

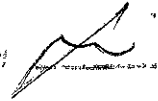
FIFTEENTH CONGRESS OF THE)
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SENATE

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S. No. 2478

Introduced by Senator JUAN MIGUEL F. ZUBIRI

EXPLANATORY NOTE

The Philippines with its rich natural resources can solve food insecurity and poverty. However, we do not fully realize the potential of agriculture. We cannot satisfy domestic demand even for rice, our staple food. Neither generating enough jobs nor contributing greatly to government revenue, our agriculture accounts for only 14% of our Gross Domestic Product (Food and Agriculture Organization).

Average annual rice production at 8.99 million metric tons (mmt) cannot meet ave. annual demand at 9.13 mmt (Bureau of Agricultural Statistics, 2007). Annual deficit of staple food is widening since production grows only 3.58% while consumption rises 4.59% (Philippine Rice Research Institute). Hence, food imports that eat into our foreign currency reserves continue to soar. Last year, our top four agricultural imports were: rice (1.76 mmt at US\$1.04 Billion); wheat & meslin (3 mmt at US\$816 Million); soya bean oil cake/meal (1.3 mmt at US\$422 M); and milk & cream products (256,000 mt at US\$385 M).

The Department of Agriculture (DA) reported low production due to many factors including the El Niño phenomenon last year. Crop production dropped 6.15% while livestock and poultry sub-sectors rose only minimally. In the first quarter of 2010, agriculture contracted by 2.84% and farm gate prices rose 5.72%. The National Statistics Coordination Board (NSCB) noted consumer price index (CPI) for food in January-February 2010 at 164.6 up from ave. CPI in 2009 of 160 and ave. wholesale price index for food at 174.1 (1998=100). However, increasing farm gate prices do not always mean better earnings nor better access to food even by rural households.

Agriculture and fisheries fail to benefit rural households even as half of total population and 69.7% of Filipinos in the productive ages 15-64 years live in rural areas. Forty-four percent of farmers and 49.9% of fishermen are poor. They earn incomes below the Annual Per Capita Poverty Thresholds, as follows: P14,906 average nationwide; P17,035 in urban areas; and P14,123 in rural areas (NSCB, 2009). Or, P40.84 a day or US\$0.9016 nationwide at P45.30/US\$ exchange rate. They fall into the category of extreme poverty that experts assert is present only in developing countries: living on less than \$1 to \$1 a day is extreme poverty; \$1-2 a day is moderate poverty (World Bank).

Furthermore, weak agriculture prevents us from achieving the United Nations Millennium Development Goals to eradicate extreme poverty and cut by half the number of hungry people by year 2015. It warned: "Children in rural areas are nearly twice as likely to be underweight as those in urban areas." Rural children live where food is produced, yet eat less. Nationwide, six of 10 households skip more than two meals a day and 55% did not eat the whole day at all (Food and Nutrition Research Institute).

Weak agriculture and fisheries affect consumers, producers and government alike. Consumers pay high prices while producers face low productivity, high wastage and low income. It also encourages smuggling that exacerbates the problem.

Mechanization of agriculture and fisheries will eliminate these deficiencies and lead to economic growth. It will raise production and incomes by improving land and labor efficiency as follows: 1) increase in cropping intensity; 2) better plant growth due to better cultivation or bigger yield per unit area; 3) reduction of post harvest losses e.g., 10-37% for rice and 30% for corn; 4) competitive pricing with product value-added through agro-processing; and 5) diversified farms and farm products e.g., intercropping 2.1 million has. of idle and underutilized coconut lands.

Unfortunately, we have the lowest mechanization level in Asia: 0.52 horsepower per hectare (hp/ha). On rice, Japan produces 6.7 tons/ha. with high mechanization level of 7 hp/ha while China produces 5.36 tons/ha. with 3.88 hp/ha mechanization level. The Philippines produces only 2.64 tons/ha. with a low mechanization level of 0.56 hp/ha.

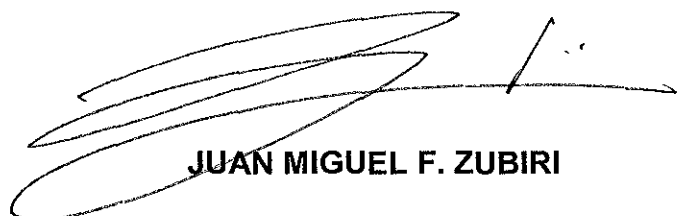
The DA and the Congressional Oversight Committee on Agricultural and Fisheries Modernization concluded that the dismal situation of mechanization is caused by inadequate and fragmented support services and promotion program, proliferation of substandard machineries and limited farmers' access to appropriate and affordable farm machinery and equipment.

They proposed the adoption of an Agriculture and Fisheries Mechanization (AFMech) Law to address these issues and which shall seek the following:

- a) fix the implementing structure within the DA and Local Government Units and its inter-agency collaboration so that farm mechanization support services shall be effectively and efficiently delivered down to the barangay level;
- b) strengthen machinery testing and evaluation, standards development and enforcement and monitoring through accreditation and registration system to ensure the provision of high-quality machinery and equipment; and
- c) strengthen local manufacturing to reduce investment costs and establish agri-fishery machinery service centers in key production areas for custom plowing, harrowing, harvesting, drying, milling and other services which may be owned and operated by registered farmers cooperatives and associations.

The proposed AFMech Law will effect a period marked by agro-industrialization in the countryside and migration from urban to rural areas. With rising farm production and income, the emergence of agro-processing and machinery manufacturing, repair and maintenance enterprises, our agricultural sectors will create more livelihood and employment opportunities. In view of the foregoing, a law must be passed to consolidate, integrate and strengthen all existing policies and programs towards agriculture and fisheries mechanization.

