

SENATE

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Senate Bill No. 3413

INTRODUCED BY SENATOR LOREN LEGARDA

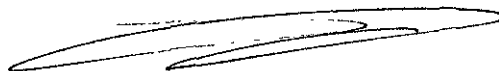
EXPLANATORY NOTE

Mechanization is essential to the modernization of Philippine agriculture and fisheries as envisioned by the Agriculture and Fisheries Modernization Act (AFMA). Thus, Sec. 59. of the AFMA states that *"The Department shall give priority to the development and promotion of appropriate agricultural machinery and other agricultural mechanization technologies to enhance agricultural mechanization in the countryside"*. Mechanization can significantly increase land and labor efficiency to sustain increased food production and increase farm incomes. Just as important is that mechanization creates new jobs in the countryside since it requires non-farm economic activities such as machinery manufacturing, repair and maintenance and opens up more opportunities for processing of agricultural and fishery products with the design and supply of equipment and machineries suited to various locales at more affordable prices.

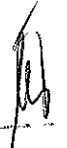
The competitiveness of Philippine agriculture is compromised by its dismal level of mechanization. When benchmarked with its Asian neighbors, the Philippines has one of the lowest levels in Asia at 1.68 horsepower/ha. This country's low level of mechanization is attributed to the following problems and constraints: 1) inadequate support services, extension and promotion program wherein there is inadequate and fragmented Agri-Fisheries Mechanization research and development (R&D), Extension and Program Implementation within the Department of Agriculture (DA), Local Government Units (LGUs) and other government agencies; 2) proliferation of substandard machinery and equipment as there is limited Agri-fishery Mechanization Testing and Evaluation Activities by DA and the Agricultural Machinery Testing and Evaluation Center (AMTEC), weak enforcement of standards, participation of fly by night manufacturers and distributors in government procurement, and absence of a monitoring system of Agri-fishery machinery distributed; and 3) limited access to appropriate and affordable machinery and equipment as the cost of investment of Agri-fishery machinery is becoming high, capital to own and operate agricultural machinery is inadequate and the Philippine farm size is too small to ensure economies of scale for farm machinery operations. In addition, the recovery of stolen equipment and machinery is difficult due to the absence of a registration system.

The above issues and constraints are addressed by this Bill. There is a need to immediately pass this Bill to enable our fishery and agriculture sector to modernize and increase productivity and incomes as envisioned by the AFMA.

Thus, I urge my colleagues to support the approval of the bill.



LOREN LEGARDA

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SENATE

Senate Bill No. 3413

INTRODUCED BY SENATOR LOREN LEGARDA

AN ACT
PROMOTING THE AGRICULTURAL AND FISHERIES MECHANIZATION
DEVELOPMENT IN THE COUNTRY

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* This Act shall be known as the Agricultural and Fisheries Mechanization (AFMech) Law.

ARTICLE I

DECLARATION OF POLICY,
DEFINITION OF TERMS AND COVERAGE

SECTION 2. *Declaration of Policy.* It shall be the policy of the State to:

- a) Promote the development and adoption of modern, appropriate and cost-effective and environmentally safe agricultural and fisheries machinery and equipment to enhance farm productivity and efficiency in order to achieve food security and safety;
- b) Provide a conducive environment to the local assembling and manufacturing of engines, machinery and equipment for agricultural and fisheries production, processing and marketing;
- c) Ensure the quality and safety of machineries and equipment locally manufactured or imported by strengthening regulation through the development and enforcement of machinery and machine performance standards, regular testing and evaluation, registration and the accreditation and classification of suppliers, assemblers and manufacturers to ensure compliance to prescribed quality standards ;
- d) Unify, rationalize and strengthen the implementation, coordination activities and mechanisms on agricultural and fisheries mechanization programs and projects; and
- e) Deliver integrated support services to farmers, fisherfolk and other stakeholders, and assist them to be able to viably operate and manage their agricultural and fisheries mechanization projects.

