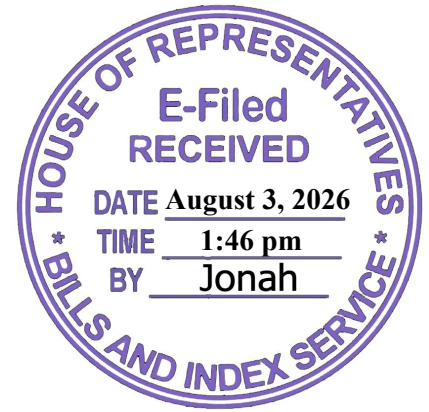


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
20TH CONGRESS
Second Regular Session

House Bill No. 10496



Introduced by: **REP. JOEL R. CHUA**

EXPLANATORY NOTE

Even today, it is common to see Filipino farmers plowing their fields with carabaos, planting and harvesting by hand, and relying on traditional farming methods that have been passed down for generations. While these practices reflect the hard work and resilience of our farmers, they also remind us that many have yet to benefit from the advances in modern agriculture.

Modern tractors, harvesters, and other farm machinery are often seen only in large farms. The benefits of modern farming equipment are undeniable. They can help farmers produce more, reduce costs, save time, and lessen the physical burden of farm work. Unfortunately, for many farmers, **the challenge is not a lack of willingness to modernize, but a lack of access.**

This measure seeks to change that by establishing an affordable installment program that will allow small-scale farmers to acquire modern agricultural machinery and equipment through lenient and farmer-friendly payment terms. By making mechanization more accessible, we can help improve farm productivity, increase farmers' incomes, and strengthen our country's food security.

The people who work tirelessly to put food on our table should never be left behind. They deserve the same opportunity to benefit from modern technology and build a better future for themselves and their families. Through the *Modernong Magsasaka Act*, we take a meaningful step toward making agricultural modernization a reality not only for large farms, but for every hardworking Filipino farmer.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

JOEL R. CHUA
Representative, 3rd District, Manila

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House Bill No. 10496

Introduced by: **REP. JOEL R. CHUA**

**AN ACT PROMOTING THE MODERNIZATION OF FILIPINO FARMERS BY
ESTABLISHING AN AFFORDABLE INSTALLMENT PROGRAM FOR THE
ACQUISITION OF MODERN AGRICULTURAL MACHINERY AND EQUIPMENT,
AND APPROPRIATING FUNDS THEREFOR**

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

Section 1. Short Title. – This Act shall be known as the "*Modernong Magsasak Act*".

Section 2. Declaration of Policy. – It is hereby declared the policy of the State to promote food security, improve agricultural productivity, and uplift the economic condition of Filipino farmers by making modern agricultural machinery and equipment accessible and affordable to small farmers.

The State recognizes that many farmers remain unable to purchase farm machinery due to high upfront costs. Through a government-supported installment program with affordable and farmer-friendly payment terms, small farmers shall be given the opportunity to own modern agricultural equipment necessary to increase productivity, reduce labor costs, and improve farm incomes.

Section 3. Definition of Terms. – For purposes of this Act:

(a) **Small Farmer** refers to a natural person who owns, tills, leases, or cultivates agricultural land not exceeding five (5) hectares, or as may be defined by the Department of Agriculture.

(b) **Agricultural Equipment** refers to farm machinery, mechanized implements, irrigation pumps, harvesters, threshers, dryers, tractors, transplanters, seeders, drones for agricultural use, and other equipment approved by the Department of Agriculture.

(c) **Installment Program** refers to the financing mechanism established under this Act allowing qualified farmers to acquire agricultural equipment through affordable installment payments.

Section 4. Establishment of the Small Farmers' Agricultural Equipment Installment Program. – The Department of Agriculture (DA), in coordination with the

Agricultural Credit Policy Council (ACPC), the Land Bank of the Philippines, the Development Bank of the Philippines, and other government financial institutions, shall establish and administer the Small Farmers' Agricultural Equipment Installment Program.

The Program shall provide qualified beneficiaries with access to agricultural equipment through installment purchase arrangements under highly favorable terms.

Section 5. Program Features. – The installment program shall include, but shall not be limited to, the following:

(a) A minimum repayment period of ten (10) years, extendible up to twenty (20) years, depending on the value of the equipment;

(b) Zero interest or highly subsidized interest rates as determined by the Department of Agriculture and participating government financial institutions;

(c) Minimal documentary requirements and simplified application procedures;

(d) No collateral requirement for equipment within a value to be determined by the Department of Agriculture, provided that the purchased equipment shall serve as security for the installment obligation;

(e) Flexible payment schedules aligned with harvest seasons or crop cycles;

(f) No penalties for early payment;

(g) Automatic grace periods in cases of crop failure, natural disasters, pest infestation, disease outbreaks, or other force majeure events, subject to guidelines issued by the Department of Agriculture; and

(h) Access to training on the proper operation and maintenance of the acquired equipment.

Section 6. Priority Beneficiaries. – Priority shall be given to:

(a) Registered farmers under the Registry System for Basic Sectors in Agriculture (RSBSA);

(b) Agrarian reform beneficiaries;

(c) Members of duly registered farmers' cooperatives and associations;

(d) Farmers engaged in food production; and

(e) Farmers residing in geographically isolated and disadvantaged areas.

Section 7. Accredited Equipment Suppliers. – The Department of Agriculture shall accredit manufacturers, distributors, and dealers authorized to participate in the Program. All accredited suppliers shall comply with quality standards, warranty requirements, and after-sales service obligations prescribed by the Department.

Section 8. Ownership of Equipment. - Ownership of the agricultural equipment shall be transferred to the beneficiary upon full payment of the purchase price.

Pending full payment, the beneficiary shall have possession and beneficial use of the equipment subject to the terms of the installment agreement.

Section 9. Equipment Protection and Insurance. - The Department of Agriculture may provide or subsidize insurance coverage for equipment acquired under this Program against theft, accidental damage, and natural calamities, subject to the availability of funds.

Section 10. Farmer Assistance and Financial Counseling. - The Department shall provide beneficiaries with orientation on financial management, equipment maintenance, and sustainable mechanized farming practices to maximize the benefits of the Program.

Section 11. Annual Appropriations. - The amount necessary for the initial implementation of this Act shall be included in the annual General Appropriations Act. Thereafter, such sums as may be necessary shall be appropriated annually.

The Department of Agriculture may likewise receive grants, donations, and financial assistance from local and international sources, subject to existing laws.

Section 12. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Department of Agriculture, in coordination with the Agricultural Credit Policy Council, Land Bank of the Philippines, Development Bank of the Philippines, and other concerned agencies, shall promulgate the necessary rules and regulations for the implementation of this Act.

Section 13. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

Section 14. Repealing Clause. - All laws, executive orders, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

Section 14. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.