



Republic of the Philippines
Department of Agriculture
OFFICE OF THE SECRETARY
Elliptical Road, Diliman,
Quezon City, 1100 Philippines

ADMINISTRATIVE ORDER

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**TO : ALL UNDERSECRETARIES, ASSISTANT SECRETARIES, OSEC
SERVICE DIRECTORS AND COORDINATORS/ DIRECTORS OF
BANNER PROGRAMS**

**HEADS OF BUREAUS, ATTACHED AGENCIES/ CORPORATIONS
AND REGIONAL FIELD OFFICES**

HEADS OF LOCALLY AND FOREIGN ASSISTED PROJECT OFFICES

**SUBJECT : PROMOTING AND SUPPORTING THE ESTABLISHMENT,
OPERATION, MAINTENANCE AND MANAGEMENT OF AGRI-
FISHERY MACHINERY AND EQUIPMENT SERVICE CENTERS**

Section 9 of RA No. 10601 (Agricultural and Fisheries Mechanization Law) mandates the Department of Agriculture (DA) together with the Local Government Units (LGUs) to encourage and support the private sector and other rural entrepreneurs to establish and operate agricultural and fishery machinery and equipment service centers (AFMESC) in Strategic Agricultural and Fishery Development Zones (SAFDZs) and Agrarian Reform Communities (ARCs).

The AFMESC provide wider access on the use of agri-fisheries machinery and equipment provided to farmers' organization and/or cooperatives by the Department of Agriculture and other concerned government agencies and funding institutions.

In order to effectively carry-out this mandate of the DA with the LGUs, the following guidelines and directives are hereby issued for guidance and action by all concerned DA operating units:

Section 1. *Definition of Terms*- For purposes of this AO, the following terms are used:

- 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, postharvest machines such as milling machines, dryers, 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 manufacture¹.

- b) *Agrarian Reform Community* refers to a barangay at the minimum or a cluster of contiguous barangays where there is a critical mass of farmers or farm workers and which features the main thrust of agrarian development land tenure improvement and effective delivery of support services²;
- c) *Strategic Agriculture and Fisheries Development Zones (SAFDZ)*" refers to the areas within the NAPAAD identified for production, agro-processing and marketing activities to help develop and modernize, either the support of government, the agriculture and fisheries sectors in an environmentally and socio-cultural sound manner³;

Section 2. *Agri-fisheries Machinery and Equipment Service Center- An Agri-Fisheries Machinery and Equipment Service Center (AFMESC)* is a common service facility, with appropriate set of agricultural machinery and equipment within the Strategic Agricultural and Fishery Development Zones (SAFDZs) and Agrarian Reform Communities (ARCs) operated as business enterprises that will provide :

- (a) Custom plowing, levelling, harrowing, harvesting, drying, milling and other farm mechanization services;
- (b) Repair and troubleshooting services of agricultural and fishery machinery and equipment;
- (c) Training in maintenance and proper use of agricultural machineries and equipment.
- (d) After-sales service and warranty through the agricultural and fishery machinery suppliers, dealers and manufacturers.

The minimum service area of AFMESC is fifty (50) hectares of clustered or nearby located farms.

Attached as Annex A is the illustrative drawing of AFMESC.

Section 3. *Mode of Ownership and Operation-* The Agri-fisheries Machinery and Equipment Service Centers shall be owned and operated by :

- a) Cooperatives registered with the Cooperative Development Authority such as but not limited to producers cooperatives, agriculture cooperatives, service cooperatives, agrarian reform cooperatives, fishermen cooperatives or multi-purpose cooperatives to engage in the operation of agri-fishery machinery service centers;

¹ Section 3 (a), RA No. 10601

² Section 4, RA No. 8435

³ Section 4, RA No. 8435

- b) Businesses registered with the Securities and Exchange Commission (SEC) or with the Department of Trade and Industry (DTI) which include single proprietorships, partnerships, corporations and/or joint-venture corporations whose articles of incorporation or purposes pertains or involve the establishment, operation and management of agri-fishery machinery and equipment service centers.
- c) Agricultural and Fishery Machinery and Equipment Suppliers;
- d) Local Government Units for their research, development and extension and economic enterprises programs or projects;
- e) Agri-Fishery based Colleges and Universities as part of or in the pursuit of research and extension and income generating functions.
- f) Concerned national government agencies and corporations that undertakes research, development and extension functions, and income generating projects.

