



'22 JUL 11 P4:23

SENATE
S. No. 260

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Introduced by SENATOR RAMON BONG REVILLA, JR.

**AN ACT
INSTITUTIONALIZING THE ONE TOWN, ONE PRODUCT (OTOP)
PHILIPPINES PROGRAM, APPROPRIATING FUNDS THEREFOR, AND FOR
OTHER PURPOSES**

EXPLANATORY NOTE

The Philippine archipelago is blessed with a multitude of natural resources and indigenous skill sets. Each municipality has its own unique character and cultural mark shaped by its geography, history, and traditions that distinguish it from any other locality. Such unique and authentic identity can very well be reflected in its product and service offerings – one of a kind.

This proposed measure seeks to institutionalize and further develop the One Town, One Product Program, which has seen success over the past decade. OTO, whose concept comes from Japan, has been adopted by many countries around the world, has been implemented in the country since 2002. It was strengthened by Executive Order No. 176, s. 2003, through the "*Isang Bayan, Isang Produkto, Isang Milyong Piso* Program" which aimed at "stimulating local economic activity and small and medium enterprise (SME) growth, generating jobs, developing the countryside and sustaining the anti-poverty thrust of government through countrywide lending to SMEs."

For 2019, the Department of Trade and Industry reported that OTO Philippines generated P1.41 billion worth of sales. Moreover, in the same period a total of 10,819

Micro, Small and Medium enterprises were assisted by the OTOP program and provided 6,771 product development services.¹

This bill intends to build on the gains achieved by the program and provide the legal mandate for its continued and effective implementation. Under this bill, a range of support services will be provided to qualified MSMEs in developing, innovating and promoting their products both in the domestic and foreign markets. OTOP will also empower the local economies, especially the countryside, in light of the recent policy thrusts of decongesting the National Capital Region and providing more livelihood opportunities at the rural areas. Lastly, it aims to assist the recovery of entrepreneurs following the widespread ill impact of the Covid pandemic, through sustainable use of local resources and talents.

In this light, the immediate passage of this bill is highly recommended.


RAMON BONG REVILLA, JR.

¹ "OTOP generates P1.4-B sales in 2019." <https://www.pna.gov.ph/articles/1093539>



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

1 Section 1. *Short Title.* — This Act shall be known as the “OTOP Philippines Act
2 of 2022”.

3 Sec. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to
4 ensure the prosperity of the nation through policies and programs that drive inclusive
5 local economic activity and boost national economic growth.

6 The State further recognizes the role of Micro, Small and Medium Enterprises
7 (MSMEs) and the support that the State and local government units (LGUs) shall
8 provide in enabling communities to determine, develop, support and promote products
9 or services.

10 Sec. 3. *Objectives.* — The Objectives of this Act are as follows:

11 (a) To provide a package of assistance for MSMEs with viable products in order
12 to develop new, innovative, and more complex products, with significant
13 improvement in the areas of quality, product development, volume, design,
14 packaging, standards compliance, marketability, production capability,
15 brand development, sustainability, among others;

- 1 (b) To assist rural communities in growing the local economy and be more
2 market-oriented and innovation-driven;
- 3 (c) To promote convergence of initiatives from local government units, national
4 government agencies, and the private sector in the development and
5 promotion of Philippine products, whether for export or for domestic
6 market; and
- 7 (d) To enable the recovery of local economies, especially the countryside, from
8 the adverse effects of the Covid-19 pandemic, and further promote rural
9 development, through the encouragement of growth of MSMEs, generation
10 of employment and livelihood opportunities, and the sustainable use of
11 community resources.

12 *Sec. 4. Definition of Terms.* – The following terms shall be defined as follows:

- 13 (a) *Large enterprises* – refer to enterprises with asset size of more than One
14 Hundred Million Pesos (P100,000,000.00) and with more than 199
15 employees. Large enterprises shall not be covered by this Act.
- 16 (b) *Non-MSME products* – refer to products which fall under the category of
17 services offered by MSMEs. These include transport services, agri-tours,
18 among others.