SECTION 3. *Definition of Terms:*

- a) **Agricultural and Fisheries Machinery** - refers to machinery and equipment for the production, harvesting, processing, storage, manufacture, preserving, transporting and distribution of agricultural and fisheries products. It includes but is not limited to tractors and their attachments, power tillers, seeders, transplanters, windmills, harvesting machines, crop protection and maintenance equipment, irrigation equipment and accessories, greenhouses and other thermal conditioning equipment, livestock equipment, fishery equipment, slaughtering equipment, meat/fishery and crop processing equipment, post harvest machines such as milling machines, dryer, threshers, grain and other strippers, agricultural transport machinery and storage facilities including cold storage, reefer vans, slaughter houses and fishing boats of three (3) gross tons or less. New agricultural and fishery machinery includes newly imported as well as one that has not been used since its manufacturing.
- b) **Agricultural and Fisheries Mechanization** - is the development, adoption, assembly, manufacture and application of appropriate, location-specific and cost-effective agricultural and fisheries machinery using human, animal, mechanical, electrical, renewable and other non-conventional sources of energy for agricultural production and postharvest/postproduction operations consistent with agronomic conditions and for efficient and economic farm and fishery management towards modernization of agriculture and fisheries.
- c) **Agro-Industrial Processing** - shall include local activity or series of activities to maintain or raise the quality or change the form or characteristics of agricultural, fisheries and forestry products. It also includes cleaning, sorting, grading, mixing, milling, canning, dressing, slaughtering, freezing, pasteurizing, conditioning, packaging, repacking and transporting of said products.
- d) **Fishing Boat** - any boat, ship or other watercraft of three (3) gross tons or less, equipped to be used for taking of fishery species or aiding or assisting one (1) or more vessels in the performance of any activity relating to fishing, including but not limited to, preservation, supply, storage, refrigeration, transportation and/or processing.
- e) **Small farmers** - refers to farmers with not more than five (5) hectares of land and fisherfolks with not more than one fishing boat.
- f) **Program** - refers to the National Agri-fishery Mechanization Program.
- g) **Department** - refers to the Department of Agriculture.
- h) **Secretary** - refers to the Secretary of Agriculture.
- i) **DOLE** - refers to the Department of Labor and Employment.
- j) **DOST** - refers to the Department of Science and Technology.
- k) **DTI**- Department of Trade and Industry

- l) **ATI** - refers to the Agriculture Training Institute.
- m) **AMTEC**- refers to the Agricultural Machinery Testing and Evaluation Center in the University of the Philippines, Los Banos.
- n) **BAFPS** - refers to the Bureau of Agriculture and Fisheries Products Standards.
- o) **BAR** - refers to the Bureau of Agricultural Research, Department of Agriculture.
- p) **BPRES**- refers to the Bureau of Post Harvest Research and Extension.
- q) **NAFC**- refers to the National Agricultural and Fishery Council.
- r) **TESDA**- refers to the Technical Education and Skills Development Authority.
- s) **CHED**- refers to the Commission on Higher Education.
- t) **BoAE**- refers to the Board of Agricultural Engineering of the Professional Regulation Commission.
- u) **UPLB**- refers to the University of the Philippines at Los Banos.

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

ARTICLE II

THE NATIONAL AGRI-FISHERY MECHANIZATION PROGRAM

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

- a) Promote and support through the provision of research grants, credit, transparent and predictable regulation the local development and manufacture of agricultural and fisheries machinery by the private sector;
- b) Unify, lead and support the efforts of various institutions in the research, design and development of agricultural and fisheries machinery;
- c) Establish quality, safety and performance standards for agricultural and fisheries machinery;
- d) Support the establishment of quality, safety and performance testing centers for the certification of agricultural and fisheries machinery in strategic localities in the country;

- e) Establish guidelines for the registration of ownership of agricultural and fisheries machinery; and
- f) Promote the adoption of certified agricultural and fisheries machinery for improving agriculture and fishery productivity.