Section 4. *Project Location*- The AFMESC shall be strategically located in agricultural and fishery production areas of the country, at least one in each in barangay, city or municipality whenever found feasible and viable. It will be multi-commodity custom services, but machinery requirement will depend on the major crops of the area. Existing inventory of agricultural and fishery machinery in the area shall also be considered in identifying machinery requirement of AFMESC. The mode of implementation will depend on the selected area, that which is found out to be feasible and viable and the most efficient as a result of the feasibility study to be conducted.

Section 5. *Master Planning* – The Bureau of Agricultural and Fisheries Engineering (BAFE) together with the Regional Agricultural Engineering Divisions (RAEDs), concerned DA bureaus and attached agencies/corporations, and the LGU's Agricultural and Biosystems Engineering Groups shall carry out the AFMESC master planning in every barangay, municipality, city or province nationwide. This will reflect the number of AFMESC's and its location to be established nationwide based on the need and the actual inventory of agricultural and fishery machinery owned and operated by farmers and other individuals or groups of people. The AFMESC Master Plans shall form part of the municipal, city and provincial Agri-Fishery Mechanization Plans to be formulated and implemented by LGUs with DA pursuant to Section 33 of R.A. No. 10601. The nationwide inventory of agricultural machinery at the barangay levels being pursued shall be given much funding support and must be completed by 2021.

The master plan shall ensure that the agricultural and fishery machinery to be provided or procured in the AFMESC shall not compete, duplicate or dislodge the existing agricultural and fishery machinery in the area, but rather to augment what is lacking. The existing agricultural machinery and equipment of farmers organizations/farmers cooperatives, if there are, shall to be strengthened and transformed into a viable and income generating AFMESC's.

Section 6. *AFMESC as Priority Project/Intervention.* All Banner Program Coordinators and concerned DA bureaus, attached agencies and regional field offices shall include the establishment, operation, maintenance and management of AFMESC as priority project/intervention of the agricultural and fishery mechanization component of commodity banner programs or their agency program for CY 2021 and onwards, and be included in the commodity road maps. This shall involve the following:

- a) Strengthening/upgrading or expanding the Rice Processing Centers (RPCs), Corn Program Village Type Dryers (VTDs), Solar Powered Irrigation Systems (SPIS), among others as viable and self-sustaining and income generating AFMESC;
- b) Establishment, operation and maintenance of AFMESC in clustered production farms (rice, corn, HVCC, sugarcane, fiber crops, coconut, organic agriculture and other crops) as integral part of the DA's farm consolidation program; as well as for the livestock and fishery programs.

Section 7. *Collaboration with and Assistance to State Universities and Colleges-* The BAFE together with the RAEDs, BAR and ATI shall coordinate and provide assistance to all concerned State Universities and Colleges (SUCs) in the establishment, operation and maintenance of AFMESC. The AFMESC shall form part of the research, extension and production functions of SUCs, and shall complement or support to their accreditation as agricultural and fishery machinery testing center, AFMech training center and/or assessment center. The DA through the commodity banner programs, BAR, SRA, and other concerned DA bureaus, attached agencies/corporations shall provide grant assistance to these SUCs such as agricultural and fishery machinery, testing equipment and facilities which are necessary in the establishment of AFMESC.

Section 8. *AFMESC in DA Research, Experiment or Extension Stations/Centers-* All Research and Experiment Stations of DA Regional Field Offices, the BPI, BAI, ATI, PhilRice, PhilFIDA, SRA, PCA and other concerned DA bureaus and attached agencies/corporations shall establish, operate and maintain, if found feasible and viable, an AFMESC. The AFMESC shall provide custom services to the production areas of the research and experiment stations, as well to the nearby farms. These AFMESC shall also serve as learning sites or demonstration centers for mechanized farming.

