



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

September 28, 2020

Memorandum Order

No. 50

Series of 2020

SUBJECT: REVISED GUIDELINES IN THE PROVISION OF AGRICULTURAL PRODUCTION, POSTHARVEST AND PROCESSING MACHINERY, EQUIPMENT, AND FACILITIES

To ensure effective implementation, coordination, and delivery of integrated support services on mechanization, a revised General Guidelines on the Provision of Agricultural Production, Postharvest and Processing Machinery, Equipment, and Facilities is hereby being issued and superseding Memorandum Order No. 25 and 26, Series of 2016. The amended guidelines aim to optimize public investments by providing greater clarity and accountability in the implementation of mechanization activities of the Department. It also incorporates the findings and recommendations made by the Nationwide Agri-Fisheries Investment Audit Team (NAFIAT) as per its report dated June 2020.

I. Scope

The guidelines shall cover the planning, procurement, implementation, operation, maintenance, monitoring, and evaluation of agricultural machinery, equipment, and facilities listed under the Department of Agriculture's Program Expenditure Classification (DA PREXC)'s "Agricultural Machinery, Equipment Facilities, and Infrastructure Program". It shall apply to Rice, Corn, High-Value Crops, Organic Agriculture, and Livestock programs, as well as other related locally funded programs of the Department that provide agricultural machinery, equipment and facilities.

Agricultural machinery equipment and facilities listed under the Technical and Support Services (TSS) Program including those which will be used for technology demonstration, pilot testing, or research and development or those which will be provided to Local Government Units (LGU) will be covered by separate Guidelines.

II. Eligibility of Recipients

The candidate recipient may either be:

1. Registered Farmers' Organization (FO), Farmers' Association (FA), Farmers' Cooperative (FC), Irrigators' Association (IA), Agrarian Reform Beneficiaries Organization (ARBO), and other rural-based organizations; and
2. Agricultural schools, universities, and colleges.

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The following shall be the qualifications of the candidate recipient:

1. Must have a concrete plan for the use of the requested machinery, equipment, and facilities for the benefit of its members;
2. Must have a service area or volume of production at least equivalent to the capacity of the requested machinery, equipment, and facilities;
3. Must be currently engaged in, but not limited to, production, processing, and marketing of palay/ rice, corn, high-value crops, livestock, and poultry, or any combination thereof;
4. Must have an existing shed or willing to provide a shed with a design appropriate for the safe storage of the machinery and/or equipment being requested;
5. Must have the technical, financial, and institutional capacity to operate and maintain the machinery, equipment, and facilities to be received;
6. Must have an operator capable of operating and maintaining the requested machinery, equipment, and facilities. The operator must be willing to undergo the appropriate National Certificate training course(s); and
7. Must be willing to undergo further training course(s).

III. Minimum Requirements to be Submitted

The candidate recipient shall submit the following documents:

1. Letter of Intent and Board Resolution signed by majority of the Board members, stating the following:
 - a. List of machinery/ equipment/ facilities to be requested;
 - b. Justification or explanation for the need and appropriateness of the machinery/ equipment/ facilities;
 - c. Commitment to shoulder the cost of operation and maintenance of the requested machinery/ equipment/ facilities;
 - d. Authorized representative to sign any legal documents/ documentary requirements with the Department of Agriculture on the project; and
 - e. Name and technical qualifications of the designated operator.
2. Endorsement from Municipal Agriculture Office (MAO)/ City Agricultural Office (CAO), and/or Provincial Agricultural Office (PAO), stating the consistency of the request to local development plans such as local Agricultural and Fisheries Mechanization Program, Agriculture and Fisheries Modernization Plan (AFMP), Local Commodity Investment Plan, among others;

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3. Photos of the existing shed or proof of availability of land for the shed and service area;
4. Proof of conditional deed of donation or sale for the land/lot in favor of the government for private property intended as site for the requested facility;
5. Map of the service area, showing the existing and potential production area (Annex A: Sample Map Format); and
6. Utilization Proposal that indicates the production area and volume, the general specification (including type and capacity) of the requested machinery, equipment, and facilities, the period of the operation, access scheme of members and non-members, a business plan describing its marketing and sustainability strategies, among others. (Annex B: Utilization Proposal Template).