The immediate passage of this Bill, is therefore, respectfully sought.



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1 assemblers and manufacturers to ensure compliance to prescribed quality
2 standards;

3 d) strengthen support services like credit facilities, research, training and extension
4 programs, rural infrastructures, post harvest facilities and marketing services;

5 e) unify, rationalize and strengthen the implementation, coordination activities and
6 mechanisms on agricultural and fisheries mechanization programs and projects;
7 and

8 e) deliver integrated support services to farmers, fisherfolk and other stakeholders,
9 and assist them to be able to viably operate and manage their agricultural and
10 fisheries mechanization projects.

11 **SECTION 3. Definition of Terms. -**

12 a. *Agricultural and Fisheries Machinery* - refers to machinery and equipment for the
13 production, harvesting, processing, storage, manufacture, preserving, transporting
14 and distribution of agricultural and fisheries products. It includes but is not limited
15 to tractors and their attachments, power tillers, seeders, transplanters, windmills,
16 harvesting machines, crop protection and maintenance equipment, irrigation
17 equipment and accessories, greenhouses and other thermal conditioning
18 equipment, livestock equipment, fishery equipment, slaughtering equipment,
19 meat/fishery and crop processing equipment, post harvest machines such as
20 milling machines, dryers, threshers, grain and other strippers, agricultural
21 transport machinery and storage facilities including cold storage, reefer vans,
22 slaughter houses and fishing boats of three (3) gross tons or less. New
23 agricultural and fishery machinery includes newly imported as well as one that
24 has not been used since its date of manufacture;

25 b. *Agricultural and Fisheries Mechanization* - is the development, adoption,
26 assembly, manufacture and application of appropriate, location-specific and cost-
27 effective agricultural and fisheries machinery using human, animal, mechanical,
28 electrical, renewable and other nonconventional sources of energy for agricultural
29 production and postharvest/postproduction operations consistent with agronomic
30 conditions and for efficient and economic farm and fishery management towards
31 modernization of agriculture and fisheries;

32 c. *Ago-Industrial Processing* - shall include local activity or series of activities to
33 maintain or raise the quality or change the form or characteristics of agricultural,
34 fisheries and forestry products. It also includes but is not limited to cleaning,
35 sorting, grading, mixing, milling, canning, dressing, slaughtering, freezing,
36 pasteurizing, conditioning, packaging, repacking and transporting of said
37 products;

- 1 d. *Fishing Boat* - any boat, ship or other watercraft of three (3) gross tons or less,
2 equipped to be used for taking of fishery species or aiding or assisting one (1) or
3 more vessels in the performance of any activity relating to fishing, including but
4 not limited to, preservation, supply, storage, refrigeration, transportation and/ or
5 processing;
- 6 e. *Program* - refers to the National Agri-Fishery Mechanization Program;
- 7 f. *Department* - refers to the Department of Agriculture;
- 8 g. *Secretary* - refers to the Secretary of Agriculture;
- 9 h. *DOLE* -refers to the Department of Labor and Employment;
- 10 i. *DOST* - refers to the Department of Science and Technology;
- 11 j. *DTI*- refers to Department of Trade and Industry;
- 12 k. *AMTEC*- refers to the Agricultural Machinery Testing and Evaluation Center in the
13 University of the Philippines Los Banos;
- 14 l. *BAFPS* - refers to the Bureau of Agriculture and Fisheries Products Standards.
- 15 m. *BAR* - refers to the Bureau of Agricultural Research, Department of Agriculture;
- 16 n. *PhilMech*- refers to the Philippine Center for Post Harvest Development and
17 Mechanization ;
- 18 o. *NAFC*- refers to the National Agricultural and Fishery Council;
- 19 p. *TESDA*- refers to the Technical Education and Skills Development Authority;
- 20 q. *CHED*- refers to the Commission on Higher Education;
- 21 r. *BoAE*- refers to the Board of Agricultural Engineering of the Professional
22 Regulation Commission;
- 23 s) *UPLB*- refers to the University of the Philippines Los Banos.

24 **SECTION 4. *Scope and Application.*** - The provisions of this Act shall apply
25 to the research, development and extension, promotion, distribution, supply,
26 assembling, manufacturing, regulation, use, operation, maintenance and project
27 implementation of agricultural and fisheries machinery and equipment.

28 **ARTICLE II**

29 **THE NATIONAL AGRI-FISHERY MECHANIZATION PROGRAM**

30 **SECTION 5. *The National Agri-Fishery Mechanization Program.*** - There
31 shall be formulated a National Agri-Fishery Mechanization Program by the
32 Department with the following objectives:

- 33 a) promote and support through the provision of research grants, credit, transparent
34 and predictable regulation the local development and manufacture of agricultural
35 and fisheries machinery by the private sector;
- 36 b) unify, lead and support the efforts of various institutions in the research, design
37 and development of agricultural and fisheries machinery;

- 1 c) establish quality, safety and performance standards for agricultural and fisheries
2 machinery;
- 3 d) support the establishment of quality, safety and performance testing centers for
4 the certification of agricultural and fisheries machinery in strategic localities in the
5 country;
- 6 e) establish guidelines for the registration of ownership of agricultural and fisheries
7 machinery; and
- 8 f) promote the adoption of certified agricultural and fisheries machinery for
9 improving agriculture and fishery productivity.

