distribution of the agency's buffer stocks including the procedures for the procurement, composition, storage, processing, rotation and release of rice stocks;

WHEREAS, on 12 February 2024, NFA Assistant Administrator for Operations Engr. Lemuel Pagayunan filed a letter complaint to the Office of the President regarding the alleged irregular sale of "treated and fit for consumption" rice stocks made by NFA Administrator Roderico R. Bioco to two (2) rice traders, namely: G4 Rice Mill San Miguel Corp. and NBK San Pedro Rice Mill;

WHEREAS, in his Complaint, Engr. Pagayuman alleged that NFA Administrator Bioco issued several memoranda allowing the sale of 75,000 bags of “deteriorating or aging” NFA rice totaling Php 93.75 million to certain traders. At the same time, Engr. Pagayuman cited a 13 November 2023 Memorandum issued by then Assistant Administrator for Operations John Robert Hermano instructing that the stocks will be rebagged in containers without NFA markings prior to selling them as commercial rice;

WHEREAS, Engr. Pagayuman further alleged that “while the payment for the sale was made directly in NFA Central Office, no other bidders or buyers were allowed to submit their bid price for the NFA stocks being sold. There is also no showing that the amount paid by G4 and NBK was the best price offered. In short, the buyers were pre-selected by Administrator Bioco and RM Uy”;

WHEREAS, the NFA, in a letter dated 14 February 2024, contested all the malicious accusations of Engr. Pagayuman, as follows:

1. The subject NFA stocks were already exhibiting deteriorating quality due to prolonged storage in the warehouses;
2. The NFA Council, through Resolution No. 1025-2022-A dated 25 January 2022, approved the policy for the storage of stocks – six (6) months maximum storage of palay and three (3) months critical storage for rice. The sold NFA stocks were already stored for more than three (3) months; thus, the sale transactions were in accordance with the approved NFA Council Resolution;
3. The choice of G4 Rice and NBK, as buyers, was made to prevent connivance between the NFA personnel and old local millers who have been engaged in irregular warehouse transactions. In addition, the limited number of buyers allowed the warehouse personnel to comply with the “first in, first out” policy” in the issuance of aging stocks;

WHEREAS, the Commission on Audit (COA), in its 20 February 2024 Audit Observation Memorandum, reported that the sale of 349,100.00 kilograms of well-milled rice at Php 25/kilogram to private individuals and rice millers, amounting to Php 8.727 million, lacks the necessary NFA Council authority and did not undergo the required bidding process in violation of Section 5 of the 2014 NFA Code of Corporate Governance. COA noted that such sale resulted to a loss of Php 3.631 million on the part of the national government and that such casts doubt on the propriety of the procedures adopted in the disposition of aging stocks, transparency and the appropriateness of the selling price of palay;

WHEREAS, in an online news article dated 29 February 2024, the allegations of Engr. Pagayuman prompted Agriculture Secretary Francisco Tiu Laurel Jr. to form

a panel to investigate the former's claims as well as review documents and hold interviews to establish the facts on the supposed sale of NFA rice stocks to unidentified traders without the usual bidding process. According to the Department of Agriculture (DA), the rice stocks were sold at Php 25 per kilo, even when said were purchased as palay at Php 23 per kilogram;

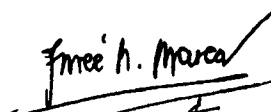
WHEREAS, according to Agriculture Secretary Francisco Tiu Laurel Jr., "We do not brush aside reports of impropriety against officials of the Department of Agriculture, regardless of the source. We also welcome any government agency who may wish to conduct their own probe to ferret out the truth... We are custodians of government funds – monies to be spent for the benefit of Filipinos, especially farmers and fisherfolk. Taxpayers' money shouldn't be squandered to line anybody's pockets";

WHEREAS, in another online news article dated 29 February 2024, the NFA Council said it had allowed the sale of aging rice stocks at a price lower than the mandated price following Agriculture Secretary Laurel's order to investigate alleged improper rice sales. The NFA Council said that the disposal of aging rice stocks by up to 10% lower than the mandated price of Php 22.50 to Php 25.00 per kilo, while damaged stocks by at least Php 6.50 per kilo. This is part of its mandate to keep and dispose of 99.9 percent of stocks in good and consumable condition;

WHEREAS, farmers' group Samahang Industriya ng Agrikultura (SINAG) said that a mafia still operates inside the NFA. According to SINAG Executive Director Jayson Cainglet, "This controversy erupted, obviously, there is still a mafia inside. The Department of Agriculture should determine if this is new or still the old one... If this is true, this means that officials were using the agency to earn money. It does not even reflect on the retail prices. Somebody is benefiting from this, meaning, the reported mafia inside the NFA is still existing so there is a need to finally unmask these individuals";

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 irregular disposition and sale of the National Food Authority (NFA) repackaged rice stocks to certain rice traders at low prices.

Adopted,


IMEE R. MARCOS