Additional documents for Rural Based Organizations:

1. DA Accreditation Certificate or Certified True Copy/ Authenticated Certificate of Registration or any equivalent certificate from Cooperative Development Authority (CDA)/ Security and Exchange Commission (SEC)/ Department of Labor and Employment (DOLE)/ Department of Social Welfare and Development (DSWD)/ Department of Agrarian Reform (DAR)/ National Commission on Indigenous Peoples (NCIP); and
2. Profile of the organization and its members (List of officers and members with corresponding farm address and areas).

Additional document for agricultural schools, universities, and colleges:

1. Organizational structure and manpower complement of the concerned office that will manage the request.

IV. Mechanics of Implementation

Planning and Validation

1. The DA-Regional Field Offices (RFO), through Regional Agricultural Engineering Division (RAED) and in coordination with Agribusiness and Marketing Assistance Division (AMAD), Planning, Monitoring and Evaluation Division (PMED), and Regional Programs, shall update its Regional Agricultural and Fisheries Mechanization Program (RAFMP), which serves as a guide in the identification and implementation of agricultural mechanization technologies appropriate to the region. The DA-Bureau of Agricultural and Fisheries Engineering (BAFE), in coordination with the concerned programs or offices shall assist the RFOs in the updating of its RAFMP taking into consideration the machinery, equipment and facilities inventory, availability of labor, commodity investment plans, result of value chain analysis, among others.

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2. Technologies generated, which are ready for commercialization, by local research institutions such as the Philippine Center for Postharvest Development and Mechanization (PHilMech), Philippine Rice Research Institute (PhilRice), Bureau of Plant Industry (BPI), Bureau of Animal Industry (BAI), State Colleges and Universities (SCU), and other concerned agencies shall be referred to BAFE for incentives, dissemination, and adoption to DA programs.
3. The candidate recipient shall submit the letter of intent or letter request of their needed assistance of agricultural machinery, equipment, and/or facilities together with the other documentary requirements as stated in Section III of this Guidelines to the RFO-Office of the Regional Executive Director, which will be subsequently forwarded to RAED for evaluation.
4. The RAED shall document and conduct actual site validation of the request of the candidate recipient. The Field Operation Division (FOD)/Programs, PMED, and AMAD shall provide technical assistance to the RAED in evaluating the institutional and financial capability of the potential project recipient, as well as the threshold gap, technical, market, environmental, and social feasibility of the proposal.

For candidate recipients engaged in crop production, the demand for machinery should first consider the availability of production (tillage to harvesting) and productivity in the area. Likewise, postharvest and processing machinery should be granted to them if their crop productivity is relatively high or they have already existing production machinery.

5. The RFO, through the RAED, shall spearhead and coordinate the conduct of social preparation activity to all qualified recipients who had submitted their letter of intent/ letter request for the needed intervention.
6. The BAFE and the RAED shall spearhead the planning and programming of agricultural machinery, equipment, and facilities distribution at the national and regional levels, respectively. Based on the Mechanization Plan and result of validation, the RAED shall submit an annual target and budgetary requirement to the Banner Programs for inclusion in the budget proposal. A copy of the said regional mechanization budget proposal shall also be forwarded to BAFE for consolidation and review.
7. The RFO shall prioritize candidate recipients in case of limited regional budgetary allocation. The prioritization shall consider the accessibility, suitability, and productivity of the area, as well as the organizational maturity, experience, and readiness of the recipient, among others. It shall ensure that equitable opportunity is given to candidate recipients from the high, medium, and low production areas to participate in the mechanization program of the Department. A technical bulletin shall be issued by BAFE detailing the prioritization criteria.

The list of prioritized candidate recipients shall be submitted to the Regional Executive Director (RED) for approval.

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8. To facilitate comprehensive assistance, the RFO should complement the farm machinery, equipment, or facilities with assistance on the appropriate technical and/or production support services as deemed necessary.
9. To enhance the partnership and complementation between DA and the LGUs, the RAED shall assist in the creation and strengthening of Agricultural Engineering Offices/Divisions or Sections and/or employment of agricultural and biosystems engineers at the provincial, city and municipal governments, as per Republic Act No. 10601.
10. Downloading of funds for the procurement, distribution/construction of agricultural machinery, equipment or facilities shall not be allowed, except for cases of national interest as warranted by the duly approved policies.
11. The candidate recipient is responsible for securing all necessary permits that include fees and taxes such as, but not limited to, Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage (CNC) for projects with mandatory requirements from government regulatory offices. The RFO shall assist the recipient in securing such permits.