SECTION 6. *Program implementation.* The over-all implementation of the National Agri-fishery Mechanization Program shall be coordinated by the Department through the Undersecretary for Policy and Planning which shall:

- 1) Conduct the formulation and review of 5-year National Agri-fishery Mechanization Programs for the Department;
- 2) Provide leadership in the formulation of guidelines for the registration of ownership of agricultural and fisheries machinery;
- 3) Ensure the formulation of quality, safety and performance standards for agricultural and fisheries machinery;
- 4) Ensure the formulation of accreditation guidelines for testing centers for agricultural and fisheries machinery;
- 5) Formulate and enforce guidelines for the credit program to include but not limited to access, disbursement and repayment;
- 6) Oversee the implementation of the National Agri-fishery Mechanization Program by the various units of the Department; and
- 7) Coordinate with other government agencies and LGUs in the implementation of measures provided for in this Act.

ARTICLE III

RESEARCH, EXTENSION AND HUMAN RESOURCE DEVELOPMENT

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

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

- 1) Development, pilot-testing and commercialization of appropriate, location-specific and cost-effective agricultural and fisheries machinery and equipment in support to contiguous farming and machinery pooling;

- 2) Design and testing of new machineries and equipment for agriculture and fisheries;
- 3) Local assembly and manufacture of agricultural engines and equipment;
- 4) Development and utilization of renewable and non-conventional energy resources such as wind, biomass, hydro, solar and bio-fuels for agricultural and fisheries equipment and machineries;
- 5) Development of efficient production and postproduction mechanization systems;
- 6) Continuous development of technical standards and testing procedures for quality agricultural machinery and components;
- 7) Training of farmers, fisherfolk, manufacturers, extension workers, agricultural engineers, technicians and operators engaged in the agricultural and fisheries mechanization;
- 8) Promotion of technologies through agricultural and industrial extension activities and techno-demo centers;
- 9) Development of prototype and fabrication of agricultural machinery and equipment; and
- 10) Development and conduct of commercialization strategies involving all sectors representing the demand and supply sides of agricultural and fisheries mechanization technologies.

SECTION 8. *Agri-Fisheries Mechanization RDE Network.* An Agricultural and Fisheries Mechanization Research, Development and Extension (RDE) network is hereby organized, composed of research and educational institutions, Local Government Units, non-government organizations and the recognized and well established associations of agricultural and fisheries machinery assemblers, manufacturers and distributors, agricultural engineers, farmers and fisherfolk. The Agricultural and Fisheries Mechanization Research, Development and Extension (RDE) network is responsible for the formulation and implementation of the National Agricultural and Fisheries Mechanization RDE Agenda. The BAR shall be responsible for organizing the Network and shall serve as Secretariat to the Network. The Network shall be chaired by the Director of BPRE.

SECTION 9. *Agricultural and Fisheries Machinery Information Network.* The Agricultural Machinery Information Network (AgMachIN) of the Department and the DOST shall be strengthened to serve as a network of information system and data bank on agricultural and fisheries machinery and equipment, and a facility for the on-line registration of agricultural and fisheries machinery.

SECTION 10. *Research Grants.* To enhance research and technological development on agricultural and fisheries mechanization, the government through the BAR, DOST and CHED shall provide competitive research grants to members of the Network to undertake needs oriented research as well as institutional development and upgrading of laboratory facilities and equipment.

SECTION 11. *Agri-Fisheries Machinery and Equipment Service Centers.* Equipment and machineries suppliers/dealers/distributors shall be required to establish and operate Agricultural and Fishery Machinery and Equipment Service Centers in the Strategic Agricultural and Fishery Development Zones (SAFDZs) individually or as part of a legal entity. The Agri-Fisheries Machinery and Equipment Service Centers shall provide any or all of the following services:

- a) Provide after-sales service and warranty to their respective clients;
- b) Custom plowing, harrowing, harvesting, drying, milling and other farm mechanization services;
- c) Repair and troubleshooting services of agricultural and fishery machinery and equipment; and
- d) Training of maintenance and proper use of agricultural machineries and equipment.

