

'22 AUG 25 A11 :47

**SENATE**

**P.S. Res. No. 158**

RECEIVED BY: \_\_\_\_\_



---

Introduced by Senator Cynthia A. Villar

---

**RESOLUTION**

**DIRECTING THE COMMITTEE ON AGRICULTURE, FOOD AND AGRARIAN REFORM TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON PHILMECH'S APPARENT FAILURE TO IMPLEMENT THE MECHANIZATION PROGRAM UNDER RICE TARRIFICATION LAW THAT CREATED THE RICE COMPETITIVENESS ENHANCEMENT FUND (RCEF) TO THE DETRIMENT OF THE RICE INDUSTRY**

1           WHEREAS, during the Rice Competitiveness Enhancement Fund (RCEF)  
2 Program Midterm and Midyear Assessment conducted last July 18 to 19, 2022 at the  
3 Philippine Rice Center Institute (PhilRice) Crop Biotechnology Center, Science City of  
4 Muñoz, Nueva Ecija, the following implementing agencies presented their cumulative  
5 financial accomplishments and disbursements from 2019 to June 2022, to wit:

- 6           a) For the RCEF Seed Program, PhilRice disbursed 87% of their funds;  
7           b) For the RCEF Expanded Rice Credit Assistance, Landbank disbursed 79.4%  
8           while the Developmental Bank of the Philippines (DBP) disbursed 78% of  
9           loans.  
10          c) For the RCEF Rice Extension and Training Program, ATI disbursed 78.2%,  
11          PhilRice 54.75%, PhilMech 59.75% and TESDA 73.21%  
12          d) For the RCEF Mechanization Program, PhilMech reported only 43.78%  
13          disbursement of their allocated budget for the procurement of rice  
14          technologies.

15           WHEREAS, based on Republic Act No. 11203, or the Rice Tariffication Law (RTL)  
16 50% of the Rice Competitiveness Enhancement Fund (RCEF) or Php 5B shall be  
17 released to and implemented by PHilMech as grant in kind to eligible farmers'  
18 associations, registered rice cooperatives and local government units (LGUs). This is  
19 in the form of rice farm equipment for purposes of improving farm mechanization.

20           WHEREAS, the goal of the RTL Mechanization is to raise rice farmers'  
21 productivity, profitability and global competitiveness through strengthened access and  
22 use of appropriate production and post-production mechanization technologies.

1 WHEREAS, the expected direct benefits of the mechanization and postharvest  
2 facility intervention specifically for the users and beneficiaries of the project include:

- 3 a) Reduction of production cost of farmer-users by Php2-3 per kilogram using  
4 precise, effective and complete system of mechanized production  
5 technologies:
- 6 b) Reduction of postproduction losses of farmer-users by 305% using  
7 appropriate and efficient postproduction technologies.

8 WHEREAS, studies conducted by the PHilMech in 2014 show the country's level  
9 of mechanization is 1.23 hp/ha for all crops, 2.31 hp/ha for rice in all provinces, and  
10 three hp/ha in major rice-producing provinces like Isabela and Nueva Ecija. In the  
11 same year, Japan was at 18.87 hp/ha, Korea at 9.38, and India at 2.22. In 2009, our  
12 ASEAN neighbor Thailand registered a mechanization level of 4.20 hp/ha.

13 WHEREAS, mechanization level is computed by dividing the total mechanical  
14 power available (based on the amount of sales of farming machines in the country)  
15 by the total production area.

16 WHEREAS, another study conducted by the University of the Philippines showed  
17 that the average age of Filipino farmers is 53 years old, other say it's 57 years old.  
18 With an older workforce, or worse, a scarcity of farmers in the country. With fewer to  
19 no farmers, our food supply could be at stake.

20 WHEREAS, mechanization is sexy and can entice the youth to engage and go  
21 back to farming. Since the young people are passionate, innovative, and competitive,  
22 they have a huge potential in transforming the future of Philippine agriculture.

23 WHEREAS, aside from improving production efficiency, mechanization also  
24 encourages economies of scale in rice production, and can help in achieving an  
25 improved quality of the farm produce. Farm mechanization can also help achieve food  
26 security in the country, and eventually increase the income of the farmers.

27 WHEREAS, under the RTL, PhilMech's Mechanization covers the following:

- 28 1. Land preparation which includes hand tractors, four-wheel tractors, floating  
29 tillers;
- 30 2. Plant establishment which includes precision seeders, walk-behind  
31 transplanters, riding type transplanter;
- 32 3. Harvesting and threshing which includes reapers, threshers, and combine  
33 harvesters; and,
- 34 4. Grain drying (mobile grain dryer, flatbed dryer, batch recirculating dryer)  
35 and
- 36 5. Milling (mobile rice mill, single pass rice mill, brown rice mill, multi pass rice  
37 mill).