10 **SECTION 6. *Program implementation.*** - The over-all implementation of the
11 National Agri-Fishery Mechanization Program shall be coordinated by the
12 Department through the Undersecretary to be designated by the Secretary who
13 shall :

- 14 1) conduct the formulation and review of 5-year National Agri-Fishery Mechanization
15 Program for the Department;
- 16 2) provide leadership in the formulation of guidelines for the registration of ownership
17 of agricultural and fisheries machinery;
- 18 3) ensure the formulation of quality, safety and performance standards for
19 agricultural and fisheries machinery;
- 20 4) ensure the formulation of accreditation guidelines for testing centers for
21 agricultural and fisheries machinery;
- 22 5) formulate and enforce guidelines for the credit program to include but not limited
23 to access, disbursement and repayment;
- 24 6) oversee the implementation of the National Agri-Fishery Mechanization Program
25 by the various units of the Department; and
- 26 7) coordinate with other government agencies and LGUs in the implementation of
27 measures provided for in this Act.

28 **ARTICLE III**

29 **RESEARCH, EXTENSION AND HUMAN RESOURCE DEVELOPMENT**

30 **SECTION 7. *Unified National R&D and Extension Agenda.*** - A unified
31 National Agricultural and Fisheries Mechanization R&D and Extension (RDE) Agenda
32 shall be formulated and implemented by the Department; *Provided that* the
33 Department through the PHilMech as focal agency, shall integrate and unify all
34 agricultural and fisheries mechanization R&D and extension programs and projects of
35 all concerned national government agencies, local government units, state colleges
36 and universities which shall be geared towards development of machineries and
37 equipment, job generation, address market and industry demands and help
38 accelerate agricultural and fisheries modernization in the countryside.

1 The National Agricultural and Fisheries Mechanization RDE Agenda shall include but
2 not be limited to the following:

- 3 1) development, pilot-testing and commercialization of appropriate, location-specific
4 and cost-effective agricultural and fisheries machinery and equipment in support
5 to contiguous farming and machinery pooling;
- 6 2) design and testing of new machineries and equipment for agriculture and fisheries;
- 7 3) local manufacture and assembly of agricultural engines and equipment;
- 8 4) development and utilization of renewable and non-conventional energy resources
9 such as wind, biomass, hydro, solar and bio-fuels for agricultural and fisheries
10 equipment and machineries;
- 11 5) development of efficient production and postproduction mechanization systems;
- 12 6) continuous development of technical standards and testing procedures for quality
13 agricultural machinery and components;
- 14 7) training of farmers, fisherfolk, manufacturers, extension workers, agricultural
15 engineers, technicians and operators engaged in the agricultural and fisheries
16 mechanization;
- 17 8) promotion of technologies through agricultural and industrial extension activities
18 and techno-demo centers;
- 19 9) development of prototype and fabrication of agricultural machinery and equipment;
20 and
- 21 10) development and conduct of commercialization strategies involving all sectors
22 representing the demand and supply sides of agricultural and fisheries
23 mechanization technologies.

24 **SECTION 8. Agri-Fishery Mechanization RDE Network.** - An Agricultural
25 and Fisheries Mechanization Research, Development and Extension (RDE) network
26 is hereby organized composed of research and educational institutions, Local
27 Government Units, non-government organizations and the recognized and well
28 established associations of agricultural and fisheries machinery assemblers,
29 manufacturers and distributors, agricultural engineers, farmers and fisherfolk. The
30 Agricultural and Fisheries Mechanization Research, Development and Extension
31 (RDE) network is responsible for the formulation and implementation of the National
32 Agricultural and Fisheries Mechanization RDE Agenda. The PHilMech shall be
33 responsible for organizing the Network and shall serve as Secretariat to the Network.
34 The Network shall be chaired by the Director of PHilMech. Moreover, the Agricultural
35 Mechanization Development Program of the University of the Philippines Los Baños,
36 which is part of the Network shall be strengthened and institutionalized to lead and
37 coordinate the agricultural and fishery mechanization research, development and
38 extension program of all academic institutions in the country.

1 **Section 9. Agri-Fishery Machinery and Equipment Service Centers. -**

2 The Department and the LGUs shall encourage and support the private sector and
3 other rural entrepreneurs to establish and operate Agricultural and Fishery Machinery
4 and Equipment Service Centers in the Strategic Agricultural and Fishery
5 Development Zones (SAFDZs) and Agrarian Reform Communities. The Agri-Fishery
6 Machinery and Equipment Service Centers shall be operated as business enterprises
7 that will provide the following services:

- 8 a) after-sales service and warranty to their respective clients;
9 b) custom plowing, harrowing, harvesting, drying, milling and other farm
10 mechanization services;
11 c) repair and troubleshooting services of agricultural and fishery machinery and
12 equipment; and
13 d) training of maintenance and proper use of agricultural machineries and
14 equipment.

15 However, ownership and operation of Agricultural and Fishery Machinery and
16 Equipment Service Centers, shall not be the exclusive domain of equipment and
17 machineries suppliers. These may be owned and operated by registered
18 cooperatives or SEC/ DTI registered businesses.

19 **SECTION 10. Agri-Fishery Mechanization and Engineering Resource**
20 **Network. -** The existing agricultural machinery information and data base of
21 PHilMech shall be strengthened into Agri-Fishery Mechanization and Engineering
22 Resource Network. It shall serve as a network of information system and data bank
23 on Agri-Fishery mechanization and engineering activities. It will also be used or
24 tapped as a facility for the on-line registration of Agri-Fishery machinery and
25 equipment and monitoring of Agri-Fishery mechanization and infrastructure projects.
26 This network shall be linked to other existing information and data base networks of
27 the Department, Agricultural Machinery Information Network of DOST, Agricultural
28 Mechanization Development Program of UPLB and of other government agencies.