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

SECTION 12. *Manpower Complement.* All agricultural and fisheries machinery pools and service centers including sales and distribution outlets and manufacturing establishments either public or private shall have the required manpower complement of licensed agricultural engineers and certified technicians and operators in accordance with the guidelines and standards to be promulgated by the BoAE and DOLE to ensure efficient operation and maintenance and good management practices.

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

SECTION 14. *Training and Scholarship Program.* The Department in partnership with the State Colleges and Universities and the private sector shall train the agricultural extension workers of the Local Government Units who in turn shall train the farmers and fisherfolks on agricultural and fisheries mechanization technologies and practices. The DOLE and TESDA shall be responsible in the training of agricultural and fisheries machinery technicians and operators. Furthermore, scholarships for graduate and undergraduate degree on agricultural engineering and trade/vocational courses on agricultural and fisheries mechanization shall be given priority by the Department, CHED and DOST.

ARTICLE IV

LOCAL ASSEMBLY, MANUFACTURE, SUPPLY AND AFTER SALES SERVICE

SECTION 15. *Incentives for local manufacturers and assemblers of agri-fisheries machinery.* Ventures in local manufacture, fabrication and assembly of agri-fisheries equipment and machineries shall be eligible for loans under the ACEF. These businesses shall be classified as non-VAT business and shall be granted automatically tax holiday in the first few years of operation commensurate to the number of jobs created by the business. They shall be eligible to apply for research grants from the BAR to support testing and certification. Patents shall be accepted as equity or collateral for loans. The BAR shall within six months from the enactment of this Act support the conduct a study on how patents shall be valuated.

SECTION 16. *Exemption from Import Duties.* To support the local agricultural and fisheries assembling and manufacturing industries, they are hereby exempted from the payment of import duties and VAT arising from importation of raw materials and components, engine and mechanical parts required for the assembly, manufacture and fabrication of agricultural and fisheries machinery and equipment. Whole goods which are not commercially available as certified by the BAFPMS may be imported. The AFMeC shall within six months after the enactment of this Act formulate and publish the guidelines for this certification function. From time to time the AFMeC shall make a list of machinery certified for importation and endorsed to the BAFPMS which shall publish this list in the Internet.

SECTION 17. *Supply of Agricultural and Fisheries Machinery in Government Procurement Program.* Only assemblers, manufacturers, importers, suppliers, distributors and dealers accredited by the National Agricultural and Fisheries Machinery Manufacturers, Importers, Distributors, and Dealers Accreditation and Classification Board (NAMDAC) shall be eligible to supply government procurement requirements on agricultural and fisheries machinery and equipment based on their classification rating. Only agricultural and fishery machinery certified by an accredited certifying body as having passed safety, quality and performance standards shall be procured.

SECTION 18. *After-Sales Service.* All agricultural and fisheries machinery assemblers, manufacturers, importers, suppliers, distributors and dealers are required to provide after-sales service and warranty to their respective clients during the warranty period.

ARTICLE V

REGISTRATION, LICENSING AND STANDARDIZATION

SECTION 19. *Testing and Evaluation.* Agricultural and fisheries machinery to be sold in the market must obtain certification from the accredited certifying bodies such as the AMTEC in accordance with the national policies and guidelines as promulgated by the Secretary. Specifically, before it can be manufactured and/or commercially sold in the market, the model of the machine and any modification thereof should be tested by an accredited certifying body and certified that it has passed the prescribed safety, quality and performance standards. The regular testing and evaluation of machinery sold shall be undertaken by AMTEC or an accredited certifying body on new models and designs. Field tests shall likewise be undertaken by AMTEC or an accredited certifying body to ensure consistent quality of test units as well as on the commercial units. The Department Office of Policy and Planning, BAFPS and NAFC within one year upon the enactment of this Act into law shall formulate the policies, standards and guidelines for safety, quality and performance testing and evaluation for certification

purposes for consideration and approval by the Secretary. These standards should be in conformity with the International Standards Organization (ISO) and shall be part of the existing Philippine Agricultural Engineering Standards. The BAFPS shall maintain a certification registry of equipment and machinery as well as a registry of those denied certification and shall make these registries available through the Internet.

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

For registration purposes the owners must provide the following information:

- 1) name and address of the owner
- 2) the engine serial number
- 3) certification number for machinery/equipment registered 3 years after the enactment of this Act
- 4) technical specifications of the engine
- 5) original receipt for purchases six months after the enactment of this Act but for those purchased prior to this period the information of how the property was acquired should be provided including the address of the source

The Agricultural Engineering Office of the Local Government Units shall establish and maintain a registry of agricultural and fishery machinery at the municipal or provincial level. The DA Regional Agricultural Engineering Division shall maintain a registry of agricultural and fishery machinery at the regional office whereas the BAFPMS shall maintain a national database of all registered agricultural and fishery machinery. Each office shall ensure that these registries and databases are available through the Internet.

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

SECTION 21. *Registration of manufacturers, fabricators, assemblers and importers.* Within six months upon the enactment of this Act, all manufacturers, fabricators, assemblers and importers must register with the BAFPMS by providing the following information:

- 1) name and address of the registrant
- 2) list of equipment/machinery manufactured/ fabricated/assembled/ imported
- 3) technical specifications of each product
- 4) if product is imported name and address of source of product
- 5) area of distribution

- 6) list of distributors
- 7) names and address of service centers

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

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

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

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

ARTICLE VI

INSTITUTIONS

SECTION 23. *Agricultural and Fisheries Mechanization Committee.* The existing Agricultural and Fisheries Mechanization Committee (AFMeC) under the NAFC is hereby strengthened and reorganized into Agricultural and Fishery Mechanization and Infrastructure Committee (AFMIC) to act as an advisory body to ensure the success of the programs and activities of the Department concerning agricultural and fisheries mechanization and infrastructure. It is also tasked to serve as the consultative and feedback mechanism from the lowest possible level to the top decision makers and to assist in defining and formulating the goals and scope of the country's agriculture and fisheries mechanization and infrastructure policies, plans, and programs.

SECTION 24. *Strengthening the DA Agricultural Engineering Groups.* Pursuant to Section 46 of R.A. No. 8435, a Central Agricultural and Fishery Engineering Office (CAFEO) is hereby created under the Department to be headed by a Department Undersecretary. The CAFEO shall plan, coordinate, oversee, integrate and monitor all agricultural and fishery infrastructure, mechanization and engineering programs and projects of the Department. Likewise, the Regional Agricultural Engineering Divisions (RAEDs) of the Regional Field Units are hereby strengthened and institutionalized to

carry out the field implementation of the agricultural and fishery mechanization and infrastructure programs and projects of the Department.

SECTION 25. *Expanding the functions and powers of the BAFPS.* Sec 62 of the AFMA is hereby revised to read as follows: The BAFPS shall set and implement standards for fresh, primary-and -secondary-processed agricultural and fishery products and agricultural and fishery machinery. The name of the Bureau of Agriculture and Fisheries Product Standards (BAFPS) is hereby modified to Bureau of Agriculture and Fisheries Products and Machineries Standards (BAFPMS). Consequently, in addition to the functions stated in Sec 63 of the AFMA the following new functions are hereby assigned to the BAFPMS:

- 1) formulate and enforce quality, safety and performance standards for agricultural and fisheries machinery
- 2) formulate and enforce of accreditation guidelines for testing centers for agricultural and fisheries machinery
- 3) formulate guidelines for the registration of ownership of agricultural and fishery machinery
- 4) Maintain a national registry of agricultural and fisheries machinery certified by accredited testing centers
- 5) Maintain a national registry of testing centers for agricultural and fisheries machinery
- 6) Maintain a national registry of owners of agricultural and fishery machinery and corresponding serial numbers

The BAFPMS is hereby authorized to create a new division on agricultural and fisheries machinery regulations with a minimum complement of 5 technical personnel and one administrative personnel. It may call upon experts, professional groups and other government agencies to assist in the performance of its functions.

SECTION 26. *The Agriculture Training Institute.* The Agriculture Training Institute shall formulate and implement a agriculture and fisheries mechanization promotion program as part of National Agri-fishery Mechanization Program by the Department to include but not limited to an information campaign on the AFMP, the standards, procedures and guidelines on regulation on sales, manufacture, import of agricultural and fishery machinery, and access to credit by small farmers and manufacturers, the conduct of training courses for agricultural and fishery machinery operators and demonstrations and trade fairs for agricultural and fishery machinery. With this added function, the ATI is hereby authorized to hire at least 3 licensed engineers in the central office and one in each regional training center.

SECTION 27. *Organization of the NAMDAC Board.* The National Agricultural and Fisheries Machinery Assemblers, Manufacturers, Importers, Distributors and Dealers Accreditation and Classification (NAMDAC) Board is hereby organized as a private sector-led national accreditation and classifying body on agricultural and fisheries machinery and shall perform the following functions:

- a) Establishment of an updated and accurate data base on their sector;
- b) Formulate policies, guidelines and criteria for accreditation and classification on manufacturers of agricultural and fisheries machinery;
- c) Encourage self regulation in the sector by delegating the task of accrediting and classifying manufacturers/dealers/distributors and approval of the quality and safety of their products to their respective associations;
- d) Advocate policies to regulate the importation and exportation of agricultural and fisheries machinery consistent with the GATT-WTO provision; and
- e) Make certain that the manufacturers'/dealers' associations conduct regular inspection of agricultural and fisheries machinery fabrication plants to ensure compliance with accepted processes and products.

SECTION 28. *Composition of NAMDAC.* The NAMDAC shall be composed of representatives from the recognized and well established national association of assemblers, manufacturer, importers, suppliers and distributors of agricultural and fisheries machinery and equipment. The Undersecretary for Policy and Planning as Coordinator of the Program shall serve as ex-officio adviser to the NAMDAC

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

SECTION 29. *Role of Bureau of Postharvest Research and Extension.* The Bureau of Postharvest Research and Extension (BPRE) is hereby strengthened and restructured into Philippine Institute for Postharvest Development and Mechanization (PhMech). Its existing research, extension and postharvest development services functions on postproduction is hereby expanded to include mechanization concerns. Likewise, its manpower complement shall be augmented to constitute at least one division on Mechanization Research Division with at least 15 technical personnel and two administrative staff. The BPRE shall coordinate, plan and execute agricultural and fishery mechanization and post harvest R&D and extension programs and projects of the Department.

SECTION 30. *Agricultural Machinery Testing and Evaluation Centers.* The existing Agricultural Machinery Testing and Evaluation Center (AMTEC) of the College of Engineering and Agro-Industrial Technology (CEAT) of UPLB is hereby designated as the premier and reference Testing Center, and for purposes of functional coordination and integration, shall closely coordinate its activities with the BAFPMS. As the premier Testing Center, it shall assist the BAFPMS in the formulation of quality, safety and performance standards of agricultural and fisheries machineries and of accreditation guidelines for testing centers. It shall also provide technical assistance in the establishment of testing centers in other parts of the country.

ARTICLE VII

RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS

SECTION 31. *Implementation by the Local Government Units.* The Local Government Units, pursuant to the provisions of Republic Act No. 7160, otherwise known as the Local Government Code, shall undertake applied research, extension, dispersal, management and regulation of agricultural and fisheries machinery and equipment including the collection of fees.

