

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



'22 JUL 11 P3:51

SENATE

S. No. 247

RECEIVED BY: _____

Introduced by Senator Loren B. Legarda

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

EXPLANATORY NOTE

As the lifeblood of our economy, MSMEs, now more than ever amid the COVID-19 crisis, should be supported financially and in terms of capacity-building. Based on the 2020 List of Establishments of the Philippine Statistics Authority (PSA), there are 957,620 business enterprises operating in the country. Of these, 952,969 (99.51%) are MSMEs and 4,651 (0.49%) are large enterprises. Micro enterprises constitute 88.77% (850,127) of total MSME establishments, followed by small enterprises at 10.25% (98,126) and medium enterprises at 0.49% (4,716).

In this regard, this bill seeks to institutionalize the One Town, One Product (OTOP) Philippines Program, which promotes local products from a sector and a locality. The program shall capacitate the MSMEs on product development, initiatives, and training, among others, to upgrade our MSMEs. It also seeks to create the OTOP Management Committee within the DTI and the OTOP Program Office in each local government unit to help achieve the objectives of the law.

In view of the foregoing, the approval of this bill is earnestly sought.



LOREN LEGARDA

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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
5 activity and boost national economic growth. The State further recognizes
6 the role of Micro, Small and Medium Enterprises (MSMEs) and the
7 support that the State and Local Government Units (LGUs) shall provide
8 in enabling communities to determine, develop, support, and promote
9 products 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
12 products in order to develop new, innovative, and more
13 complex products, with significant improvement in the areas of
14 quality, product development, design, packaging, standards
15 compliance, marketability, production capability, and brand
16 development, among others;

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

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

- 8 a) *Large Enterprises* - refer to enterprises with an asset size of more than
9 One Hundred Million Pesos (Php 100,000,000.00) and more than
10 ninety-nine (99) employees. This Act shall not cover large
11 enterprises.
12 b) *Non-MSME products* - refer to products that fall under the
13 category of services offered by MSMEs. These include
14 transport services, and agri-tours, among others.

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

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

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

- 29 a. Culture - This shall pertain to cultural values rooted in the
30 following: heritage, living traditions, customs and rituals,

1 recipes passed on from generations, narratives, history, and
2 beliefs.

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

14 Sec. 9. *Who May Qualify.* - Beneficiaries of the OTOP Program shall be
15 determined by the regional and provincial offices of the DTI, in
16 cooperation with local government units (LGUs).

17 Sec. 10. *OTOP Program Components.* - The DTI and LGUs shall make
18 available a comprehensive package of assistance to OTOP Program
19 beneficiaries, such as but not limited to the following:

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

1 4. Product Enhancement - involves seminars to increase
2 design awareness and appreciation of
3 product/merchandise development and the industrial
4 design profession

5 b. Capacity Building - This component shall address gaps in the
6 entrepreneurial skills of the beneficiaries. It shall involve
7 training opportunities focused on improving the human
8 aspect of OTOP Philippines, including business skills training
9 and business counseling.

10 c. Standards and Market Compliance - For the preservation of the
11 OTOP brand as a mark of excellence, the beneficiaries shall be
12 capacitated to observe standards through compliance with the
13 requirements of other government agencies such as the DTI-
14 Bureau of Philippine Standards (DTI-BPS), Food and Drug
15 Administration (FDA), and the Intellectual Property Office of the
16 Philippines (IPOP HL). A monitoring and evaluation scheme
17 shall be developed and maintained to ensure that products
18 under the OTOP Philippines conform to standards.

19 d. Market Access and Product Promotion - support accessing the
20 market and promoting products across different platforms.
21 These platforms may include but are not limited to multimedia
22 advocacy campaigns, trade fairs, and OTOP Philippines Hubs.
23 The DTI shall also capacitate suppliers to promote their products
24 through online platforms.

25 Sec. 11. *The Lead Implementing Agency.* - The DTI shall serve as the lead
26 agency of this Act. There shall be an OTOP Management Committee designated
27 by the DTI Secretary, who shall have the primary responsibility of
28 directing the implementation of the provisions of this Act. The OTOP
29 Management Committee shall be composed of offices and attached agencies
30 under the DTI, such as but not limited to the Bureau of Philippine Standards
31 and the Intellectual Property Office of the Philippines. The DTI Secretary shall

1 create the OTOP Management Committee fifteen (15) working days from the
2 effectivity of this Act.

3 Sec. 12. *Creation of the OTOP Program Office.* - It is hereby created the OTOP
4 Program Office (OTOP PO) in each LGU, which shall direct, supervise,
5 and implement the OTOP Program on the local level, in accordance with
6 existing laws, rules, and regulations.

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

12 Sec. 14. *Implementing Rules and Regulations.* - Within sixty (60) working days
13 from the effectivity of the Act, the DTI, in coordination with the other
14 implementing agencies identified in Section 11, shall formulate and promulgate
15 the necessary rules and regulations to effectively implement the provisions of
16 this Act.

17 Sec. 15. *Separability Clause.* - If any portion or provision of this Act is
18 declared unconstitutional, the remainder of this Act or any provisions not
19 affected thereby shall remain in force and effect.

20 Sec. 16. *Repealing Clause.* - All laws, decrees, proclamations, issuances,
21 or ordinances that are contrary to or inconsistent with the provisions of this
22 Act are hereby amended, repealed, or modified accordingly.

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

Approved,