29 **SECTION 11. Research Grants. -** To enhance research and technological
30 development on agricultural and fisheries mechanization, the government through the
31 BAR, DOST and CHED shall provide competitive research grants to members of the
32 Network to undertake needs oriented research as well as institutional development
33 and upgrading of laboratory facilities and equipment.

34 **SECTION 12. Training and Scholarship Program. -** The Department in
35 partnership with the State Colleges and Universities and the private sector shall train
36 the agricultural extension workers of the Local Government Units who in turn shall
37 train the farmers and fisherfolk on agricultural and fisheries mechanization
38 technologies and practices. The DOLE and TESDA shall be responsible in the

1 training of agricultural and fisheries machinery technicians and operators.
2 Furthermore, scholarships for graduate and undergraduate degree on agricultural
3 engineering and trade/vocational courses on agricultural and fisheries mechanization
4 shall be given priority by the Department, CHED and DOST.

5 **SECTION 13. *Manpower Complement.*** - All agricultural and fisheries
6 machinery pools and service centers including sales and distribution outlets and
7 manufacturing establishments either public or private shall have the required
8 manpower complement of licensed agricultural engineers and certified technicians
9 and operators in accordance with the guidelines and standards to be promulgated by
10 the BoAE and DOLE to ensure efficient operation and maintenance and good
11 management practices.

12 **SECTION 14. *Skills Certification of Agricultural Machinery Technicians***
13 ***and Operators.*** - The TESDA in collaboration with the Department, BoAE, NAMDAC
14 and the national associations of agricultural engineers and agricultural machinery
15 assemblers, manufacturers and distributors shall undertake skills certification and
16 accreditation systems for agricultural and fishery machinery operators and
17 technicians.

18 **ARTICLE IV**

19 **LOCAL ASSEMBLY, MANUFACTURE, SUPPLY** 20 **AND AFTER SALES SERVICE**

21 **Section 15. *Local Assembly and Manufacturing.*** - Production of locally-
22 made engines and other machinery for agricultural and fisheries purposes shall be
23 promoted and encouraged by the Department in partnership with the private sector,
24 and through joint venture agreement. For this purpose, the Department in partnership
25 with the recognized national organization of agricultural machinery assemblers,
26 manufacturers and distributors, agricultural engineers and the DOST shall undertake
27 the feasibility study and R & D for the local assembly and manufacture of agricultural
28 engines/prime mover, and other agricultural machinery and equipment.

29 **SECTION 16. *Incentives for local manufacturers and assemblers of Agri-***
30 ***Fishery machinery.*** - Ventures in local manufacture, fabrication and assembly of
31 Agri-Fishery machinery and equipment shall be eligible for loans under the ACEF,
32 otherwise known as the Agricultural Competitiveness Enhancement Fund under the
33 Program of the Department of Agriculture. These businesses shall be granted
34 incentives as long as they are considered as registered enterprises engaged in a
35 preferred area of investment pursuant to Article 39 of Executive Order 226 as
36 amended. They shall be eligible to apply for research grants from the Bureau of
37 Agricultural Research (BAR) to support testing and certification. Patents shall be

1 accepted as equity or collateral for loans. The BAR shall within six months from the
2 enactment of this Act support the conduct of a study on how patents shall be valued.

3 **SECTION 17. *Supply of Agricultural and Fisheries Machinery in***
4 ***Government Procurement Program.*** - Only assemblers, manufacturers, importers,
5 suppliers, distributors and dealers accredited by the National Agricultural and
6 Fisheries Machinery Manufacturers, Importers, Distributors, and Dealers
7 Accreditation and Classification Board (NAMDAC) shall be eligible to supply
8 government procurement requirements on agricultural and fisheries machinery and
9 equipment based on their classification rating. Only agricultural and fishery
10 machinery tested by AMTEC shall be procured.

11 **SECTION 18. *After-Sales Service.*** - All agricultural and fisheries machinery
12 assemblers, manufacturers, importers, suppliers, distributors and dealers are
13 required to provide after-sales service and warranty to their respective clients which
14 shall be monitored by CAFEO.

15 **ARTICLE V**

16 **TESTING AND EVALUATION, REGISTRATION,** 17 **STANDARDIZATION AND ACCREDITATION**

18 **Section 19. *Testing and Evaluation.*** - Agricultural and fisheries machinery
19 and equipment to be sold in the market shall pass through testing and evaluation by
20 AMTEC in accordance with the national policies and guidelines to be promulgated by
21 the Secretary. Specifically, before it can be assembled, manufactured and
22 commercially sold in the market, the model of the machine and any modification
23 thereof should be tested by AMTEC and should pass the prescribed quality and
24 performance standards. The regular testing and evaluation of machinery sold shall be
25 undertaken by AMTEC on new models and design. Field tests shall likewise be
26 undertaken by AMTEC to ensure consistent quality of test units as well as on the
27 commercial units. The BAFPS shall maintain a certification registry of equipment and
28 machinery as well as a registry of those denied certification.

29 **SECTION 20. *Registration of Ownership of Agricultural and Fishery***
30 ***Machinery and Equipment.*** - All owners of agricultural and fishery machinery and
31 equipment must register their property with the Agricultural Engineering Office of
32 Municipal and City Government Units.