19 *Sec. 5. OTOP Philippines.* – To meet the declared policy of the State, the One
20 Town, One Product (OTOP) Philippines Program is hereby institutionalized and shall
21 be one of the government's stimulus programs that will encourage the growth of
22 MSMEs in the countryside through the development of indigenous raw materials,
23 utilizing local skills and talents and featuring local traditions and cultures across the
24 country.

25 *Sec. 6. OTOP Philippines Trustmark.* – The Department of Trade and Industry
26 (DTI) is hereby authorized to establish the OTOP Philippines Trustmark, which is an
27 assurance that the products under the program represent the country's best. The
28 OTOP Philippines Trustmark shall signify that the business and products have been
29 marked excellent in terms of quality, design, value and marketability.

30 *Sec. 7. Coverage.* – The OTOP Philippines Program shall cover material
31 products and skills-based services known to an area or locality. This shall include, not
32 limited to, the following products and services:

- (a) Processed food such as fruits and nuts, local delicacies, juices, wines, tea and other beverages, pastries and baked goods, preserved food sauces, cakes and desserts products, food supplements, and culinary-based specialty products;
- (b) Agricultural-based products such as coffee, cacao, other agricultural produce, agri-processed products like processed meats, coconut oil, preserved and processed seafood products;
- (c) Home and Fashion/Creative Artisanal Products such as gifts, souvenir items, furniture, ornaments, houseware, garments, fabrics and textiles;
- (d) Arts and Crafts such as coco coir, weaves, bamboo products, paper artistry, and wood;
- (e) Skills-based services and other products such as *hilot* or traditional Filipino massage, sculpting, essential oils and other wellness products, industrial goods, soaps and other personal care goods, and cosmetics.

Sec. 8. *Qualifications.* – OTOP products included in the program must meet the set criteria to be established by the DTI, provided that they are consistent with the following elements:

- (a) Culture – This shall pertain to cultural values that are rooted in the following: heritage, living traditions, customs and rituals, recipes passed on from generations, narratives, history, and beliefs.
- (b) Community resource – The locality's selected product shall be based on the availability of local resources, raw materials, indigenous skills and network of resources within a community.
- (c) Connection – The selected products shall be able to evoke a sense of pride or emotional connection among the locals.
- (d) Creativity – The products selected for a locality shall be able to exemplify the Filipino people's creativity, craftsmanship and innovation.
- (e) Competitive advantage – The selection of the product or service shall be based on a locality's innate or endemic strength anchored on several variables such as topography, climate, geographical location, proximity to resources, among others.

1 Sec. 9. *Who May Qualify.* – Beneficiaries of the OTOP Program shall be
2 determined by the regional and provincial offices of the DTI, in cooperation with local
3 government units.

4 Sec. 10. *OTOP Program Components.* – The DTI and LGUs shall make available
5 a comprehensive package of assistance to OTOP Program beneficiaries, such as, but
6 not limited to, the following:

7 (a) Product Development – This component shall be considered as the primary
8 instrument of assistance for the OTOP Program beneficiaries. It shall be
9 focused on the following areas:

10 (i) Product Design – involves assistance in the designing of new products,
11 product adaptation, product diversification, or expansion of existing
12 product lines.

13 (ii) Packaging and Labeling – involve new packaging, improved package
14 design, or labelling assistance.

15 (iii) Technology updating – involves workshops on various technology
16 procedures, materials, and processing technologies, involves
17 assistance on production techniques related to product development,
18 systems efficiency and supply management.

19 (iv) Product Enhancement – involves seminars to increase design
20 awareness and appreciation of product/merchandise development
21 and the industrial design profession, as well as enhanced artisanal
22 skills and craftsmanship anchored on the preservation and protection
23 of indigenous culture, arts and practices.

