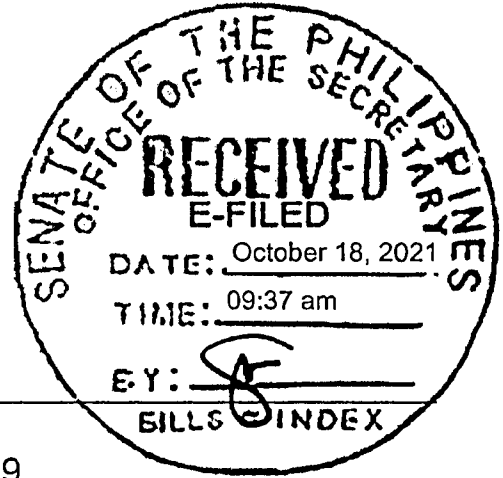


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Third Regular Session

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SENATE

COMMITTEE REPORT No. 329

Submitted by the Committees on Trade, Commerce and Entrepreneurship; Local Government; and Finance on October 18, 2021.

Re: Senate Bill No. 2438 Prepared by the Committees

Recommending its approval in substitution of Senate Bill Nos. 1896 and 2366, taking into consideration House Bill No. 9350

Sponsor: Senator Aquilino "Koko" Pimentel III

MR. PRESIDENT:

The Committees on Trade, Commerce and Entrepreneurship; Local Government and Finance to which were referred **Senate Bill No. 1896**, introduced by Senator Ramon Bong Revilla, Jr., *entitled*:

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

and **Senate Bill No. 2366**, introduced by Senator Win Gatchalian, *entitled*:

**"AN ACT
PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC
DEVELOPMENT THROUGH THE INSTITUTIONALIZATION OF 'ONE
TOWN, ONE PRODUCT' PHILIPPINES PROGRAM AND
APPROPRIATING FUNDS THEREFOR"**

and taking into consideration **House Bill No. 9350**, introduced by Reps. Cabatbat, et al, *entitled*:

**"AN ACT
PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC
DEVELOPMENT THROUGH THE INSTITUTIONALIZATION OF 'ONE
TOWN, ONE PRODUCT' PHILIPPINES PROGRAM AND
APPROPRIATING FUNDS THEREFOR"**

have considered the same and have the honor to report these back to the Senate with the recommendation that the attached **Senate Bill No. 2438** prepared by the Committees, entitled:

**"AN ACT
PROMOTING THE "ONE TOWN, ONE PRODUCT" CONCEPT TO
ENHANCE INCLUSIVE AND SUSTAINABLE ECONOMIC
DEVELOPMENT, APPROPRIATING FUNDS THEREFOR, AND FOR
OTHER PURPOSES"**

be approved in substitution of Senate Bill Nos. 1896 and 2366, taking into consideration House Bill No. 9350, with Senators Revilla, Jr., Gatchalian and Pimentel III, as authors thereof.

Respectfully submitted:

Chairpersons:

SEN. FRANCIS "TOL" N. TOLENTINO
Committee on Local Government
Member, Committee on Finance


SEN. AQUILINO "KOKO" PIMENTEL III
Committee on Trade, Commerce and Entrepreneurship
Member, Committee on Local Government
Member, Committee on Finance



SEN. SONNY ANGARA
Committee on Finance
Member, Committee on Trade, Commerce and Entrepreneurship


Vice-Chairpersons:

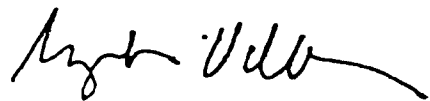

SEN. PIA S. CAYETANO
Committee on Finance


SEN. GRACE POE
Committee on Trade, Commerce and Entrepreneurship
Committee on Finance

SEN. IMEE R. MARCOS
Committee on Local Government
Committee on Finance


SEN. WIN GATCHALIAN
Committee on Trade, Commerce and Entrepreneurship
Committee on Finance
Member, Committee on Local Government


SEN. JOEL VILLANUEVA
Committee on Finance
Member, Committee on Local Government


SEN. CYNTHIA A. VILLAR
Committee on Finance
Member, Committee on Trade, Commerce and Entrepreneurship
Member, Committee on Local Government