33 The Agricultural Engineering Office of the Local Government Units shall
34 establish and maintain a registry of agricultural and fishery machinery at the
35 municipal, city and provincial levels. The DA Regional Agricultural Engineering
36 Division shall maintain a registry of agricultural and fishery machinery at the regional
37 office whereas the BAFPS shall maintain a national database of all registered

1 agricultural and fishery machinery. Each office shall ensure that these registries and
2 databases are available through the internet.

3 The Secretary shall promulgate national guidelines and procedures for the
4 registration of agricultural and fisheries machinery by the LGUs including the
5 collection of registration fees in accordance with the Local Government Code.

6 **SECTION 21. *Registration of manufacturers, fabricators, assemblers and***
7 ***importers.*** - Within six months upon the enactment of this Act, all manufacturers,
8 fabricators, assemblers and importers must register with the BAFPS .

9 Three years upon the enactment of this Act, registrants must provide
10 certification by an accredited certifying body of all products that they have in the
11 market or intend to market and withdraw all products that have no certification. One
12 year after the enactment of this Act, the registrants must submit to the BAFPS the list
13 of equipment/machinery manufactured/ fabricated/ assembled/ imported.

14 **SECTION 22. *Standards Development and Enforcement.*** - The Department
15 through the BAFPS in coordination with the DTI, DOST, BoAE and AMTEC and in
16 consultation with the accredited associations of farmers and fisherfolk, agricultural
17 machinery assemblers, manufacturers and distributors and agricultural engineers
18 shall develop standards, specifications and test procedures of agricultural and fishery
19 machinery. These standards should be in conformity with the International Standards
20 Organization (ISO) and shall be part of the existing Philippine Agricultural Engineering
21 Standards.

22 Thereafter, the Department and LGUs and in collaboration with the BoAE shall
23 enforce the above standards on the manufacture, sale and distribution on agriculture
24 and fisheries machinery and equipment, and its accreditation system for agricultural
25 and fisheries facilities and establishments.

26 The Secretary shall deputize the agricultural engineering offices of the LGUs
27 to monitor the implementation of regulation concerning certification, registration of
28 manufacturers, assemblers, dealers or importers and accreditation of agricultural and
29 fishery machinery testing centers.

30 Also, the Department of Public Works and Highways and the Local Building
31 Officials, consistent with the provisions of R.A. No. 8559 and in coordination with
32 CAFEO shall enforce the Philippine Agricultural Engineering Standards as part of the
33 implementation of the National Building Code of the Philippines particularly in the
34 design, construction, operation and maintenance of agricultural and fisheries
35 buildings and structures.

36 **Section 23. *Classification and Accreditation of Assemblers,***
37 ***Manufacturers, Importers, Suppliers, Distributors and Dealers.*** - Agricultural and
38 fisheries assemblers, manufacturers, importers and suppliers, distributors and

1 dealers shall be classified into small, medium and large, and shall be encouraged to
2 have their manufacturing/ service facility build-up; *Provided that* agricultural and
3 fisheries machinery assemblers, manufacturers, importers, suppliers, distributors and
4 dealers shall be classified and accredited based on their organizational strengths and
5 track records, area of operation, marketing and distribution network, after sales
6 service and manufacturing capabilities.

7 **SECTION 24. *Organization of the NAMDAC Board.*** - The National
8 Agricultural and Fisheries Machinery Assemblers, Manufacturers, Importers,
9 Distributors and Dealers Accreditation and Classification (NAMDAC) Board is hereby
10 organized as a private sector-led national accreditation and classifying body on
11 agricultural and fisheries machinery and shall perform the following functions:

- 12 a) Establishment of an updated and accurate database on their sector;
13 b) Formulate policies, guidelines and criteria for accreditation and classification
14 on manufacturers of agricultural and fisheries machinery;
15 c) Encourage self regulation in the sector by delegating the task of accrediting
16 and classifying manufacturers/dealers/ distributors and approval of the quality
17 and safety of their products to their respective associations;

18 **SECTION 25. *Composition of NAMDAC.*** - The NAMDAC shall be composed
19 of the heads of CAFEO, PHilMech, AFMeC, AMTEC and representatives from the
20 recognized and well established national association of assemblers, manufacturer,
21 importers, suppliers and distributors of agricultural and fisheries machinery and
22 equipment, and agricultural engineers.

23 The Infrastructure Support and Coordination Section of NAFC that serves as
24 Secretariat to the Agricultural and Fisheries Mechanization Committee (AFMeC) shall
25 also provide the necessary technical and administrative support to the NAMDAC and
26 hereby strengthened into a regular division of NAFC.

27 **ARTICLE VI** 28 **INSTITUTIONS**

29 **SECTION 26. *Agricultural and Fisheries Mechanization Committee.*** - The
30 Agricultural and Fisheries Mechanization Committee (AFMeC) under the NAFC shall
31 act as an advisory body to ensure the success of the programs and activities of the
32 Department concerning agricultural and fisheries mechanization. It is also tasked to
33 serve as the consultative and feedback mechanism from the lowest possible level to
34 the top decision makers and to assist in defining and formulating the goals and scope
35 of the country's agriculture and fisheries mechanization and infrastructure policies,
36 plans, and programs.

37 The Agricultural and Fishery Mechanization Committees are likewise
38 organized and strengthened at the Regional, Provincial, City, Municipal and

1 Barangay Agricultural and Fishery Councils to integrate, coordinate, unify and
2 monitor the field implementation of Agri-Fishery mechanization and infrastructure
3 projects of various national government agencies, local government units, banking
4 and financial institutions and the private sector.