24 (b) Capacity Building – This component shall address gaps in the
25 entrepreneurial skills of the beneficiaries. It shall involve training
26 opportunities that are focused on improving the human aspect of OTOP
27 Philippines, including business skills training, entrepreneurial management
28 and expansion, and business counselling.

29 (c) Standards and Market Compliance – For the preservation of the OTOP
30 brand as a mark of excellence, the beneficiaries shall be capacitated to
31 observe standards through compliance to the requirements of other
32 government agencies such as the DTI-Bureau of Philippine Standards (DTI-

1 BPS), Food and Drug Administration (FDA), and the Intellectual Property
2 Office of the Philippines (IPOPHL). A monitoring and evaluation scheme
3 shall be developed and maintained to ensure that products under the OTOP
4 Philippines conform to standards.

5 (d) Market Access and Product Promotion – This component shall provide
6 support in accessing the market, promoting products across different
7 platforms and establishing linkages with industry associations,
8 cooperatives, advocates, promoters and relevant stakeholders. These
9 platforms may include, but not limited to, multimedia advocacy campaigns,
10 trade fairs, and OTOP Philippines Hubs. The DTI shall also capacitate
11 suppliers with the goal of promoting their products through online
12 platforms.

13 (e) Access to Finance – This component shall facilitate access to financial
14 institutions, credit provisions, loans, grants and incentives, and other
15 sources of funding for purposes of business growth, development,
16 innovation, among others.

17 Sec. 11. *Lead Implementing Agency.* – The DTI shall serve as the lead agency
18 of this Act. There shall be created an OTOP Management Committee to be designated
19 by the DTI Secretary which shall have the main responsibility of directing the
20 implementation of the provisions of this Act. The OTOP Management Committee shall
21 be composed of offices and attached agencies under the DTI, such as but not limited
22 to the Bureau of Philippine Standards and the Intellectual Property Office of the
23 Philippines. The DTI Secretary shall create the OTOP Management Committee fifteen
24 (15) working days from the effectivity of this Act.

25 The following agencies shall also assist the DTI in the implementation of the
26 provisions of this Act:

- 27 (a) Cooperative Development Authority (CDA);
- 28 (b) National Economic and Development Authority (NEDA);
- 29 (c) Department of the Interior and Local Government (DILG);
- 30 (d) Technical Education and Skills Development Authority (TESDA);
- 31 (e) Department of Science and Technology (DOST);
- 32 (f) Department of Agriculture (DA); and

1 (g) Department of Tourism (DOT).

2 Sec. 12. *Creation of the OTOP Program Office.* – There is hereby created the
3 OTOP Program Office (OTOP PO) in each LGU which shall direct, supervise, and
4 implement the OTOP Program on the local level, in accordance with existing laws,
5 rules and regulations; Provided, That the LGU has the option to create a separate
6 OTOP PO for this specific purpose, or to merge the functions provided herein with
7 those performed by any of its existing offices.

8 Sec. 13. *Establishment of OTOP Philippines Hubs.* – The Department of Tourism
9 (DOT), Civil Aviation Authority of the Philippines (CAAP), Philippine Ports Authority
10 (PPA), Land Transportation Franchising and Regulatory Board (LTFRB), and other
11 relevant agencies are mandated to construct and allocate spaces for the establishment
12 of OTOP Philippines Hubs.

13 Sec. 14. *Appropriations.* – The amount necessary to carry out the provisions of
14 this Act shall be charged against the appropriations released for the purpose under
15 the General Appropriations Act (GAA) for the DTI. Thereafter, such sums as may be
16 necessary for its continued implementation shall be included in the annual GAA.

17 Sec. 15. *Separability Clause.* – If any provision or part hereof is held invalid or
18 unconstitutional, the remainder of the law or the provision or part not otherwise
19 affected shall remain valid and subsisting.

20 Sec. 16. *Repealing Clause.* – Any law, presidential decree or issuance, executive
21 order, letter of instruction, administrative order, rule, or regulation contrary to or
22 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
23 accordingly.

24 Sec. 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its
25 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,