SEN. CHRISTOPHER LAWRENCE T. GO

*Committee on Finance
Member, Committee on Local
Government*

SEN. RICHARD J. GORDON


*Committee on Finance
Member, Committee on Trade, Commerce
and Entrepreneurship*


SEN. RONALD "BATO" M. DELA ROSA

*Committee on Finance
Member, Committee on Local
Government*

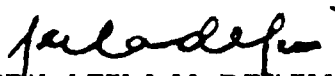

SEN. RISA HONTIVEROS
*Committee on Finance
Member, Committee on Local
Government*

Members:


SEN. RAMON BONG REVILLA, JR.
*Committee on Local Government
Committee on Finance*



SEN. MARIA LOURDES NANCY S. BINAY
*Committee on Trade, Commerce and
Entrepreneurship
Committee on Local Government
Committee on Finance*

SEN. PANFILO M. LACSON
*Committee on Local Government
Committee on Finance*


SEN. LEILA M. DE LIMA
*Committee on Trade, Commerce and
Entrepreneurship
Committee on Finance*



SEN. MANUEL "LITO" M. LAPID
Committee on Finance



SEN. FRANCIS "KIKO" N. PANGILINAN
Committee on Trade, Commerce and Entrepreneurship
Committee on Local Government
Committee on Finance



SEN. EMMANUEL "MANNY" D. PACQUIAO
Committee on Finance

Ex-Officio Members:



SEN. RALPH G. RECTO
President Pro-Tempore



SEN. JUAN MIGUEL F. ZUBIRI
Majority Floor Leader



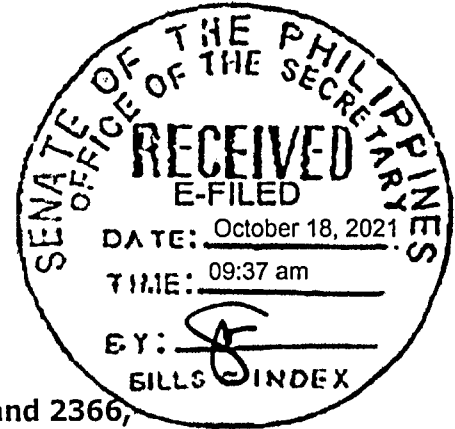
SEN. FRANKLIN M. DRILON
Minority Floor Leader

HON. VICENTE C. SOTTO III
Senate President
Senate of the Philippines
Pasay City

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

SENATE

S. No. 2438



(In Substitution of SB Nos. 1896 and 2366,
taking into consideration HB No. 9350)

Prepared by the Committees on Trade, Commerce and Entrepreneurship; Local Government;
and Finance with Senators Revilla, Gatchalian and Pimentel III, as authors thereof.

AN ACT
PROMOTING THE "ONE TOWN, ONE PRODUCT" CONCEPT TO ENHANCE
INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT, APPROPRIATING
FUNDS THEREFOR, AND FOR OTHER PURPOSES

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 of*
2 *2021*".

3
4 **Sec. 2. *Declaration of Policy.*** –The State recognizes the profound and undeniable
5 contributions of micro, small, and medium-scale enterprises (MSMEs) in nation building,
6 continuing national economic growth, and the realization of our economic objectives.

7 The State also recognizes that economic progress can only be achieved swiftly with the
8 support of both the State and local government units (LGUs) by enabling communities to
9 determine, develop, support, and promote products or services that are rooted in culture,
10 community resources, creativity, and competitive advantage.

11 The State further recognizes the existence as well as the importance of competition to
12 foster innovation among MSMEs that would unquestionably result in the over-all enhancement
13 and improvement of products, processes, capabilities of each enterprise and the significance
14 of focusing on technological advancement to diversify the country's export potential.

15 Towards this end, the State can focus and align its MSME's products and services
16 following the "One Town, One Product" Philippines Program to maximize the potentials of
17 specific products and services and thus uplift the lives of people and their communities.