Procurement and Implementation

12. Technical specifications for the agricultural production, postharvest equipment, and processing facilities shall conform to the Philippine National Standards/ Philippine Agricultural and Biosystems Engineering Standards (PNS/PABES) or other applicable standards. The Revised Reference Manual of Agricultural Machinery and Equipment (Compendium 2020) and technical bulletins for facilities shall be continuously updated by BAFE for the guidance of the RFOs.
13. The requirement for AMTEC testing and evaluation of agricultural machinery and equipment as prescribed under Republic Act No. 10601 shall be included in the procurement documents and shall be in accordance with DA Department Circular No. 5 Series of 2017 (National Guidelines on Testing and Evaluation of Agricultural and Fisheries Machinery). Likewise, the requirement for system testing and commissioning of processing facilities shall be guided by the Memorandum Order No. 35 Series of 2018 (Guidelines on AMTEC Testing and Evaluation of Irrigation Systems, Processing Facilities and other Agricultural Systems of the like in the Department of Agriculture, its Regional Field Offices, Attached Agencies, Bureaus, and Government-Owned and Controlled Corporations (GOCC)).
14. The procurement of machinery, equipment, and facilities must be competitive, as a general rule. The RFO-Bids and Awards Committee (BAC) shall ensure a fairground of competition and new and better products are allowed to join the bidding. It can also set a track record or market presence requirement for the brand, model, principal company (manufacturer particularly for imported machinery), and local distributor of the machine to ensure the quality, credibility, and after-sales service. Pending the issuance of BAFE of an updated


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Compendium or technical bulletin on the track record requirement, the RFO-BAC shall base the track record period on the result of its market research and performance survey.

In the case of new and emerging technologies such as land laser leveling, rice Automated Teller Machine type dispenser, drone technologies, among others, the track record of the brand requirements may be waived. The RFO-BAC however should require additional documents from the suppliers such as, but not limited to, existing field reports, performance data from testing centers in the origin country, and existing research and studies.

15. It should be stipulated in the procurement documents (i.e. Instruction to Bidders, Special Conditions of Contract, etc.) that the machinery suppliers shall provide warranty and after-sales service conforming to PNS/PABES 192:2016 (Guidelines on After-Sales Service). The suppliers shall also be required to schedule at least two (2) follow-up visits to the recipient within the warranty period. The first visit shall check for the proper operation of the machines. The second visit shall check for the proper maintenance of the machines. Additionally, the suppliers should have a feedback mechanism (call or messaging) for regular communication among supplier, recipient, and RFO regarding the use, performance, and problems with the machines.
16. The RAED shall ensure that all contractors submit Contractor's All-Risk Insurance (CARI) as part of its contract documents.
17. The Specifications, Program of Works (POW) and Detailed Engineering Design (DED) for agricultural machinery, equipment and facilities, respectively, shall be signed and sealed by Professional Agricultural and Biosystems Engineer with valid Professional Regulation Commission (PRC) License and Professional Tax Receipt (PTR), in consonance with RA 10915.
18. The RFO may invite the qualified recipients as observers during the procurement process, especially on the pre-bid and opening of bids.
19. Technical inspection, testing, and evaluation of machinery, equipment, and facilities shall be conducted by the RAED together with suppliers/contractors and qualified recipients to ensure that the desired performance and set standards have been complied. The technical inspection shall be undertaken in all machinery and equipment while acceptance testing shall be conducted utilizing harmonized simple test protocol and sampling procedure. The BAFE in coordination with RAED, AMTEC, BAFS and industry experts shall develop standard Acceptance Protocol for all machinery, equipment, and facilities.
20. An Acceptance/Compliance Report shall be issued by the RAED and shall serve as a basis (of the Inspectorate Team) in accepting the delivered goods or infrastructure. The report shall likewise form part of the Deed of Donation.

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21. The cost of testing shall be at the expense of the contractor/supplier. The RFO, in coordination with the recipient, shall assist in the sourcing of the test materials.
22. The RFO shall execute a Memorandum of Agreement (MOA) with the qualified recipient specifying the detailed arrangements during the construction of the facility and operational phase of the project. The RFO may engage the LGU, as a witness or as a party in case of tripartite arrangement. The minimum roles and responsibilities of the DA, LGU, and recipient in the MOA are detailed in Annex C.

