

**SENATE**

**S. B. No. 1594**

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**(In Substitution of Senate Bill Nos. 247, 260, 286, 424, 946 and 1246)**

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Prepared by the Committee on Trade, Commerce and Entrepreneurship, joint with the Committees on Local Government, and Finance, with Senators Legarda, Revilla, Estrada, Go, Gatchalian, and Villar (M.) as authors thereof

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**AN ACT  
INSTITUTIONALIZING THE ONE TOWN, ONE PRODUCT (OTOP)  
PHILIPPINES PROGRAM, 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  
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 activities  
5 and boost national economic growth. The State further recognizes the role of Micro,  
6 Small, and Medium Enterprises (MSMEs) and the support that the State and Local  
7 Government Units (LGUs) shall provide to enable communities to determine, develop,  
8 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 in order  
11           to develop new, innovative, and more complex products, with significant  
12           improvement in the areas of quality, product development, design,

1 packaging, standards and regulatory compliance, marketability, production  
2 capability, and brand development, among others;

3 b) To assist rural communities in growing the local economy and being more  
4 market-oriented and innovation-driven; and

5 c) To promote the convergence of initiatives from local government units,  
6 national government agencies, and the private sector in developing and  
7 promoting Philippine products, whether for export or the domestic market.

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

10 a) Large Enterprises – refer to enterprises with an asset size of more than One  
11 Hundred Million Pesos (Php100,000,000.00) and more than ninety-nine  
12 (99) employees. This Act shall not cover large enterprises.

13 b) Non-MSME products – refer to products that fall under the category of  
14 services offered by MSMEs. These include transportation services and agri-  
15 tours, among others.

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

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

27 *Sec. 7. Coverage.* – The OTOP Philippines Program shall cover products and  
28 skills-based services known to an area or locality. This shall include, but not be limited  
29 to, the following products and services:

30 a) Processed foods such as fruits and nuts, local delicacies, juices, wines,  
31 tea, and other beverages, pastries and baked goods, preserved food

1 sauces, cakes and dessert products, food supplements, and culinary-  
2 based specialty products;

3 b) Agricultural-based products such as coffee, cacao, and other agricultural  
4 produce, agri-processed products like processed meats, coconut oil, and  
5 preserved and processed seafood products;

6 c) Home and fashion, and creative artisanal products such as gifts, souvenir  
7 items, furniture, ornaments, houseware, garments, fabrics, and textiles;

8 d) Arts and Crafts such as coco coir, weaves, bamboo products, paper  
9 artistry, and wood; and,

10 e) Skills-based services and other products such as hilot or traditional Filipino  
11 massage, sculpting, essential oils and other wellness products, industrial  
12 goods, soaps, and other personal care goods, and cosmetics.

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

16 a) Culture – This shall pertain to cultural values rooted in the following:  
17 heritage, living traditions, customs and rituals, recipes passed on from  
18 generation, narratives, history, and beliefs.

19 b) Community Resource – The locality’s selected products shall be based on  
20 the availability of local resources, raw materials, skills, and network  
21 resources within a community.

22 c) Connection – The selected product shall be able to evoke a sense of pride  
23 or emotional connection among the locals.

24 d) Creativity – The products selected for a locality shall be able to exemplify  
25 the Filipino people’s creativity and innovation.

26 e) Competitive advantage – The product or service selection shall be based  
27 on a locality’s innate or endemic strengths anchored on several variables  
28 such as topography, climate, geographical location, and proximity to  
29 resources, among others.

30 Sec. 9. *Beneficiaries.* – The regional and provincial offices of the DTI shall, in  
31 cooperation with the concerned LGUs, determine the beneficiaries of the OTOP

1 Program. The guidelines and mechanism for the selection of beneficiaries shall be  
2 formulated by the implementing agencies identified by this Act.

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

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

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

12 ii. Packaging and Labeling – involve new packaging, improved package  
13 design, or labeling assistance;

14 iii. Technology Updating – involves workshops on various technology  
15 procedures, materials, and processing technologies, involves assistance  
16 on production techniques related to product development; and

17 iv. Product Enhancement – involves seminars to increase design awareness  
18 and appreciation of product/merchandise development and the industrial  
19 design profession.

20 b) Capacity Building – This component shall address gaps in the  
21 entrepreneurial skills of the beneficiaries. It shall involve training  
22 opportunities that are focused on improving the human aspect of OTOP  
23 Philippines, including business skills training, entrepreneurial management  
24 and expansion, securing licenses, product registration and other market  
25 authorization, and business counseling.