1 **Sec. 3. Objectives.** – The objectives of this Act are as follows:

- 2 (a) To assist and capacitate MSMEs in developing new, innovative, and more
3 complex products and services through significant improvement in the areas of
4 quality, product development, design, packaging, standards compliance,
5 marketability, production capability, brand development, sustainability, and
6 securing licenses, product registration and other market authorization, among
7 others.
- 8 (b) To assist rural communities in growing their local economies and be more
9 market- oriented and innovation-driven.
- 10 (c) To promote convergence of initiatives from local government units, national
11 government agencies, and the private sector in the development and promotion
12 of Philippine products, whether for export or for domestic market.
- 13 (d) To enable the recovery of local economies, especially the countryside, from the
14 adverse effects of the Covid-19 pandemic, and further promote rural
15 development, through the encouragement of growth of MSMEs, generation of
16 employment and livelihood opportunities, and the sustainable use of community
17 resources.

18

19 **Sec. 4. OTOP Philippines.** – “One Town, One Product” (OTOP) Philippines Program
20 presently being implemented by the Department of Trade and Industry (DTI) is hereby
21 adopted as a government stimulus program to encourage the growth of MSMEs in the country
22 through the utilization of indigenous raw materials, local traditions and cultures across the
23 country.

24

25 **Sec. 5. OTOP Philippines Trustmark.** – The DTI is hereby mandated to establish
26 the OTOP Philippines Trustmark, which is an assurance that the products under the program
27 represent the country’s best. The OTOP Philippines Trustmark shall signify that the businesses
28 and products have been marked excellent in terms of quality, design, value, and marketability.

29

30 **Sec. 6. Coverage.** – The OTOP Philippines Program shall cover products and skills-
31 based services known to an area or locality. This shall include, but not limited to, the following
32 products and services:

- 33 (a) Processed food such as fruits and nuts, local delicacies, juices, wines, tea and
34 other beverages, pastries and baked goods, preserved food sauces, cakes and
35 desserts products, food supplements, and culinary-based specialty products;

- 1 (b) Agricultural-based products such as coffee, cacao, other agricultural produce,
2 agri-processed products like processed meats, coconut oil, preserved and
3 processed seafood products;
- 4 (c) Home and Fashion and Creative Artisanal Products such as gifts, souvenir items,
5 furniture, ornaments, houseware, garments, fabrics and textiles;
- 6 (d) Arts and Crafts such as coco coir, weaves, bamboo products, paper artistry, and
7 wood; and
- 8 (e) Skills-based services and other products such as *hilot* or traditional Filipino
9 massage, sculpting, essential oils and other wellness products, industrial goods,
10 soaps and other personal care goods, and cosmetics.

11
12 **Sec. 7. Qualifications.** – OTOP products included in the program must meet a set of
13 criteria to be established by the DTI, provided that they are consistent with the following
14 elements:

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

29
30 **Sec. 8. Who May Qualify.** - Beneficiaries of the OTOP Program shall be determined
31 by the regional and provincial offices of the DTI, in cooperation with local government units
32 (LGUs).

33
34 **Sec. 9. OTOP Program Components.** – The DTI and LGUs shall make available a
35 comprehensive package of assistance to OTOP Program beneficiaries, such as but not limited
36 to the following:

- 1 (a) Product Development – This component shall be considered as the primary
2 instrument of assistance for the OTOP Program beneficiaries. It shall be focused
3 on the following areas:
- 4 (i) Product Design – involves assistance in the designing of new products,
5 product adaptation, product diversification, or expansion of existing
6 product lines;
 - 7 (ii) Packaging and Labelling – involve new packaging, improved package
8 design, or labelling assistance;
 - 9 (iii) Technology Updating – involves workshops on various technology
10 procedures, materials, and processing technologies, involves assistance
11 on production techniques related to product development; and
 - 12 (iv) Product Enhancement – involves seminars to increase design awareness
13 and appreciation of product/merchandise development, and the industrial
14 design profession.
- 15 (b) Capacity Building – This component shall address gaps in the entrepreneurial
16 skills of the beneficiaries. It shall involve training opportunities that are focused
17 on improving the human aspect of OTOP Philippines, including business skills
18 training, entrepreneurial management and expansion, securing licenses, product
19 registration and other market authorization, and business counselling.
- 20 (c) Standards and Market Compliance – For the preservation of the OTOP brand as
21 a mark of excellence, the beneficiaries shall be capacitated to observe standards
22 through compliance to the requirements of other government agencies such as
23 the DTI-Bureau of Philippine Standards (DTI-BPS), Food and Drug
24 Administration (FDA), and the Intellectual Property Office of the Philippines
25 (IPOPHL). A monitoring and evaluation scheme shall be developed and
26 maintained to ensure that products under the OTOP Philippines conform to
27 standards.
- 28 (d) Market Access and Product Promotion – support in accessing the both local and
29 foreign markets as well as promoting products across different platforms. These
30 platforms may include, but are not limited to, multimedia advocacy campaigns,
31 trade fairs, and OTOP Philippines hubs. The DTI shall also capacitate suppliers
32 with the goal of promoting their products through online platforms.
- 33 (e) Access to Finance – This component shall facilitate access to financial
34 institutions, credit provisions, loans, grants and incentives, and other sources of
35 funding for purposes of business growth, development, innovation, among
36 others.

