

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



'22 JUL 11 P 6:37

**SENATE**

**S. No. 286**

RECEIVED BY \_\_\_\_\_

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**Introduced by SENATOR JINGGOY EJERCITO ESTRADA**

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

**EXPLANATORY NOTE**

The One Town, One Product (OTOP) Philippines is a flagship program of the Department and Trade and Industry (DTI) to encourage the growth of Micro, Small and Medium Enterprises (MSMEs). It is anchored on the diverse resources and rich heritage of local communities, and celebrates their unique character towards the achievement of inclusive development.

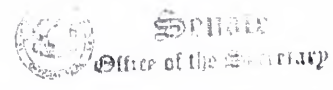
It is imperative that the State provides the needed push and assistance for the MSMEs which comprise 99% of the total businesses operating in the country, as the country aims to revive the ailing post-Covid economy. It is also important that we invest in initiatives that support the development in the rural areas and create more livelihood opportunities in the countryside. It is time to embrace and support home grown talents, artisans and craftsmen, as well as our indigenous resources and local traditions, and harness them as our competitive advantage and unique identity as we venture in the world market.

This bill was passed on Third and Final Reading by the House of Representatives during the Eighteenth Congress.

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


  
**JINGGOY EJERCITO ESTRADA**

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

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

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

1 Towards this end, the State can focus and align its MSME's products and  
2 services following the "One Town, One Product" Philippine Program to maximize the  
3 potentials of specific products and services and thus uplift the lives of the people and  
4 their communities.

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

6 (a) To assist and capacitate MSMEs in developing new, innovative, and more  
7 complex products and services through significant improvement in the  
8 areas of quality, product development, design, packaging, standards  
9 compliance, marketability, production capability, brand development,  
10 sustainability, and securing licenses, product registration and other  
11 market authorization, among others.

12 (b) To assist rural communities in growing their local economies and be  
13 more market-oriented and innovation-driven.

14 (c) To promote convergence of initiatives from local government units,  
15 national government agencies, and the private sector in the  
16 development and promotion of Philippine products, whether for export  
17 or for domestic market.

18 (d) To enable the recovery of local economies, especially the countryside,  
19 from the adverse effects of the COVID-19 pandemic, and further  
20 promote rural development, through the encouragement of growth of  
21 MSMEs, generation of employment and livelihood opportunities, and the  
22 sustainable use of community resources.

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

28 **Sec. 5. OTOP Philippines Trustmark.** – The DTI is hereby mandated to establish  
29 the OTOP Philippines Trustmark, which is an assurance that the products under the  
30 program represent the country's best. The OTOP Philippines Trustmark shall signify  
31 that the business and products have been marked excellent in terms of quality, design,  
32 value, and marketability.



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

- 4           (a) Processed food such as fruits and nuts, local delicacies, juices, wines,  
5           tea, and other beverages, pastries and baked goods, preserved food  
6           sauces, cakes and dessert products, food supplements, and culinary-  
7           based specialty products;
- 8           (b) Agricultural-based products such as coffee, cacao, and other agricultural  
9           produce, agri-processed products like processed meats, coconut oil,  
10          preserved and processed seafood products;
- 11          (c) Home and fashion, and creative artisanal products such as gifts, souvenir  
12          items, furniture, ornaments, houseware, garments, fabrics and textiles;
- 13          (d) Arts and Crafts such as coco coir, weaves, bamboo products, paper  
14          artistry, and wood; and,
- 15          (e) Skills-based services and other products such as *hilot* or traditional  
16          Filipino massage, sculpting, essential oils and other wellness products,  
17          industrial goods, soaps and other personal care goods, and cosmetics.

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

- 21          (a) Culture – this shall pertain to cultural values that are rooted in the  
22          following: heritage, living traditions, local customs and rituals, local  
23          recipes passed on through generations, narratives, history and beliefs.
- 24          (b) Community resource –the locality’s selected product shall be based on  
25          the availability of local resources, raw materials, skills, and network of  
26          resources within a community.
- 27          (c) Connection – the selected products shall be able to evoke a sense of  
28          pride or emotional connection within the locals.
- 29          (d) Creativity – the products selected for a locality shall be able to exemplify  
30          the Filipino people’s creativity and innovation.
- 31          (e) Competitive advantage – the selection of the product or service shall be  
32          based on a locality’s innate or endemic strength anchored on several

1 government agencies such as the DTI-Bureau of Philippine Standards  
2 (DTI-BPS), Food and Drug Administration (FDA), and the Intellectual  
3 Property Office of the Philippines (IPOP HL). A monitoring and evaluation  
4 scheme shall be developed and maintained to ensure that products  
5 under the OTOP Philippines conform to standards.

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

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

16 Sec. 10. *Lead Implementing Agency.* – The DTI shall serve as the lead agency  
17 of this Act. An OTOP Management Committee shall be created to be designated by  
18 the DTI Secretary which shall have the main responsibility of directing the  
19 implementation of the provisions of this Act. The OTOP Management Committee shall  
20 be composed of offices and attached agencies under the DTI, such as but not limited  
21 to the DTI-BPS and IPOP HS. The DTI Secretary shall create the OTOP Management  
22 Committee within fifteen (15) working days from the effectivity of this Act.

23 The following agencies shall also assist the DTI in the implementation of the  
24 provisions of this Act:

- 25 (a) Cooperative Development Authority (CDA);
- 26 (b) National Economic and Development Authority (NEDA);
- 27 (c) Department of the Interior and Local Government (DILG);
- 28 (d) Technical Education and Skills Development Authority (TESDA);
- 29 (e) Department of Science and Technology (DOST);
- 30 (f) Department of Agriculture (DA); and,
- 31 (g) Philippine International Trading Corporation (PITC).

1           Sec. 11. *Creation of OTOP Program Office.* – There is hereby created the OTOP  
2 Program Office (OTOP PO) in each LGU which shall direct, supervise, and implement  
3 the OTOP Program on the local level, in accordance with existing laws, rules and  
4 regulations: *Provided,* That the LGUS has the option to create a separate OTOP PO  
5 for this specific purpose, or to merge the functions provided herein with those  
6 performed by any of its existing offices.

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

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

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

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

22           Sec. 14. *Separability Clause.* – If any provision or part hereof is held invalid or  
23 unconstitutional, the remainder of the law or the provision or part not otherwise  
24 affected shall remain valid and subsisting.

25           Sec. 15. *Repealing Clause.* – Any law, presidential decree or issuance, executive  
26 order, letter of instruction, administrative order, rule, or regulation contrary to or  
27 inconsistent with the provisions of this Act are hereby repealed, modified, or amended  
28 accordingly.

29           Sec. 16. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
30 publication in the *Official Gazette* or in a newspaper of general circulation.

*Approved,*