26 c) Standards and Market Compliance – For the preservation of the OTOP  
27 brand as a mark of excellence, the beneficiaries shall be capacitated to  
28 observe standards through compliance with the requirements of other  
29 government agencies such as the DTI-Bureau of Philippine Standards (DTI-  
30 BPS), the Food and Drug Administration (FDA), and the Intellectual  
31 Property Office of the Philippines (IPOP HL). A monitoring and evaluation



1 scheme shall be developed and maintained to ensure that products sold  
2 under the OTOP Philippines conform to standards and pertinent regulations.

- 3 d) Market Access and Product Promotion – support in accessing both local and  
4 foreign markets as well as promoting products across different platforms.  
5 These platforms may include but are not limited to, multimedia advocacy  
6 campaigns, trade fairs, and OTOP Philippines hubs. The DTI shall also  
7 capacitate suppliers with the goal of promoting their products through  
8 online platforms.

9 *Sec. 11. Lead Implementing Agency.* – The DTI shall serve as the lead agency  
10 for this Act. An OTOP Management Committee shall be created and designated by  
11 the DTI Secretary, which shall have the main responsibility of directing the  
12 implementation of the provisions of this Act. The OTOP Management Committee shall  
13 be composed of offices and attached agencies under the DTI, such as but not limited  
14 to the DTI-BPS and IPOPHS. The DTI Secretary shall create the OTOP Management  
15 Committee within fifteen (15) working days from the effectivity of this Act.

16 The following agencies shall also assist the DTI in the implementation of the  
17 provisions of this Act:

- 18 a) Cooperative Development Authority (CDA);  
19 b) Department of Agriculture (DA);  
20 c) Department of Information and Communication Technology (DICT)  
21 d) Department of the Interior and Local Government (DILG);  
22 e) Department of Health (DOH)  
23 f) Department of Science and Technology (DOST);  
24 g) Department of Tourism (DOT)  
25 h) Department of Transportation (DOTr)  
26 i) National Economic and Development Authority (NEDA);  
27 j) National Commission for Culture and the Arts (NCCA)  
28 k) Philippine International Trading Corporation (PITC);  
29 l) Technical Education and Skills Development Authority (TESDA); and  
30 m) Concerned Local Government Unit.

31 *Sec. 12. Creation of OTOP Program Office.* – It is hereby created the OTOP  
32 Program Office (OTOP PO) in each LGU, which shall direct, supervise and implement

1 the OTOP program on the local level, in accordance with the national One Town One  
2 Product Strategic Development Plan to be prepared the by DTI in consultation with  
3 relevant stakeholders.

4         *Sec. 13. Establishment of OTOP Philippines Hubs.* – The Department of Tourism  
5 (DOT), the Civil Aviation Authority of the Philippines (CAAP), the Philippine Ports  
6 Authority (PPA), the Land Transportation and Franchising Board (LTFRB), and other  
7 similar agencies shall support the construction and allocation of spaces for the  
8 establishment of OTOP Philippines hubs.

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

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

15         *Sec. 14. Appropriations.* – The amount necessary to carry out the initial  
16 implementation of this Act shall be charged against the current year’s appropriations  
17 of the DTI. Thereafter, such amount as may be necessary for the continued  
18 implementation of this Act shall be included in the annual General Appropriations Act.

19         The LGUs concerned shall set aside the amount needed for the operation of  
20 the OTOP PO under Section 10 hereof.

21         *Sec. 15. Implementing Rules and Regulations.* – Within sixty (60) working days  
22 from the effectivity of the Act, the DTI, in coordination with the other implementing  
23 agencies identified in Section 11, shall formulate and promulgate the necessary rules  
24 and regulations to effectively implement the provisions of this Act.

25         *Sec. 16. Separability Clause.* – If any portion or provision of this Act is declared  
26 unconstitutional, the remainder of this Act or any provisions not affected thereby shall  
27 remain in force and effect.

28         *Sec. 17. Repealing Clause.* – Any laws, decrees, proclamations, issuances, or  
29 ordinances that are contrary to or inconsistent with the provisions of this Act are  
30 hereby amended, repealed, or modified accordingly.

31         *Sec. 18. Effectivity.* – This Act shall take effect fifteen (15) days following its  
32 complete publication in the Official Gazette or in a newspaper of general circulation.