

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

'22 JUL 12 P5:10

**SENATE**  
**S. No. 424**

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



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Introduced by Senator Christopher Lawrence "Bong" T. Go

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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**

According to the Philippine Statistics Authority (PSA), there is a total of 957,620 business enterprises operating in the country. Of these, 952,969 or 99.51% are MSMEs and 4,651 or 0.49% are large enterprises. Microenterprises constitute 850,127 or 88.77% of total MSME establishments, followed by small enterprises at 98,126 or 10.25% and medium enterprises at 4,716 or 0.49%.<sup>1</sup>

Hence, it is the duty of the State to provide protection and recognize the profound and undeniable contributions of micro, small, and medium-scale enterprises (MSMEs) in nation building, continuing national economic growth, and the realization of our economic objectives.

This bill, which was adopted from the Committee Report of the Committee on Trade, Commerce and Entrepreneurship of the 18th Congress chaired by Senator Koko Pimentel III, seeks to assist and capacitate MSMEs in developing new, innovative, and more complex products and services through significant improvement in the areas

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<sup>1</sup> Department of Trade and Industry, 2020.

of quality, product development, design, packaging, standards compliance, marketability, production capability, brand development, sustainability, and securing licenses, product registration and other market authorization, among others.

Furthermore, the bill seeks to support MSMEs in coping with the adverse effects brought by the recent pandemic.

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

  
**SENATOR CHRISTOPHER LAWRENCE "BONG" T. GO** 



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

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

12 The State further recognizes the existence as well as the importance of  
13 competition to foster innovation among MSMEs that would unquestionably result in  
14 the over-all enhancement and improvement of products, processes, capabilities of  
15 each enterprise and the significance of focusing on technological advancement to  
16 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" Philippines Program to maximize the  
3 potentials of specific products and services and thus uplift the lives of people and their  
4 communities.

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

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

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

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

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

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

30 *Sec. 5. OTOP Philippines Trustmark.* - The DTI is hereby mandated to establish  
31 the OTOP Philippines Trustmark, which is an assurance that the products under the

1 program represent the country's best. The OTOP Philippines Trustmark shall signify  
2 that the businesses and products have been marked excellent in terms of quality,  
3 design, value, and marketability.

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

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

21

22 Sec. 7. *Qualifications.* - OTOP products included in the program must meet a  
23 set of criteria to be established by the DTI, provided that they are consistent with the  
24 following elements:

- 25 (a) Culture - This shall pertain to cultural values that are rooted in the following:  
26 heritage, living traditions, local customs and rituals, local recipes passed on  
27 from generations, narratives, history, and beliefs.
- 28 (b) Community resource - The locality's selected product shall be based on the  
29 availability of local resources, raw materials, skills, and network of resources  
30 within a community.
- 31 (c) Connection - The selected products shall be able to evoke a sense of pride

1 or emotional connection within the locals.

2 (d) Creativity - The products selected for a locality shall be able to exemplify  
3 the Filipino people's creativity and innovation.

4 (e) Competitive Advantage - The selection of the product or service shall be  
5 based on a locality's innate or endemic strength anchored on several  
6 variables such as topography, climate, geographical location, proximity to  
7 resources, among others.

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

12  
13 Sec. 9. *OTOP Program Components.* - The DTI and LGUs shall make available  
14 a comprehensive package of assistance to OTOP Program beneficiaries, such as but  
15 not limited to the following:

16 (a) Product Development - This component shall be considered as the primary  
17 instrument of assistance for the OTOP Program beneficiaries. It shall be  
18 focused on the following areas:

19 (i) Product Design - involves assistance in the designing of new  
20 products, product adaptation, product diversification, or  
21 expansion of existing product lines;

22 (ii) Packaging and Labelling - involve new packaging, improved  
23 package design, or labelling assistance;

24 (iii) Technology Updating - involves workshops on various  
25 technology procedures, materials, and processing  
26 technologies, involves assistance on production techniques  
27 related to product development; and

28 (iv) Product Enhancement - involves seminars to increase design  
29 awareness and appreciation of product/merchandise  
30 development, and the industrial design profession.

31 (b) Capacity Building - This component shall address gaps in the  
32 entrepreneurial skills of the beneficiaries. It shall involve training

1 opportunities that are focused on improving the human aspect of OTOP  
2 Philippines, including business skills training, entrepreneurial management  
3 and expansion, securing licenses, product registration and other market  
4 authorization, and business counseling.

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

13 (d) Market Access and Product Promotion - support in accessing the both local  
14 and foreign markets as well as promoting products across different  
15 platforms. These platforms may include, but are not limited to, multimedia  
16 advocacy campaigns, trade fairs, and OTOP Philippines hubs. The DTI shall  
17 also capacitate suppliers with the goal of promoting their products through  
18 online platforms.

19 (e) Access to Finance - This component shall facilitate access to financial  
20 institutions, credit provisions, loans, grants and incentives, and other  
21 sources of funding for purposes of business growth, development,  
22 innovation, among others.

23  
24 *Sec. 10. Lead Implementing Agency.* - The DTI shall serve as the lead agency  
25 of this Act. An OTOP Management Committee shall be created to be designated by  
26 the DTI Secretary which shall have the main responsibility of directing the  
27 implementation of the provision of this Act. The OTOP Management Committee shall  
28 be composed of offices and attached agencies under the DTI, such as but not limited  
29 to the Bureau of Philippine Standards and the Intellectual Property Office of the  
30 Philippines. The DTI Secretary shall create the OTOP Management Committee within  
31 fifteen (15) working days from the effectivity of this Act.

32 The following agencies shall also assist the DTI in the implementation of the

1 provisions of this Act:

- 2 (a) Cooperative Development Authority (CDA);
- 3 (b) National Economic and Development Authority (NEDA);
- 4 (c) Department of the Interior and Local Government (DILG);
- 5 (d) Technical Education and Skills Development Authority (TESDA);
- 6 (e) Department of Science and Technology (DOST);
- 7 (f) Department of Agriculture (DA); and
- 8 (g) Philippine International Trading Corporation (PITC).

9

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

16

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

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

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

28

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



1  
2       Sec. 14. *Separability Clause.* - Should any provision or part of this Act be  
3 declared unconstitutional or invalid, the other provisions and parts hereof, insofar as  
4 they are separable from the invalid ones, shall remain in full force and effect.

5  
6       Sec. 15. *Repealing Clause.* - All laws, decrees, orders, issuances, rules and  
7 regulations or parts thereof which are inconsistent with this Act are hereby repealed  
8 or modified accordingly.

9  
10       Sec. 16. *Effectivity.* - his Act shall take effect fifteen (15) days after its  
11 publication in the Official Gazette or in at least two (2) newspapers of general  
12 circulation.

*Approved,*