5 **SECTION 27. *Strengthening the DA Agricultural and Fishery Engineering***
6 ***Groups.*** - Pursuant to Section 46 of R.A. No. 8435, a Central Agricultural and
7 Fishery Engineering Office (CAFEO) is hereby created as one of the regular service
8 of the Department which shall be under the supervision of the Department
9 Undersecretary in-charge of National Agricultural and Fishery Mechanization
10 Program.

11 The CAFEO shall have the following functions and responsibilities:

- 12 1) Coordinate, oversee and monitor the national planning and implementation of
13 Agri-Fishery engineering, farm-to-market roads and other Agri-Fishery
14 infrastructure projects;
- 15 2) Assist in the national planning, coordination and implementation of the national
16 Agri-Fishery mechanization program;
- 17 3) Prepare, evaluate, validate and recommend engineering plans, designs and
18 technical specifications on Agri-Fishery mechanization and infrastructure
19 projects ;
- 20 4) Oversee and provide technical assistance to the operations of Agricultural
21 Engineering Divisions of the DA Regional Field Units;
- 22 5) Coordinate and integrate all agricultural and fisheries engineering activities of
23 DA bureaus, attached agencies and corporations; and
- 24 6) Enforce standards and other regulatory policies on agricultural and fishery
25 engineering.

26 Likewise, the Regional Agricultural Engineering Divisions (RAEDs) are hereby
27 strengthened, institutionalized or created in the Regional Field Units of the
28 Department to carry out the field implementation of the agricultural and fishery
29 engineering, mechanization and infrastructure programs and projects of the
30 Department.

31 All concerned DA bureaus and attached agencies implementing agri-fishery
32 mechanization and infrastructure projects such as but not limited to National Meat
33 Inspection Service, Bureau of Animal Industry, Bureau of Plant Industry, Agricultural
34 Training Institute, Bureau of Agricultural Research, Bureau of Soils and Water
35 Management, Bureau of Fisheries and Aquatic Resources, Philippine Coconut
36 Authority, Fiber Industry Development Authority, National Food Authority and Sugar
37 Regulatory Administration shall also establish or strengthen their agricultural
38 engineering services/division as part of the over-all network of CAFEO.

1 **Section 28. Philippine Center for Post Harvest Development and**
2 **Mechanization.** – The Philippine Center for Post Harvest Development and
3 Mechanization shall coordinate, plan and execute agricultural and fishery
4 mechanization and post harvest R and D and extension programs and projects of
5 the Department and its manpower complement shall be augmented to assume these
6 responsibilities.

7 **SECTION 29. Bureau of Agriculture and Fisheries Products Standards. -**
8 The Bureau of Agriculture and Fisheries Products Standards (BAFPS), in addition to
9 its functions under Sections 62 and 63 of R.A. No. 8435 shall:

- 10 1) set and implement standards for agricultural and fishery machinery and
11 equipment ;
- 12 2) formulate and enforce quality, safety and performance standards for
13 agricultural and fisheries machinery ;
- 14 3) formulate and enforce accreditation procedures for testing centers for
15 agricultural and fisheries machinery ;
- 16 5) formulate guidelines for the registration of ownership of agricultural and fishery
17 machinery ;
- 18 6) maintain a national registry of agricultural and fisheries machinery certified by
19 accredited testing centers ;
- 20 7) maintain a national registry of testing centers for agricultural and fisheries
21 machinery ; and
- 22 8) maintain a national registry of owners, manufacturers, fabricators, assemblers
23 and importers of agricultural and fishery machinery and corresponding serial
24 numbers.

25 The BAFPS is hereby renamed into Bureau of Agriculture and Fisheries Standards
26 (BAFS) and authorized to create a new division on agricultural and fisheries
27 machinery regulations. It may call upon experts, professional groups and other
28 government agencies to assist in the performance of its functions.

29 **SECTION 30. Agricultural Machinery Testing and Evaluation Centers. -**
30 The existing Agricultural Machinery Testing and Evaluation Center (AMTEC) of the
31 College of Engineering and Agro-Industrial Technology (CEAT) of UPLB is hereby
32 institutionalized and shall compose of a Director and technical and administrative
33 personnel. The AMTEC is hereby designated as the premier and reference Testing
34 Center in the country, and for purposes of functional coordination and integration,
35 shall closely coordinate its activities with the BAFPS. As the premier Testing Center,
36 it shall assist the BAFPS in the formulation of quality, safety and performance
37 standards of agricultural and fisheries machinery and of accreditation guidelines for

1 testing centers. It shall also provide technical assistance in the establishment of
2 testing centers in other parts of the country.

3 **SECTION 31. *Department of Agrarian Reform.*** - The DAR in coordination
4 with the Department shall provide assistance to Agrarian Reform Beneficiaries in
5 securing their appropriate and needed Agri-Fishery machinery and equipment and/or
6 the establishment of Agri-Fishery Machinery Service Centers as part of the support
7 services in the Agrarian Reform Communities. The DAR shall complement the
8 technical support services of the Department and the LGUs by pooling and mobilizing
9 its agricultural engineers. In carrying out these tasks, the DAR shall establish or
10 strengthen its agricultural engineering services in its central, regional and provincial
11 offices.

12 • ARTICLE VII

13 RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS

14 **SECTION 32. *Implementation by the Local Government Units.*** - The Local
15 Government Units, pursuant to the provisions of Republic Act No. 7160, otherwise
16 known as the Local Government Code, shall undertake applied research, extension,
17 dispersal, management and regulation of agricultural and fisheries machinery and
18 equipment including the collection of fees.