38 WHEREAS, the machines can make rice farming faster, efficient and easier from  
39 land preparation to drying and milling. The kind of machine is determined on the size

1 of the farms of the Farmer- Cooperatives or Associations and expected volume of their  
2 produce. The examples of which:

- 3 a) The precision rice seeder (PRS) is a self-propelled and a ride-on type  
4 planting equipment that accurately drops or places desired numbers of  
5 seeds at a precise depth and spacing. Compared to manual planting, this  
6 machine requires less labor and cost of sowing. It provides uniform seed  
7 sowing and plant population. It has an adjustable hill spacing and more  
8 efficient seeding rate.
- 9 b) The walk-behind rice trans planter is designed for transplanting rice  
10 seedlings into a puddled and levelled field. It is recommended for small to  
11 medium sizes of farms. This requires less time than the manual  
12 transplanting and minimizes the drudgery and cost of rice transplanting.  
13 Also, it ensures higher crop productivity and optimum plant spacing and  
14 number of seedlings per hill. Moreover, it uses less labor and ensures timely  
15 planting.
- 16 c) The four-wheel tractor is a self-propelled vehicle designed to carry, pull or  
17 propel agricultural machines and implements. This machine can make your  
18 land preparation operations faster and easier. It is flexible in both dry and  
19 wet soil conditions, and has better traction. This multi-purpose farm  
20 machinery is recommended for large-scale farm operations and can also be  
21 utilized for transport, hauling of farm inputs and towing of farm machinery  
22 like rice combine harvester.
- 23 d) The reaper mechanically cuts and lays crop in a windrow which allows easy  
24 pick-up of the harvested crops. It is recommended for small to medium sizes  
25 of farms. This machine makes harvesting easier and faster than the manual  
26 harvesting. It requires less labor and less dependent on field size. Also, it is  
27 less shattering loss during harvesting.
- 28 e) The thresher mechanically removes or separates the rice grains from the  
29 panicle or straw. It comes in small capacity and large capacities. Compared  
30 to manual threshing, it has higher capacity and can actually save  
31 postharvest losses.
- 32 f) The rice-combine harvester (RCH) is a mobile rice harvesting machine that  
33 combines harvesting, threshing, cleaning and bagging in one operation. This  
34 machine is climate change resilient and suitable for local conditions and for  
35 major rice producing areas. It saves harvesting time as it can operate for  
36 up to 3 hectares per day. The RCH also requires less labor and can ensure  
37 lower postharvest losses compared to manual harvesting.
- 38 g) The flatbed dryer mechanically dries the grains with the use of biomass  
39 furnace as source of heat. It can be used for custom drying and processing  
40 of seeds used for planting. It has simple design and operational features  
41 and ensures good drying capability. Flatbed is applicable with a gasoline or  
42 diesel engine. It is less costly to operate. Moreover, this is a climate-resilient  
43 technology which can be operated even during rainy days.

- 1 h) The batch recirculating dryer (BRD) is a stationary type of mechanical dryer  
 2 equipped with a biomass or gas-fed furnace. It can be used for custom  
 3 drying or commercial scale level and usually needs a 3-phase electrical  
 4 connection. The BRD provides higher milling yield and head rice recovery.  
 5 It also provides better control over the temperature and moisture content.  
 6 This machine can be used day or night and requires less labor attention.  
 7 i) The mobile rice mill is a portable technology designed to bring custom  
 8 milling even in the far-flung community. It has a minimum power  
 9 requirement of 20 hp diesel water cooled. This machine requires minimal  
 10 working space and is easy to operate. It is installed with waste control  
 11 management system. The single pass rice mill is a stationary type of rice  
 12 mill used for custom servicing. It has an input capacity of 500-900 kilograms  
 13 and a minimum output capacity of 0.5 tons per hour. It is user-friendly and  
 14 requests in minimal working space. The brown rice mill is a village-level rice  
 15 mill specifically designed to process brown rice. It requires minimal working  
 16 space of 16 square meters and easy to operate because this have waste  
 17 control management system.  
 18 j) The combo rice mill is a 2-in-1 village level rice mill specifically designed for  
 19 brown rice and well-milled rice. Its output capacity is up to 1,200 kilogram  
 20 per hour and has 68 to 72% hulling efficiency. It is easy to operate and  
 21 requires minimal working space.  
 22 k) The multi-pass rice mill is usually used for commercial purposes. It comes  
 23 in different capacities bundled with complete accessories: 1 ton/h, 1.5  
 24 tons/h and 2 tons/h. The mobile grain dryer (MGD) is used to reduce the  
 25 **moisture content** (MC) of grain to a safe level or desired MC. It can be  
 26 towed by a farm tractor making it easy to move to another location. The  
 27 MGD provides better control over the temperature and MC. It can be  
 28 operated either day or night and requires less labor attention. Moreover, it  
 29 dries grains evenly and has higher milling yield and head rice recovery.