Section 9. *Feasibility Study, Business Planning and Detailed Engineering Design -*Farmers' Organizations and Cooperatives (FOs/FAs) shall be assisted in the preparation of feasibility studies, business planning and detailed engineering designs of their AFMESC by the Department of Agriculture through the BAFE, RAEDS and other concerned DA bureaus, attached agencies and corporations. Funding for the conduct of feasibility studies, business plans and detailed engineering designs for AFMESC shall be incorporated in the annual budget for 2021 and onwards and of BAFE, DA-RFOs and concerned DA bureaus, attached agencies and corporations.

The project feasibility study is a document required to ensure the viability of the project whether loan or grant, recover the investment cost from the income to be derived and for the borrower repay the money being lent based on amortized schedule. This is a decision tool to provide high level of confidence to approve the project or loan application, and correspondingly release the money.

The BAFE and RAEDs shall collaborate with Philippine Society of Agricultural and Biosystems Engineers for the mobilization and engagement of professional services of agricultural and biosystems engineers in the feasibility study, business planning, detailed engineering designs of AFMESC.

Section 10. *Information Campaign, Social Preparation and Institutional Development*- The BAFE, RAEDs in collaboration with ATI, PCAF and concerned DA bureaus and attached agencies/corporations shall undertake nationwide information campaign/caravan of AFMESC among all concerned farmers organizations and cooperatives, local agricultural and fishery councils (AFCs), LGUs and other stakeholders in the agricultural and fishery sector, as well as social preparation and institutional development of project beneficiaries. The info campaign inform them about the program, its benefits and advantages and their role and responsibilities.

Section 11. *Manpower Complement*- As prescribed by Section 13 of RA No. 10601, all AFMESC shall have the minimum manpower complement of licensed agricultural and biosystems engineers and TESDA certified agri-fishery machinery operators and technicians to ensure efficient operation and maintenance and good management practices. The agri-fishery machinery operators and technicians, depending on the type and number of agri-fishery machinery of the AFMESC shall have the following national certificate (NC) on the following qualifications:

Already Promulgated by TESDA Board :

- (1) Rice Machinery Operation NCII
- (2) Agricultural Machinery Operation (Non-Rice) NCII
- (3) Drying and Milling Plant Servicing NCIII
- (4) Milking Operation NC II
- (5) Rubber Processing NCII
- (6) Agricultural Machinery Servicing (Tractor) NCIII
- (7) Pressurized Irrigation System Installation and Maintenance NCII
- (8) Biogas Systems Installation NCIII

For TESDA Board Promulgation:

- (9) Solar Powered Irrigation System Operation and Maintenance NC II
- (10) Aquaculture (Hatchery Operation) NCII

The registered and licensed agricultural and biosystems engineers to be engaged, hired or employed in the AFMESC, in accordance with PRC Memorandum Circular No. 2015-04 and DA MC No. 4, series of 2015 shall provide the following professional services:

- a. Preparation and/or evaluation of project feasibility studies including the technical specifications of agricultural and fishery machinery;
- b. Management or supervision of the operation and maintenance of AFMESC;
- c. Training and supervision of agricultural machinery technicians and operators ;
- d. Research and development

These agricultural and biosystems engineers and agricultural machinery operators and technicians shall be hired on full-time or part-time basis depending on the needs of the AFMESC. Other technical and management personnel shall likewise be hired or employed by the AFMESC provided it is required or needed, and likewise will not adversely affect its financial condition.

Section 12. Training and Extension Support - The ATI, PhilMech, BAFE, RFOs, other concerned DA bureaus and attached agencies/corporations shall provide training and extension support on the establishment, operation and management of AFMESC such as but not limited to :

- a) Training of farmers and farm workers within the service area of the AFMESC for mechanized farming;
- b) Skills training and certification of agri-fishery machinery operators and technicians/mechanics, agricultural and biosystems engineers for the AFMESC under the implementation of DA-TESDA-PSABE-AMMDA MOA and DA Memorandum Circular No. 1, series of 2020, and DA Administrative Order No. 1, series of 2019.
- c) Deployment Program of Agricultural and Biosystems Engineers to AFMESC under the following modes:
 - c.1. Government Internship Program of DOLE, DA, etc. which later on be employed or absorbed by the FOs/FCs as Project Managers;
 - c.2. Deployment of Agricultural Mechanization Specialists

Section 13. Grants to Marginalized Farmers Group- The DA banner programs (rice, corn, HVCC, livestock, fisheries and organic agriculture) and the PhilMech shall provide agri-fisheries machinery as grant to marginalized farmers groups such as those tenanted farmers, farm workers without land, and the Indigenous Peoples (IPs) for the establishment, operation and maintenance of AFMESC.

Section 14. Credit Support- The ACPC through its Farm Machinery Loan Easy Access Program and other programs shall be provide loan/credit support for the establishment, operation and maintenance of AFMESC. The BAFE and the RAEDs shall likewise coordinate with ACPC, LBP, DBP and other banks for the provision of credit support. The credit/loan support of ACPC, LBP, DBP and other banks shall complement and not duplicate the grant assistance provided by DA under its commodity banner programs, concerned DA bureaus, attached agencies/corporation, LGUs and other government agencies.

Section 14. Youth Involvement and Participation-The BAFE shall formulate and implement a program that will engage the youth such as the young Agricultural and Biosystems Engineers and other graduate in agricultural courses, out of school youth and young farmers on the establishment and operation of AFMESC. These youth beneficiaries shall be provided grant assistance of agri-fishery machinery under the DA banner programs and other DA applicable programs.

Section 15. Monitoring and Evaluation- AFMESC's to be established shall be monitored and evaluated periodically to determine issues and problems in the implementation process, provide corrective measures and ensure its. Concerned implementing agencies shall conduct their monitoring and evaluation activities. This would also form part of the PCAF's monitoring by the agricultural and fishery councils, and the expanded CPES. Unified monitoring and evaluation guidelines shall be developed and issued by BAFE. Moreover, data-base on the implementation of AFMESC's shall form part of the ABEMIS of BAFE.

Section 16. Role of LGUs- DA-RFOs through the RAEDs shall coordinate and collaborate with LGUs on their involvement and support to the establishment, operation, maintenance and management of AFMESC's. Specifically, the LGUs shall:

- 1) Mobilize, engage and strengthen their provincial, city and municipal agricultural and biosystems engineering groups as RAEDs counterpart in the AFMESC's program;
- 2) Identification, prioritization and master planning of AFMESC's at the provincial, city and municipal levels;
- 3) Counterpart funding under their 20% Economic Development Fund on the establishment, operation, maintenance and management of AFMESC's. This shall complement to the grant assistance for agricultural machinery provided by PhilMech through the RCEP; and
- 4) Training, extension and institutional development support to the project beneficiaries of AFMESC's.

The BAFE shall likewise coordinate and collaborate with DILG for the issuance of Joint DA-DILG Memorandum Circular for the mobilization and support of the LGUs.

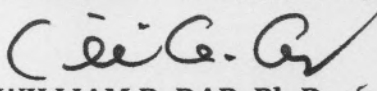
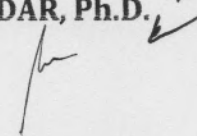
Section 17. Inter-Agency Collaboration- The BAFE shall coordinate with concerned government agencies for DA's inter-agency collaboration and convergence on the implementation of AFMESC's Program. This include, among others the Department of Agrarian Reform (DAR) for the AFMESC's in Agrarian Reform Communities, National Commission for Indigenous People (NCIP) for AFMESC's in IP Areas, NIA for the involvement of Irrigators Associations, and DOLE for their Integrated Livelihood and Emergency Employment Program (DILEEP).

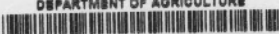
Section 16. Program Management- The BAFE shall serve as the over-all coordinator and Program Management Office (PMO) on the establishment, operation, maintenance and management of AFMESC's. Along this, the BAFE Director shall act as the Program Director of AFMESC's.

SECTION 17. Funding – The funding necessary for the implementation of this AO shall be included in the annual planning and budgeting proposals under the GAA by the DA, BAFE, and other concerned DA bureaus, attached agencies/corporations and RFOs.

This order shall take effect immediately.

APPROVED this 29 day of April 2020.


WILLIAM D. DAR, Ph.D.
Secretary 

DEPARTMENT OF AGRICULTURE

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