SECTION 32. *Institutionalization of the Agricultural Engineering Groups of the Local Government Units.* The Provincial, City and Municipal Agricultural Engineering Group/Offices of the LGUs organized under Section 46 of R.A. 8435 and Executive Order No. 86, Series of 1999 are hereby strengthened and shall serve as the coordinating, planning, regulating and implementing bodies at the Provincial, City and Municipal levels on agricultural and fisheries infrastructure, engineering and mechanization projects. Specifically, it shall:

- 1) Provide agricultural engineering services which include engineering survey, preparation and evaluation of plans, designs, technical specifications and feasibility studies of irrigation, small water impounding, farm machinery, slaughterhouses, poultry dressing plants, post harvest facilities, auction markets, farm-to-market roads, and other agricultural and fisheries infrastructure projects of the lgus;
- 2) Administer, supervise and coordinate the construction, operation, maintenance, improvement and management of irrigation, small water impounding, farm machinery, post harvest facilities, auction markets, farm-to-market roads and other agricultural and fisheries infrastructure projects of the lgus;
- 3) Undertake the registration and enforcement of the Philippine Agricultural Engineering Standards and other regulatory activities on Agri-fishery machinery and facilities in coordination and collaboration with the Local Building Officials and concerned national government agencies;
- 4) Coordinate with concerned national government agencies with regards to the implementation of national government programs and projects on irrigation, farm mechanization, post harvest facilities, farm-to-market roads and agricultural and fisheries infrastructure;
- 5) Be in the frontline of the delivery of basic agricultural engineering services;
- 6) Provide training and extension activities to farmers and fisherfolks particularly in the installation, operation and maintenance of their irrigation, post harvest facilities, agricultural and fishery machinery projects in coordination with the agriculture and fisheries extension workers
- 7) Undertake and or coordinate the pilot testing and commercialization of matured agricultural and fisheries engineering technologies ; and
- 8) Exercise such other powers and perform such other duties and functions as maybe prescribed by law or ordinance.

In cases of provincial, city and municipal LGUs belonging to low income class which are not capable to establish its *Agricultural Engineering Group due to financial constraints and limitations*, the Department through its Regional Agricultural Engineering Divisions shall augment and perform such responsibilities, and as deemed necessary establish its provincial, city and municipal operation units, and shall be allocated and provided with necessary funding and manpower requirements for their operation.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

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

SECTION 34. *Contiguous Farming.* The Department together with the Department of Agrarian Reform shall carry out contiguous farming projects in order to effect suitable field shapes and sizes conducive to efficient operation of agricultural machinery and equipment and likewise to ensure its economies of scale.

The Contiguous Farming Projects shall:

- 1) Promote farm land clustering with a minimum of 50-hectares cluster for synchronized farming operations from land preparation to harvesting in cooperation or contract with agricultural mechanized operation service providers;
- 2) Undertake farm development planning; and
- 3) Strengthening of farmers cooperatives and associations.

SECTION 35. *Use of Renewable Energy.* The use of renewable and non-conventional energy such as wind, solar, hydro, bio-mass and other farm-based energy sources shall be promoted as power sources for the operation and maintenance of agricultural and fisheries machinery. The Department in coordination with the Department of Energy, DOST and State Colleges and Universities, and the private sector shall undertake research and extension activities to enhance the use renewable and non-conventional energy in agricultural and fisheries operations.

ARTICLE IX

ENFORCEMENT

SECTION 36. *Penal Provisions.* The following acts or omissions affecting the regulatory provisions of this Act are hereby prohibited:

- 1) Selling, Mortgaging or leasing of agricultural and fishery machinery without being registered with the BAFPMS;

- 2) Selling of new agricultural and fishery machinery without a serial number, without having been certified by an accredited certifying body, without warranty or without after sales service .
- 3) Claiming ownership by any individual to an agricultural and fishery machinery that has not been properly registered in his/her name
- 4) Operating a testing center without proper accreditation
- 5) Violating the rules of safety operation by drivers and operators of agricultural and fishery machinery

Penalty for the above prohibited Acts shall be punishable by a fine of not more than the value of the agricultural and fishery machinery involved.

The purchase of non-certified or substandard agricultural and fishery machinery for the government shall be considered a corruption practice and shall be dealt with in accordance with the provisions of the Corrupt Practices Act.