1 **Sec. 10. *Lead Implementing Agency.*** – The DTI shall serve as the lead agency of
2 this Act. An OTOP Management Committee shall be created to be designated by the DTI
3 Secretary which shall have the main responsibility of directing the implementation of the
4 provisions of this Act. The OTOP Management Committee shall be composed of offices and
5 attached agencies under the DTI, such as but not limited to the Bureau of Philippine Standards
6 and the Intellectual Property Office of the Philippines. The DTI Secretary shall create the OTOP
7 Management Committee within fifteen (15) working days from the effectivity of this Act.

8 The following agencies shall also assist the DTI in the implementation of the provisions
9 of this Act:

- 10 (a) Cooperative Development Authority (CDA);
- 11 (b) National Economic and Development Authority (NEDA);
- 12 (c) Department of the Interior and Local Government (DILG);
- 13 (d) Technical Education and Skills Development Authority (TESDA);
- 14 (e) Department of Science and Technology (DOST);
- 15 (f) Department of Agriculture (DA); and
- 16 (g) Philippine International Trading Corporation (PITC).

17
18 **Sec. 11. *Creation of OTOP Program Office.*** – There is hereby created the OTOP
19 Program Office (OTOP PO) in each LGU which shall direct, supervise, and implement the OTOP
20 Program on the local level, in accordance with existing laws, rules and regulations; Provided,
21 that the LGU has the option to create a separate OTOP PO for this specific purpose, or to
22 merge the functions provided herein with those performed by any of its existing offices.

23
24 **Sec. 12. *Establishment of OTOP Philippines Hubs.*** – The Department of Tourism
25 (DOT), Civil Aviation Authority of the Philippines (CAAP), Philippine Ports Authority (PPA), Land
26 Transportation and Franchising Board (LTFRB), and other similar agencies shall support the
27 construction and allocation of spaces for the establishment of OTOP Philippines hubs.

28 To promote access to market, the DTI shall ensure that the OTOP Philippines hubs are
29 established in strategic ports of entry, such as but not limited to airports, seaports, bus
30 terminals, high-traffic retail outlets like malls, tourist destinations, and other consumer-
31 frequented locations.

32 The DTI, in coordination with the agencies, shall formulate a comprehensive marketing
33 and operations plan for the establishment of the OTOP Philippines hubs.

34
35 **Sec. 13. *Appropriations.*** – The amount necessary to carry out the provisions of this
36 Act shall be charged against the appropriations released for the purpose under the General

1 Appropriations Act (GAA) for the DTI. Thereafter, such sums as may be necessary for its
2 continued implementation shall be included in the annual GAA.

3

4 **Sec. 14. *Separability Clause.*** – Should any provision or part of this Act be declared
5 unconstitutional or invalid, the other provisions and parts hereof, insofar as they are separable
6 from the invalid ones, shall remain in full force and effect.

7

8 **Sec. 15. *Repealing Clause.*** – All laws, decrees, orders, issuances, rules and
9 regulations or parts thereof which are inconsistent with this Act are hereby repealed or
10 modified accordingly.

11

12 **Sec. 16. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
13 in the *Official Gazette* or in at least two (2) newspapers of general circulation.

14

Approved,