Other salient provisions of the MOA shall include: (i) recipient shall regularly report the operational status and level of utilization of the machines and facilities; (ii) impositions and conditions to strictly ensure that the machinery, equipment, and facilities will only be used for their intended purposes; (iii) machinery and equipment maybe recalled if non-operational, under-utilized, or unutilized; and (iv) means or remedies in case the facilities are used for purposes in violation of the subject MOA.

Monitoring and Evaluation

23. The RAED shall establish a feedback mechanism or a system of informing the candidate recipient on the action taken on their request. At the minimum, the feedback mechanism shall include:
 - a. Receipt of the Letter of Intent and other documentary requirement
 - b. Result of the validation
 - c. Action on the request
 - d. Approval of funding for the request
24. Monitoring and evaluation of agricultural machinery, equipment, and facilities shall be spearheaded by the RAED. This includes regular physical and financial monitoring during the implementation period, as well as physical and operational monitoring after the turnover. The RAED shall engage the assistance of AMAD for business development and enterprise monitoring, ATI for capacity development, FOD for other complementary support services, and other concerned offices as deemed necessary. The monitoring reports from RAED shall be forwarded to FOD and PMED for consolidation, random verification, and evaluation.
25. The AMTEC, BAFE, and RAED, in coordination with machinery supplier organizations, shall develop performance evaluation protocol, including the machine performance parameters (e.g. chronic breakdowns, repetitive parts malfunction, major engine or transmission breakdown, numerous complaints from different recipients on the same breakdown and total machinery failure, among others), which can serve as the basis for possible disqualifications of the brand and model of the machinery/equipment from future biddings. Using these parameters, the RAED shall document the performance of the machinery and equipment procured by DA for at least two years. The RAED shall submit the performance report to BAFE for further review and possible revocation of the

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Certificate of Conformity (CC) for poor-performing machinery and equipment despite the good operation, repair, and maintenance.


26. All procured and distributed farm machinery, equipment and facilities shall be registered to Agricultural and Biosystems Engineering Management Information System (ABEMIS) and its status of the operation and utilization shall be updated by the RAED for planning and monitoring purposes.
27. The RAED shall conduct geo-tagging activities and regular monitoring before, during, and after the construction/ distribution, turnover of the machinery, equipment, and facilities.
28. The BAFE, in coordination with DA Internal Audit Service (DA-IAS), shall periodically conduct an audit on the compliance of RFOs to this Memorandum Order. The BAFE may invite technical experts from other agencies, as the need arises.
29. The BAFE, in coordination with RFO, shall develop a recall protocol for those machinery, equipment, and facilities, and its components that are declared as non-operational, under-utilized, or unutilized.

Operation and Maintenance

30. Training on the operation, repair, and maintenance of the machinery, equipment, and facilities shall be conducted by the supplier/contractor, in collaboration with the RAED and other concerned offices. The RAED shall facilitate the provision of capability development activities (e.g. training, coaching or mentoring) and coordinate with concerned offices such as AMAD for business and entrepreneurial management, TESDA for National Certification and ATI for other complementary support trainings.
31. The costs of operation and maintenance of the machinery, equipment, and facility as well as the repairs beyond the warranty period shall be shouldered by the recipient. Furthermore, the recipient shall be encouraged to insure the machinery, equipment, and facility to the Philippine Crop Insurance Corporation (PCIC).
32. The RAED shall assist the recipient in availing after-sales service from the contractor/ supplier.
33. In the case of force majeure, the RFO should exert effort in utilizing available resources for the rehabilitation of completed facilities.

V. Supplemental Guidelines

All RFOs and Program Offices are hereby authorized to formulate supplemental guidelines to address peculiarity in the region/program or to clarify further those indicated in this Memorandum Order. The request for the approval of the Supplemental Guidelines shall be

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submitted to BAFE for review and subsequent endorsement to the Office of Secretary for approval.

VI. Repealing Clause

All existing Memorandum Orders, issuances, rules, and regulations, or parts thereof, in conflict with, or inconsistent with any provisions of this Order are hereby repealed, modified, or amended, accordingly.

VII. Transitory Provisions

The RAED shall oversee the planning and programming of agricultural machinery, equipment, and facilities proposed for 2022 and onwards. All requests submitted for FY 2022 programming shall strictly follow this guidelines including the documentary requirements.

The procurement and distribution of agricultural machinery, equipment, and facilities included in the National Expenditure Program FY 2021 shall consider the provisions in this guidelines.


The Regional Programs shall provide budgetary assistance to RAED, AMAD, and PMED for the conduct of activities related to mechanization in 2021. For FY 2022 and onwards, the RAED, AMAD, and PMED shall include in their budgetary proposal the requirements for mechanization activities.

VIII. Effectivity

This Memorandum Order shall take effect immediately upon approval.

Approved:

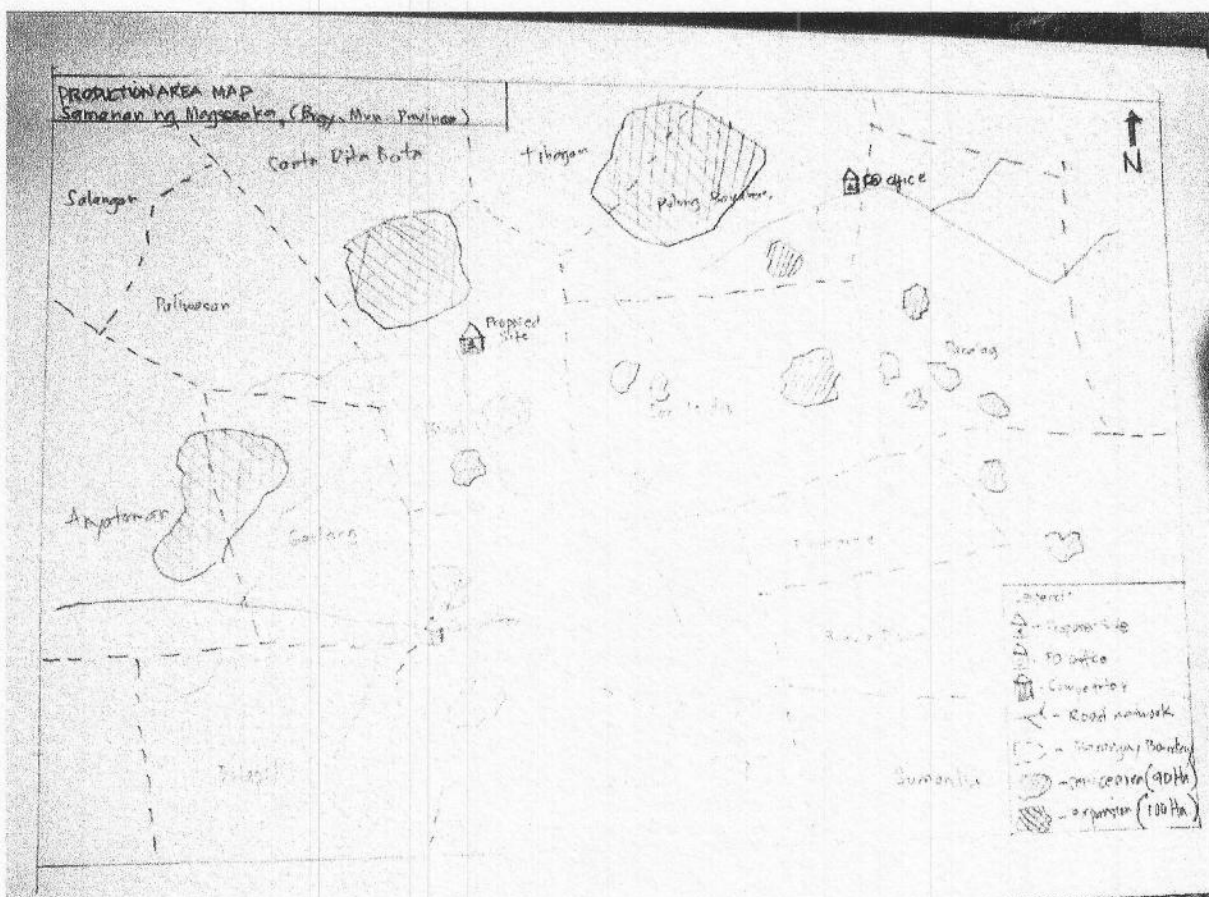

WILLIAM D. DAR, Ph.D.
Secretary 

DEPARTMENT OF AGRICULTURE

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SAMPLE MAP FORMAT



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UTILIZATION PROPOSAL

Date of Request: _____

Profile of Requesting Party

Name of the proponent:	_____	
Address:	_____ _____	
Contact Person and Contact Number:	_____ _____	
Number of Members:	_____	
Number of Intended Beneficiary Members of the Machinery/ Equipment/ Facility:	_____ _____	
Registration:	<input type="checkbox"/> SEC <input type="checkbox"/> DOLE <input type="checkbox"/> DAR	<input type="checkbox"/> CDA <input type="checkbox"/> DSWD <input type="checkbox"/> Others _____
Year Registered:	_____	
Business operation(s):	_____ _____	
Personnel Name of Book keeper: Name of Operator:	_____ _____	
	<input type="checkbox"/> Trained <input type="checkbox"/> Not Trained	

Abstract of Request

Machinery/ Equipment/ Facility Requested:	_____
Capacity of the machinery/ equipment/ facility:	_____
Proposed Number of hours per day of operation:	_____
Number of days operated per year:	_____

Profile of Service Area

Coordinates: Latitude: _____ Longitude: _____

Crop Planted	Existing		Potential		Cropping per year
	Area, ha	Yield, MT/yr	Area, ha	Yield, MT/yr	

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Other Information

With available shed/area for the machinery/equipment/facility:	<input type="checkbox"/> Yes <input type="checkbox"/> No, Remarks: _____
Size of the Area (sq. meter):	_____
Land Ownership (Machinery Shed)	<input type="checkbox"/> Owned <input type="checkbox"/> Donated <input type="checkbox"/> Lease <input type="checkbox"/> Others: _____
Source of O & M Funds:	<input type="checkbox"/> Service Fee <input type="checkbox"/> Organizational Fund <input type="checkbox"/> Others: _____
Other Available Agricultural Machinery and Equipment or facility of the Requesting Party	_____ _____ _____
<i>For Facilities only</i>	
Availability of three-phase power supply	<input type="checkbox"/> Yes <input type="checkbox"/> No, Remarks: _____
Availability of water supply	<input type="checkbox"/> Yes <input type="checkbox"/> No, Remarks: _____
Road Network connection	<input type="checkbox"/> Barangay <input type="checkbox"/> Municipal <input type="checkbox"/> Provincial <input type="checkbox"/> National, Remarks: _____
Road Condition	<input type="checkbox"/> PCCP <input type="checkbox"/> All-weather road, Remarks: _____

Business Plan

Prepared by:

Validated by:

Name of Requesting Party

Name of RFO Representative

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Minimum Roles and Responsibilities in the Memorandum of Agreement***Responsibility of DA***

1. Allocate funds for the procurement of machine/equipment/facility as provided in the General Appropriations Act (GAA);
2. Turn-over the machine/equipment/facility to the qualified recipient upon submission and compliance to complete documentary requirements;
3. Conduct regular coordination and monitoring activities (with the LGU) to ensure proper implementation, completion on time, and institute corrective measures, (in consultation with LGU), if necessary;
4. Provide appropriate technical and marketing assistance as well as other complementary support activities (e.g. capability building activities, after-sales service assistance) to ensure the successful implementation of the project; and
5. Conduct operational monitoring to assess the status and performance of the machine and the level of utilization of the recipient.

Responsibility of Recipient

1. Secure necessary documents required by the RFO for the project (e.g. Business permit, ECC/CNC, BIR receipts, etc.) as stated in the guidelines;
2. Formulate Business Plan prior to turnover;
3. Maintain record/detailed logbook on the utilization of the machine/equipment/facility;
4. Submit to the RFO and LGU the status of operation of the machine/equipment/facility as stated in the business/utilization plan;
5. Provide operation and maintenance cost of the machine/equipment/facility;
6. Utilize the machine/equipment/facility in accordance with its intended purpose; and
7. Allow and assist DA and other concerned agency to perform audit/assessment of the machine/equipment/facility provided.

Responsibility of LGU, in case of Tripartite Agreement

1. Ensure the creation of an Agricultural and Biosystems Engineering unit/office to handle all agri-fishery engineering activities of the municipality as per AFMech law;
2. Assist in the settlement of Right-of-way and other social issues; and
3. Assist the RFO and the FO in the monitoring and evaluation of all machinery, equipment, and facilities.

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