19 **SECTION 33. *Agricultural Engineering Offices of the Local Government***
20 ***Units.*** - The Provincial, City and Municipal Agricultural Engineering Groups/Offices of
21 the Local Government Units (LGUs) organized under Executive Order No. 86, Series
22 of 1999 and Section 46 of R.A. 8435 shall serve as the planning, coordinating,
23 regulating and implementing bodies at the Provincial, City and Municipal levels on
24 *agricultural and fisheries engineering, mechanization and infrastructure programs*
25 *and projects.* Specifically, these Agricultural Engineering Offices shall have the
26 following functions and responsibilities:

- 27 1) provide agricultural engineering services which include engineering survey,
28 preparation and evaluation of plans, designs, technical specifications, feasibility
29 studies and cost estimates/program of work of irrigation, small water impounding,
30 soil conservation and management, farm machinery, slaughterhouses, poultry
31 dressing plants, post harvest facilities, auction markets, farm-to-market roads, and
32 other agricultural and fisheries infrastructure projects of the LGUs;
- 33 2) administer, supervise and coordinate the construction, operation, maintenance,
34 improvement and management of irrigation, small water impounding, soil and
35 water conservation structures and facilities, farm machinery, post harvest
36 facilities, auction markets, farm-to-market roads and other agricultural and
37 fisheries infrastructure projects of the LGUs;

- 1 3) undertake the registration of agri-fishery machinery and facilities, enforcement of
2 the Philippine Agricultural Engineering Standards and other agricultural and
3 fishery engineering regulatory activities in coordination and collaboration with
4 concerned national government agencies;
- 5 4) coordinate with concerned national government agencies with regards to the
6 implementation of national government programs and projects on irrigation, farm
7 mechanization, post harvest facilities, farm-to-market roads and agricultural and
8 fisheries infrastructure;
- 9 5) be in the frontline of the delivery of basic agricultural engineering services;
- 10 6) provide training and extension activities to farmers and fisherfolks particularly in
11 the installation, operation and maintenance of their irrigation, post harvest
12 facilities, agricultural and fishery machinery projects in coordination with the
13 agriculture and fisheries extension workers;
- 14 7) undertake and or coordinate the pilot testing and commercialization of matured
15 agricultural and fisheries engineering technologies ; and
- 16 8) exercise such other powers and perform such other duties and functions as maybe
17 prescribed by law or ordinance.

18 To effectively carry out the above functions and responsibilities, the Provincial,
19 City and Municipal Agricultural Engineering Offices are hereby strengthened and
20 institutionalized into the organizational structure of the LGUs, and if not yet existing,
21 shall be created in the particular LGUs. The LGUs belonging to first up to third
22 income class which are providing or implementing agricultural and fishery
23 infrastructure, mechanization and engineering projects shall hire at least one
24 agricultural engineer at the provincial, city and municipal levels.

25 In cases of provincial, city and municipal LGUs belonging to 4th to 6th income
26 class which are not capable to establish its Agricultural Engineering Office due to
27 financial constraints and limitations, the Department through its Regional Agricultural
28 Engineering Divisions shall augment and perform such responsibilities, and as
29 deemed necessary establish its provincial, city and municipal operation units, and
30 shall be allocated and provided with necessary funding and manpower requirements
31 for their operation.

32 **ARTICLE VIII**

33 **PROHIBITED ACTS, PENALTIES AND SANCTIONS**

34 **SECTION 34. *Prohibited Acts.*** - It is unlawful for any person to :

- 35 1) sell, mortgage or lease agricultural and fishery machinery without being
36 registered with the BAFPS;
- 37 2) sell new agricultural and fishery machinery without warranty or after sales
38 service.

1 3) claim ownership to an agricultural and fishery machinery that has not been
2 properly registered in his/her name.

3 4) operate a testing center without proper accreditation.

4 **SECTION 35. Penalties.** - Any person who shall violate any provision of
5 Section 35 of this Act shall upon conviction, be subject to a fine of not less than One
6 Thousand Pesos (P1,000.00) but not more than Ten Thousand Pesos (P10,000.00)
7 or imprisonment of not less than two (2) months but not more than one (1) year, or
8 both upon the discretion of the court, and/or other applicable penalties imposed
9 under the Consumer Act of the Philippines.

10 The purchase of non- certified or substandard agricultural and fishery
11 machinery for the government shall be dealt with the Corrupt Practices Act.

12 **SECTION 36. Sanctions.** - This provision shall take effect four years upon the
13 enactment of this law when all regulatory provisions have already been in place. The
14 Secretary or his duly authorized representative has the power to file before the
15 proper court the following:

16 1. forfeiture proceedings for agricultural and fishery machinery that is not duly
17 certified, without serial number and without warranty, and is substandard;

18 2. closure proceedings against business entities not duly registered as
19 manufacturers, assemblers, dealers or importers of agricultural and fishery
20 machinery, or sells new agricultural and fishery machinery not duly certified,
21 without a serial number, or without warranty, without after sales service and
22 substandard; and

23 3. closure proceedings against testing centers that has not been duly accredited.

24 Any business that sell new agricultural and fishery machinery which was not duly
25 certified, without a serial number, without warranty, or without after sales service shall
26 be given one month to refund or replace the sold machinery duly corrected for any
27 deficiency as indicated. Failure to do so shall result to corresponding legal action
28 against the offending party.

29 **ARTICLE IX**

30 **MISCELLANEOUS PROVISIONS**

31 **SECTION 37. Agricultural and Fisheries Mechanization Programs at the**
32 **local levels.** - The Local Government Units through an ordinance shall also
33 formulate in consultation with the Department and implement their respective
34 Provincial, City and Municipal Agricultural and Fishery Mechanization Plans as a vital
35 component of their respective local development plans.

36 **SECTION 38. Contiguous Farming.** - The Department together with the
37 Department of Agrarian Reform shall carry out contiguous farming projects in order to

1 effect suitable field shapes and sizes conducive to efficient operation of agricultural
2 machinery and equipment and likewise to ensure its economies of scale.

3 The Contiguous Farming Projects shall:

- 4 1) promote farm land clustering with a minimum of 50-hectare cluster for
5 synchronized farming operations from land preparation to harvesting in
6 cooperation or contract with agricultural mechanized operation service providers;
- 7 2) undertake farm development planning; and
- 8 3) promote the strengthening of farmers cooperatives and associations.

9 **SECTION 39. Use of Renewable Energy.** - The use of renewable and non-
10 conventional energy such as wind, solar, hydro, bio-mass and other farm-based
11 energy sources shall be promoted as power sources for the operation and
12 maintenance of agricultural and fisheries machinery. The Department in coordination
13 with the Department of Energy, DOST and State Colleges and Universities, and the
14 private sector shall undertake research and extension activities to enhance the use of
15 renewable and non-conventional energy in agricultural and fisheries operations.

16 **Section 40- Infrastructure Support.** - The government shall provide priority
17 investment for the infrastructure needs in clustered farm land identified as key
18 agricultural and fishery production areas to accelerate agricultural and fisheries
19 mechanization in the countryside, and this include irrigation, farm-to-market roads,
20 post harvest, power and communications facilities.

21 **SECTION 41. Implementing Rules and Regulations.** - The Department
22 within six months upon the enactment of this Act and in consultation with the
23 stakeholders and other government agencies shall promulgate the necessary rules
24 and regulations to implement this Act.

25 **SECTION 42. Funding.** - 1) The amount necessary to carry out the program
26 and in the implementation of the following activities shall be incorporated in the
27 General Appropriations Act:

- 28 a) Training of farmers, fisherfolk, farm workers, agricultural and fisheries
29 machinery operators and technicians, agricultural engineering
30 extension workers and program implementers;
- 31 b) Upgrading of agricultural and fishery mechanization facilities and
32 equipment of the Department of Agriculture and Local Government
33 Units;
- 34 c) Information campaign;
- 35 d) Grants for the young entrepreneurs and agricultural engineers who
36 intend to pursue agricultural and fishery machinery enterprises projects;
- 37 e) Strengthening the DA and LGU's Agricultural Engineering Groups; and
- 38 f) Formulation of regulations.

- 1 2) All Local Government Units shall likewise include in their investment plans, as
2 part of the priority appropriations of their 20% Local Development Fund, the
3 funding support for the implementation of their respective provincial, city,
4 municipal and barangay agricultural and fisheries mechanization programs;
- 5 3) The Department shall set aside at least a total of PhP700 Million of the
6 Agricultural Competitiveness Enhancement Funds (ACEF) to support this Act
7 as follows: PhP300 Million for loans to local manufacturers, fabricators and
8 assemblers of agricultural and fisheries machinery to establish manufacturing
9 and service center facilities, PhP200 Million for loans to small farmers for the
10 purchase of agricultural and fisheries machinery and PhP200 Million for grants
11 to upgrade AMTEC and establishment of one testing center in the Visayas and
12 one testing center in Mindanao. The Secretary shall formulate guidelines for
13 access, disbursement and repayment for these funds;
- 14 4) The BAR shall set aside P 5 million annually from its regular R&D funds to
15 support patent applications and a research competitive grants program for the
16 testing and certification of locally designed Agri-Fishery equipment and
17 machineries;
- 18 5) The CHED shall allocate funds from the Higher Education Development Fund
19 necessary for the upgrading of agri-fishery mechanization laboratory facilities,
20 of concerned State Colleges and Universities, faculty training program and
21 scholarships;
- 22 6) The DAR shall allocate funds from the Agrarian Reform Fund necessary for
23 the provision of appropriate and needed Agri-Fishery machinery and
24 equipment to Agrarian Reform Beneficiaries and/or the establishment of Agri-
25 Fishery Machinery Service Centers in the Agrarian Reform Communities;
- 26 7) The TESDA shall allocate funds from its annual appropriations necessary for
27 the skills certification and training program for agri-fishery machinery
28 technicians and operators.

29 **SECTION 43. Congressional Oversight Committee.** - The Congressional
30 Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall
31 be the congressional oversight committee for purposes of this Act. The COCAFAM
32 shall perform the following functions:

- 33 a) Monitor and ensure the proper implementation of this Act;
- 34 a) Review the proper implementation of the National Agri-Fishery Mechanization
35 Program and the use of its funds; and
- 36 c) Such other functions it deems necessary.

37 In this regard, the President shall submit to the COCAFAM, an annual report of
38 Program implementation.

1 **SECTION 44. *Separability Clause.*** - The provisions of this Act are hereby
2 declared separable, and if any clause, sentence, provision or section hereof, should
3 be declared invalid, such invalidity shall not affect the other provisions of this Act
4 which can be given force and effect without the provisions which have been declared
5 invalid.

6 **SECTION 45. *Repealing Clause.*** - All laws, decrees, executive orders and
7 other administrative issuances and parts thereof which are inconsistent with the
8 provisions of this Act are hereby repealed or modified accordingly.

9 **SECTION 46. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
10 publication in two (2) newspapers of general circulation.

11 Approved.