SECTION 37. *Enforcement.* This provision shall take effect four years upon the enactment of this Act when all regulatory provisions have already been in place. The Secretary has the power:

- a) To confiscate new agricultural and fishery machinery that is not duly certified, without serial number, without warranty or substandard;
- b) To close or bring to court any business entity that is not registered as manufacturers, assemblers, dealers or importers of agricultural and fishery machinery or that sells new agricultural and fishery machinery that has not been duly certified, without a serial number, or without warranty, without after sales service or substandard; and
- c) To close or bring to court any testing center that has not been duly accredited.

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

Any business that sold a new agricultural and fishery machinery that has not been duly certified, without a serial number, without warranty, or without after sales service shall be given one month to refund or replace the sold machinery duly corrected for any deficiency as indicated. Failure to do so shall subject the business to closure or litigation initiated by the Secretary.

SECTION 38. *Implementing Rules and Regulations.* The Department within six months upon the enactment of this Act and in consultation with the stakeholders and other government agencies shall promulgate the necessary rules and regulations to implement this Act.

SECTION 39. *Funding.* The amount necessary to carry out the program shall be incorporated in the General Appropriations Act.

All funds currently allocated for agricultural and fisheries mechanization under the Agricultural and Fisheries Modernization Program, in particular, the Ginintuang Masaganang Ani (GMA) Programs for rice, corn, livestock, high value commercial crops and fisheries, and other locally or foreign assisted projects of the Department of Agriculture, and that of the Agrarian Reform Funds of the Department of Agrarian Reform (DAR) and the Department of Science and Technology (DOST), shall be integrated to constitute the initial Agricultural and Fisheries Mechanization Program Fund, and thereafter, shall be incorporated as part of the funding appropriation of the Annual General Appropriations Act;

All Local Government Units shall likewise include in their investment plans, as part of the priority appropriations of their 10% Economic Development Fund, the funding support for the implementation of their respective provincial, city, municipal and barangay agricultural and fisheries mechanization programs;

The Department shall set aside at least a total of PhP700 Million of the Agriculture Competitiveness Enhancement Funds (ACEF) to support this Act as follows: PhP300 Million for loans to local manufacturers, fabricators and assemblers of agricultural and fisheries machinery to establish manufacturing and service center facilities, PhP200 Million for loans to small farmers for the purchase of agricultural and fisheries machinery and PhP200 for grants to upgrade AMTEC and establishing one testing center in the Visayas and one testing center in Mindanao. The Secretary shall formulate guidelines for access, disbursement and repayment for these funds.

The BAR shall set aside PhP 5 million annually from its regular R&D funds to support patent applications and a research competitive grants program for the testing and certification of locally designed agri-fisheries equipment and machineries.

The ATI shall set aside at least PhP10 million annually of its AFMA budget to fund its mechanization promotion program.

The Agricultural and Fisheries Mechanization Program Fund shall be managed by the Coordinator of the Program and shall be used for the following activities:

- 1) Training of farmers, fisherfolk, farm workers, agricultural and fisheries machinery operators and technicians and program implementers;
- 2) Upgrading of agricultural and fishery mechanization facilities and equipment of the Department of Agriculture and Local Government Units;
- 3) Information campaign;
- 4) Grants for the young entrepreneurs and agricultural engineers who intend to pursue agricultural and fishery machinery enterprises projects; and
- 5) Strengthening the DA and LGU's Agricultural Engineering Groups.
- 6) Formulation of regulations

SECTION 40. *Congressional Oversight Committee.* The Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM) shall be the congressional oversight committee for purposes of this Act. The COCAFAM shall review and approve the implementing rules and regulations of this Act and also perform the following functions:

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

In this regard, the President shall submit to the COCAFAM, an annual report of Program implementation and corresponding budget request for the subsequent year.

SECTION 41. *Separability Clause.* The provisions of this Act are hereby declared separable, and if any clause, sentence, provision or section hereof, should be declared invalid, such invalidity shall not affect the other provisions of this Act which can be given force and effect without the provisions which have been declared invalid.

SECTION 42. *Repealing Clause.* All laws, decrees, executive orders and other administrative issuances and parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 43. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved.