

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

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House Bill No. 1431

INTRODUCED BY REPRESENTATIVE PRYDE HENRY A. TEVES

EXPLANATORY NOTE

The country is now faced with two crucial issues and problems that need to be addressed immediately and that is food security and poverty. With our growing population, now close to 90 million, our rice production at 8.99 million metric tons is not enough to meet our rice consumption at 9.13 million metric tons (2007 BAS data). As reported by PhilRice, the annual deficit of staple food particularly rice is widening, hence production increase is only at 3.58% over rice consumption at 4.59 % increase.

Also, about 51% of our population resides in rural areas where 73% of this are poor and mostly depends on agriculture for their livelihood (www.icarrd.org), and 35% of the 34 million persons in the labor force are employed in the agriculture sector (www.bas.gov.ph, 2007 data).

Mechanizing the Philippine agriculture and fisheries will improve our land and labor efficiency, thus there will be an increase in farm production and income due to: 1) Increase in cropping intensity; 2) better plant growth due to better cultivation thus increase in yield per unit area; 3) reduce post harvest losses now at 10-37% for rice and 30% for corn; 4) competitive pricing with product value adding through agro-processing; and 5) diversify farms and farm products, particularly to intercrop the 2.1 million hectares coconut lands which remained idle and underutilized for many years.

But how can these potentials for increased farm production and income will happen, Mr. President when our country is now at the forefront of the lowest mechanization level in Asia only at 0.52 horsepower per hectare? While Japan is now enjoying a rice production of 6.7 tons per hectare brought in by high mechanization level of 7 hp/ha, China at 5.36 tons/ha. with 3.88 hp/ha mechanization level, yet the Philippines is only at 2.64 tons per hectare with 0.56 hp/ha.

As reported in the findings of the AFMA Experts' Review commissioned during the 13th Congress by the Department of Agriculture and the Congressional Oversight Committee on Agricultural and Fishery Modernization (COCAFAM), this dismal situation of farm mechanization in the country is caused by inadequate yet fragmented support services and promotion program, proliferation of substandard machinery and limited farmers' access to appropriate and affordable farm machinery and equipment.

The proposed Agriculture and Fishery Mechanization (AFMech) Law shall address these issues and problems and seeks to :

- a) fix the implementing structure within the DA and LGUs and its inter-agency collaboration so that farm mechanization support services shall be effectively and efficiently delivered even up to the barangays;
- b) strengthen machinery testing and evaluation, standards development and enforcement and monitoring through accreditation and registration system to ensure the provision of quality machinery and equipment; and
- c) strengthen local manufacturing to lower down the investment costs and the establishment 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 also effect a new period in the agriculture sector marked by agro-industrialization in the countryside and urban migration to rural areas. With the increase of farm production and income and emergence of agro-processing and machinery manufacturing, repair and maintenance enterprises, more livelihood and employment opportunities shall be created.

Moreover, it is also a strategic measure to prepare the agriculture sector for the adverse effect of climate change.

Thus, I earnestly urge and request my colleagues for the support and approval of this bill.



PRYDE HENRY A. TEVES
Representative
3rd District, Negros Oriental

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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House Bill No. **1431**

BY REPRESENTATIVE PRYDE HENRY A. TEVES

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 and farmers income;
- 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 strengthen support services like credit facilities, research training and extension programs, rural infrastructures, post harvest facilities and marketing services;
- e. unify, rationalize and strengthen the implementation, coordination activities and mechanisms on agricultural and fisheries mechanization programs and projects; and

- f. 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 date of manufacture;
- 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 nonconventional 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. *Ago-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 but not limited to 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. *Program* - refers to the National Agri-fishery Mechanization Program;
- f. *Department* - refers to the Department of Agriculture;
- g. *Secretary* - refers to the Secretary of Agriculture;
- h. *DOLE* -refers to the Department of Labor and Employment;
- i. *DOST* - refers to the Department of Science and Technology;

- j) *DTI*- refers to Department of Trade and Industry;
- 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) *PhilMech*- refers to the Philippine Center for Post Harvest Development and Mechanization ;
- 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 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, maintenance and project implementation 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 to be designated by the Secretary who shall :

- 1) conduct the formulation and review of 5-year National Agri-fishery Mechanization Program 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 PhilMech 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 manufacture and assembly 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 PhilMech shall be responsible for organizing the Network and shall serve as Secretariat to the Network. The Network shall be chaired by the Director of PhilMech. Moreover, the Agricultural Mechanization Development Program of the University of the Philippines Los Banos, which is part of the Network shall be strengthened and institutionalized to lead and coordinate the agricultural and fishery mechanization research, development and extension program of all academic institutions in the country.

Section 9. Agri-Fisheries Machinery and Equipment Service Centers- The Department and the LGUs shall encourage and support the private sector and other rural entrepreneurs to establish and operate Agricultural and Fishery Machinery and Equipment Service Centers in the Strategic Agricultural and Fishery Development Zones (SAFDZs) and Agrarian Reform Communities. The Agri-Fisheries Machinery and Equipment Service Centers shall be operated as business enterprises that will provide the following services :

- a) 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 10. Agri-Fisheries Mechanization and Engineering Resource Network. The existing agricultural machinery information and data base of BPRE shall be strengthened into Agri-Fishery Mechanization and Engineering Resource Network. It shall serve as a network of information system and data bank on agri-fisheries mechanization and engineering activities. It will also be used or tapped as a facility for the on-line registration of agri-fisheries machinery and equipment, and monitoring of agri-fisheries mechanization and infrastructure projects. This network shall be linked to other existing information and data base networks of the Department, Agricultural Machinery Information Network of DOST, Agricultural Mechanization Development Program of UPLB and of other government agencies.

SECTION 11. 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 12. 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.

SECTION 13. *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 14. *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.

ARTICLE IV LOCAL ASSEMBLY, MANUFACTURE, SUPPLY AND AFTER SALES SERVICE

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

SECTION 16. *Incentives for local manufacturers and assemblers of agri-fisheries machinery.* Ventures in local manufacture, fabrication and assembly of agri-fisheries machinery and equipment shall be eligible for loans under the ACEF, otherwise known as the Agricultural Competitiveness Enhancement Fund under the Program of the Department of Agriculture. These businesses shall be granted incentives as long as they are considered as registered enterprises engaged in a preferred area of investment pursuant to Article 39 of Executive Order 226 as amended. They shall be eligible to apply for research grants from the Bureau of Agricultural Research (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 valued.

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 tested by AMTEC 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 which shall be monitored by CAFEO.

ARTICLE V TESTING AND EVALUATION, REGISTRATION, STANDARDIZATION AND ACCREDITATION

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

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.

The Agricultural Engineering Office of the Local Government Units shall establish and maintain a registry of agricultural and fishery machinery at the municipal, city and provincial levels. The DA Regional Agricultural Engineering Division shall maintain a registry of agricultural and fishery machinery at the regional office whereas the BAFPS 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 BAFPS.

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 BAFPS the list of equipment/machinery manufactured/ fabricated/assembled/ imported.

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.

The Secretary shall deputize the agricultural 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.

Also, the Department of Public Works and Highways and the Local Building Officials, consistent with the provisions of R.A. No. 8559 and in coordination with CAFEO 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.

Section 23. *Classification and Accreditation of Assemblers, Manufacturers, Importers, Suppliers, Distributors and Dealers-* Agricultural and fisheries assemblers, manufacturers, importers and suppliers, distributors and dealers shall be classified into small, medium and large, and shall be encouraged to have their manufacturing/service facility build-up; *Provided that* agricultural and fisheries machinery assemblers, manufacturers, importers, suppliers, distributors and dealers shall be classified and accredited based on their organizational strengths and track records, area of operation, marketing and distribution network, after sales service and manufacturing capabilities.

SECTION 24. *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;

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

The Infrastructure Support and Coordination Section of 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.

ARTICLE VI INSTITUTIONS

SECTION 26. *Agricultural and Fisheries Mechanization Committee.* The Agricultural and Fisheries Mechanization Committee (AFMeC) under the NAFC shall act as an advisory body to ensure the success of the programs and activities of the Department concerning agricultural and fisheries mechanization. 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.

The Agricultural and Fishery Mechanization Committees are likewise organized and strengthened at the Regional, Provincial, City, Municipal and Barangay Agricultural and Fishery Councils to integrate, coordinate, unify and monitor the field implementation of agri-fisheries mechanization and infrastructure projects of various national government agencies, local government units, banking and financial institutions and the private sector.

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

The CAFEO shall have the following functions and responsibilities:

- 1) Coordinate, oversee and monitor the national planning and implementation of agri-fisheries engineering, farm-to-market roads and other agri-fisheries infrastructure projects;
- 2) Assist in the national planning, coordination and implementation of the national agri-fisheries mechanization program;
- 3) Prepare, evaluate, validate and recommend engineering plans, designs and technical specifications on agri-fisheries mechanization and infrastructure projects ;
- 4) Oversee and provide technical assistance to the operations of Agricultural Engineering Divisions of the DA Regional Field Units;
- 5) Coordinate and integrate all agricultural and fisheries engineering activities of DA bureaus, attached agencies and corporations; and
- 6) Enforce standards and other regulatory policies on agricultural and fishery engineering.

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

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

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

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

- 1) set and implement standards for agricultural and fishery machinery and equipment ;
- 2) formulate and enforce quality, safety and performance standards for agricultural and fisheries machinery
- 3) formulate and enforce of accreditation procedures for testing centers for agricultural and fisheries machinery
- 5) formulate guidelines for the registration of ownership of agricultural and fishery machinery
- 6) maintain a national registry of agricultural and fisheries machinery certified by accredited testing centers
- 7) maintain a national registry of testing centers for agricultural and fisheries machinery
- 8) maintain a national registry of owners, manufacturers, fabricators, assemblers and importers of agricultural and fishery machinery and corresponding serial numbers

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

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 institutionalized and shall compose of a Director and technical and administrative personnel. The AMTEC is hereby designated as the premier and reference Testing Center in the country, and for purposes of functional coordination and integration, shall closely coordinate its activities with the BAFPS. As the premier Testing Center, it shall assist the BAFPS in the formulation of quality, safety and performance standards of agricultural and fisheries machinery 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.

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

ARTICLE VII
RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS

SECTION 32. *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 33. *Agricultural Engineering Offices of the Local Government Units.* The Provincial, City and Municipal Agricultural Engineering Groups/Offices of the Local Government Units (LGUs) organized under Executive Order No. 86, Series of 1999 and Section 46 of R.A. 8435 shall serve as the planning, coordinating, regulating and implementing bodies at the Provincial, City and Municipal levels on agricultural and fisheries engineering, mechanization and infrastructure programs and projects. Specifically, these Agricultural Engineering Offices shall have the following functions and responsibilities:

- 1) provide agricultural engineering services which include engineering survey, preparation and evaluation of plans, designs, technical specifications, feasibility studies and cost estimates/program of work of irrigation, small water impounding, soil conservation and management, 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, soil and water conservation structures and facilities, 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 of agri-fishery machinery and facilities, enforcement of the Philippine Agricultural Engineering Standards and other agricultural and fishery engineering regulatory activities in coordination and collaboration with 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.

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

In cases of provincial, city and municipal LGUs belonging to 4th to 6th income class which are not capable to establish its Agricultural Engineering Office 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

PROHIBITED ACTS, PENALTIES AND SANCTIONS

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

- 1) sell, mortgage or lease agricultural and fishery machinery without being registered with the BAFPS;
- 2) sell new agricultural and fishery machinery with out warranty or after sales service.
- 3) claim ownership to an agricultural and fishery machinery that has not been properly registered in his/her name.
- 4) Operate a testing center without proper accreditation.

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

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

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

1. forfeiture proceedings for agricultural and fishery machinery that is not duly certified, without serial number and without warranty, and is substandard;
2. closure proceedings against business entities not duly registered as manufacturers, assemblers, dealers or importers of agricultural and fishery machinery, or sells new agricultural and fishery machinery not duly certified, without a serial number, or without warranty, without after sales service and substandard; and
3. closure proceedings against testing centers that has not been duly accredited.

Any business that sell new agricultural and fishery machinery which was not 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 result to corresponding legal action against the offending party.

ARTICLE IX MISCELLANEOUS PROVISIONS

SECTION 37. 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 38. 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) promote the strengthening of farmers cooperatives and associations.

SECTION 39. *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.

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

SECTION 41. *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 42. *Funding.* 1) The amount necessary to carry out the program and in the implementation of the following activities shall be incorporated in the General Appropriations Act:

- a) Training of farmers, fisherfolk, farm workers, agricultural and fisheries machinery operators and technicians, agricultural engineering extension workers and program implementers;
 - b) Upgrading of agricultural and fishery mechanization facilities and equipment of the Department of Agriculture and Local Government Units;
 - c) Information campaign;
 - d) Grants for the young entrepreneurs and agricultural engineers who intend to pursue agricultural and fishery machinery enterprises projects;
 - e) Strengthening the DA and LGU's Agricultural Engineering Groups.
 - f) Formulation of regulations.
- 2) All Local Government Units shall likewise include in their investment plans, as part of the priority appropriations of their 20% Local Development Fund, the funding support for the implementation of their respective provincial, city, municipal and barangay agricultural and fisheries mechanization programs;

- 3) 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;
- 4) The BAR shall set aside P 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;
- 5) The CHED shall allocate funds from the Higher Education Development Fund necessary for the upgrading of agri-fishery mechanization laboratory facilities, of concerned State Colleges and Universities, faculty training program and scholarships;
- 6) The DAR shall allocate funds from the Agrarian Reform Fund necessary for the provision of appropriate and needed agri-fisheries machinery and equipment to Agrarian Reform Beneficiaries and/or the establishment of Agri-Fishery Machinery Service Centers in the Agrarian Reform Communities;
- 7) The TESDA shall allocate funds from its annual appropriations necessary for the skills certification and training program for agri-fishery machinery technicians and operators.

SECTION 43. 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 perform the following functions:

- a) Monitor and ensure the proper implementation of this Act;
- a) 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.

SECTION 44. 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 45. *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 46. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved.