

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 AUG 31 A10 :37

SENATE
S. No. 1246

RECEIVED BY 

Introduced by Senator MARK A. VILLAR

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

EXPLANATORY NOTE

One Town, One Product (OTOP) Philippines is a priority program that shall aid Micro, Small and Medium-scale enterprises (MSMEs). It caters to the development, support, and promotion of products or services of local communities rooted on their culture, creativity, connection, and competitive advantage.

This program has been in existence since 2002 and was furthered powered through the promulgation of Executive Order No. 176 of then President Gloria Macapagal Arroyo in February 2003. Through these years, OTOP, through the Department of Trade and Industry, has remained to be a strategic tool that provides opportunity and assistance to local communities. It consistently championed the culture, history, and traditions of these communities through their products and services while at the same time boosting the economic growth of Micro, Small and Medium Enterprises (MSMEs) in the Philippines.

Given the extraordinary challenges brought about by the Covid19 pandemic especially affecting MSMEs, it is imperative for the State to provide assistance necessary for the recovery of MSMEs. It shall be the commitment of this government to embrace and support home grown talents, artisan and craftsmen, making it known to the world that Filipino products are nothing short of excellent.

Thus, the immediate passage of this bill is earnestly sought.



MARK A. VILLAR

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Be it enacted by the Senate and House of Representatives 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 the State's policy to ensure the nation's
4 prosperity through policies and programs that drive inclusive local economic
5 activities and boost national economic growth. The State further recognizes the role
6 of Micro, Small and Medium Enterprises (MSMEs) and the support that the State and
7 Local Government Units (LGUs) shall provide enabling communities to determine,
8 develop, support, and promote products or services.

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

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

- 1 b) To assist rural communities in growing the local economy and be
2 more market-oriented and innovation-driven; and
3 c) To promote convergence of initiatives from local government units,
4 national government agencies, and the private sector in developing
5 and promoting Philippine products, whether for export or domestic
6 market.

7 Sec. 4. *Definition of Terms.* — As used in this Act, the following terms shall
8 mean:

- 9 a) *Large Enterprises* – refer to enterprises with an asset size of more
10 than One Hundred Million Pesos (Php100,000,000.00) and more
11 than ninety-nine (99) employees. This Act shall not cover large
12 enterprises.
13 b) *Non-MSME products* – refer to products that fall under category of
14 services offered by MSMEs. These include transport services, and
15 agri-tours, among others.

16 Sec. 5. *OTOP Philippines.* — To meet the declared policy of the State, it is
17 hereby institutionalized the OTOP Program, which shall be the government's
18 stimulus program that will encourage the growth of MSMEs in the countryside
19 through developing indigenous raw materials and utilizing local skills and talents.

20 Sec. 6. *OTOP Philippine Trustmark.* — The Department of Trade and Industry
21 (DTI) is hereby authorized to establish the OTOP Philippines Trustmark, an
22 assurance that the products under the program represent the country's best. The
23 OTOP Philippines Trustmark shall signify that the business and products have been
24 marked as excellent in terms of quality, design, value and marketability.

25 Sec. 7. *Qualifications.* — OTOP products included in the program must meet a
26 set of criterion to be established by the DTI, provided that they are consistent with
27 the following elements :

- 28 a) *Culture* – This shall pertain to cultural values rooted in the following
29 heritage, living traditions, customs and rituals, recipes passed on
30 from generation, narratives, history, and beliefs.

- 1 b) Community Resource – The locality’s selected products shall be
2 based on the availability of local resources, raw materials, skills,
3 and network resources within a community.
- 4 c) Connection – The selection product shall be able to evoke a sense
5 of pride or emotional connection among the locals.
- 6 d) Creativity – The products selected for a locality shall be able to
7 exemplify the Filipino people’s creativity and innovation.
- 8 e) Competitive advantage – The product or service selection shall be
9 based on a locality’s innate or endemic strength anchored on
10 several variables such as topography, climate, geographical
11 location, and proximity to resources, among others.

12 *Sec. 8. Who May Qualify.* — Beneficiaries of the OTOP Program shall be
13 determined by the regional and provincial offices of the DTI, in cooperation with
14 local government units (LGUs).

15 *Sec. 9. OTOP Program Components.* — The DTI and LGUs shall make
16 available a comprehensive package assistance to OTOP Program beneficiaries, such
17 as but not limited to the following:

- 18 a) Product Development – This component shall be considered the
19 primary instrument of assistance for the OTOP Program
20 beneficiaries. It shall be focused on the following areas:
- 21 1. Product Design – involved assistance in the designing of
22 new products, product adaptation, product diversification, or
23 expansion of existing product lines
 - 24 2. Packaging and Labeling – involves in new packaging,
25 improved package design, or labeling assistance
 - 26 3. Technology Updating – involves workshops on various
27 technology procedures, materials, and processing technologies,
28 involves assistance in production techniques to product
29 development
 - 30 4. Product enhancement – involves seminars to increase
31 design awareness and appreciation of product/merchandise
32 development and the industrial design profession

- 1 b) Capacity Building – This component shall address gaps in the
2 entrepreneurial skills of the beneficiaries. It shall involve training
3 opportunities focused on improving the human aspect of OTOP
4 Philippines, including business skills training and business
5 counseling.
- 6 c) Standards and Market Compliance – For the preservation of the
7 OTOP brand as a mark of excellence, the beneficiaries shall be
8 capacitated to observe standards through compliance with the
9 requirements of other government agencies such as the DTI-
10 Bureau of Philippine Standards (DTI-BPS), Food and Drug
11 Administration (FDA), and the Intellectual Property Office of the
12 Philippines (IPOP HL). A monitoring and evaluation scheme shall be
13 developed and maintained to ensure that products under the OTOP
14 Philippine conform to standards.
- 15 d) Market Access and Product Promotion – support accessing the
16 market and promoting products across different platforms. These
17 platforms may include but are not limited to multimedia advocacy
18 campaigns, trade fairs, and OTOP Philippine Hubs. The DTI shall
19 also capacitate suppliers to promote their products through online
20 platforms.

21 Sec. 10. *The Lead Implementing Agency.* — The DTI shall serve as the lead
22 agency of this Act. There shall be an OTOP Management Committee designated by
23 the DTI Secretary, who shall have the primary responsibility of directing the
24 implementation of the provisions of this Act. The OTOP Management Committee
25 shall be composed of offices and attached agencies under the DTI, such as but not
26 limited to the Bureau of Philippine Standards and the Intellectual Property Office of
27 the Philippines. The DTI Secretary shall create the OTOP Management Committee
28 fifteen (15) working days from the effectivity of this Act.

29 Sec. 11. *Creation of the OTOP Program Office.* — It is hereby created the
30 OTOP Program Office (OTOP PO) in each LGU, which shall direct, supervise, and
31 implement the OTOP Program on the local level, in accordance with existing laws,
32 rules, and regulations.

1 Sec. 12. *Appropriations.* — The amount necessary to carry out the provisions
2 of this Act shall be charged against the appropriations released for the purpose
3 under the General Appropriations Act (GAA) for the DTI. Thereafter, such sum as
4 may be necessary for its continued implementation shall be included in the annual
5 GAA.

6 Sec. 13. *Implementing Rules and Regulations.* — Within sixty (60) working
7 days from the effectivity of the Act, the DTI, in coordination within the other
8 implementing agencies identified in Section 11, shall formulate and promulgate the
9 necessary rules and regulations to effectively implement the provisions of this Act.

10 Sec. 14. *Separability Clause.* — If any portion or provision of this Act is
11 declared unconstitutional, the remainder of this Act or any provisions not affected
12 thereby shall remain in force and effect.

13 Sec. 15. *Repealing Clause.* — Any laws, decrees, proclamations, issuances, or
14 ordinances that are contrary to or inconsistent with the provisions of this Act are
15 hereby amended, repealed or modified accordingly.

16 Sec. 16. *Effectivity.* — This Act shall take effect fifteen (15) days following its
17 complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,