30 WHEREAS, the PhilMech Mechanization Program Financial  
 31 Accomplishment/Utilization Status as of June 30, 2022:

	2019	2020	2021	2022
<b>Obligated</b>	P4.999 billion	P4.999 billion	P3.154 billion	0
<b>Disbursed</b>	P4,004 billion	P3.943 billion	P809.2 million	0
<b>Percentage of usage vs. the P5 billion allocation</b>	80%	79%	26% *1,800 units of Four-Wheel Tractors were obligated but not disbursed due to Memo Order No. 34 dated June 15,	0% no activity reported in the midyear assessment reporting held last July 18-19 2022 at

			2021 suspending procurement activities amounting to P2.160 billion by the DA Secretary	PhilRice HQ in Nueva Ecija.
--	--	--	---	--------------------------------

1                   *\*For the 1,800 units of Four-wheel Tractors, supposedly obligated in 2021, the DA through MO No. 34 revise the 35*  
2                   *years brand presence of the company supplying in the Philippines to 10 years stating as their basis the COA Cir. No.*  
3                   *2003-007 entitled Revised Estimated Useful Life in Computing Depreciation for Government Property, Plant and*  
4                   *Equipment*

5                   *\*Answer given by the DBM in an inquiry made by then PhilMech Executive Director Baldwin Jallorina as to who will*  
6                   *determine the qualification of the company to qualify in the Bids and Awards: DBM in its answer stated that they*  
7                   *are not in the position to specify the number of years in the market of the supplier but it is inherently a procurement*  
8                   *matter which the procurement entity must decide. The letter was signed by then Secretary Wendel Avisado. Which*  
9                   *in this case is PhilMech and not the DA Office of the Secretary.*

10                   *\*Another justification given by the DA Secretary's Memo is Annex A of COA Cir. 2003-007, December 11, 2003 which*  
11                   *states the Estimated Useful Life of Property, Plant and Equipment for land improvement/machineries for*  
12                   *Agricultural, Fishery and Forestry is 10 years. This pertains to the useful life of a machine bought by govt. funds and*  
13                   *not about the market presence of the brand of the machine.*

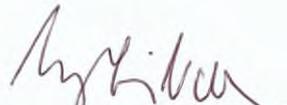
14                   **WHEREAS, like the four-wheel tractors, the Rice Processing Systems (RPS) that**  
15                   **will complete the value chain for farmers cooperatives and association for 21 LGUs in**  
16                   **2021, were not also delivered. The RPS will make coops/associations/LGUs able to**  
17                   **compete and sell directly their products to the market removing the trader which in**  
18                   **some instances manipulate rice prices .**

19                   **WHEREAS, previously, PhilMech, during the first two and a half years (2019 to**  
20                   **March 2021) of the RTL implementation was able to accomplish 82.75 percent of their**  
21                   **targets by distributing various farm machinery and equipment to qualified farmers'**  
22                   **cooperatives and associations (FCAs). This accomplishment translates to at least 1.35**  
23                   **million farmer-members of 5,314 FCAs and local government units (LGUs) benefiting**  
24                   **in just three years of implementation from 2019 to 2021.**

25                   **WHEREAS, the non-performance of PhilMech due to the DA Memo in 2021 and**  
26                   **the failure to procure in 2022 is too glaring to be overlooked, to the detriment of the**  
27                   **rice industry and compromising our food security.**

28                   **NOW THEREFORE, BE IT RESOLVED, as it hereby resolved, to direct the**  
29                   **Committee on Agriculture, Food and Agrarian Reform to conduct an inquiry, in aid of**  
30                   **legislation, on PhilMech's apparent failure to implement the mechanization program**  
31                   **under Rice Tarrification Law that created RCEF to the detriment of the rice industry**

**Adopted,**

  
**CYNTHIA A. VILLAR**