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

Explanatory Note

Based on the 2018 statistics of the Department of Trade and Industry (DTI), 99.52% of all businesses in the Philippines are micro, small and medium enterprises (MSMEs). As the lifeblood of our economy, MSMEs, now more than ever amid the COVID-19 crisis, should be provided support, both financial and in terms of capacity-building.

In this regard, this bill seeks to institutionalize the One Town, One Product (OTOP) Philippines Program, which promotes local products from a sector and from a locality. The program shall capacitate the MSMEs on product development, initiatives and training among others so as to be able to upgrade our MSMEs. The bill proposes 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 consideration, approval of this bill is earnestly sought.

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

Be it enacted in 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 2020.

2 SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to ensure the prosperity of the nation through policies and programs that drive inclusive local economic activity and boost national economic growth.

3 The State further recognizes the role of Micro, Small and Medium Enterprises (MSMEs) and the support that the State and local government units (LGUs) shall provide in enabling communities to determine, develop, support, and promote products or services.

4 SEC. 3. Objectives - The objectives of this Act are as follows:

5 (a) To provide a package of assistance for MSMEs with viable products in order to develop new, innovative, and more complex products, with significant improvement in the areas of quality, product development, design, packaging, standards compliance, marketability, production capability, brand development, among others.
(b) To assist rural communities in growing the local economy and be more market-oriented and innovation-driven.

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

SEC 4. Definition of Terms. The following terms shall be defined as follows:

(a) Large enterprises – refer to enterprises with asset size of more than One Hundred Million Pesos (P100,000,000.00) and with more than 199 employees.

Large enterprises shall not be covered by this Act.

(b) Non-MSME products – refer to products which fall under the category of services offered by MSMEs. These include transport services, agri-tours, among others.

SEC 5. OTOP Philippines. To meet the declared policy of the State, it is hereby institutionalized the OTOP Program which shall be the government’s stimulus program that will encourage the growth of MSMEs in the countryside through the development of indigenous raw materials, and by utilizing local skills and talents.

SEC 6. OTOP Philippines Trustmark. The DTI is hereby authorized to establish the OTOP Philippines Trustmark, which is an assurance that the products under the program represent the country’s best. The OTOP Philippines Trustmark shall signify that the businesses and products have been marked excellent in terms of quality, design, value, and marketability.

SEC 7. Qualifications. – OTOP products included in the program must meet a set criteria to be established by the DTI, provided that they are consistent with the following elements:

(a) Culture – This shall pertain to cultural values that are rooted in the following: heritage, living traditions, customs and rituals, recipes passed on from generations, narratives, history, and beliefs.

(b) Community resource – The locality’s selected product shall be based on the availability of local resources, raw materials, skills, and network of resources within a community.

(c) Connection – The selected products shall be able to evoke a sense of pride or emotional connection among the locals.
(d) **Creativity** – The products selected for a locality shall be able to exemplify the Filipino people’s creativity and innovation.

(e) **Competitive advantage** – The selection of the product or service shall be based on a locality’s innate or endemic strength anchored on several variables such as topography, climate, geographical location, proximity to resources, among others.

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

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

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

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

ii. Packaging and Labeling – involve new packaging, improved package design, or labelling assistance

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

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

(b) **Capacity Building** – This component shall address gaps in the entrepreneurial skills of the beneficiaries. It shall involve training opportunities that are focused on improving the human aspect of OTOP Philippines, including business skills training and business counselling.

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

(d) Market Access and Product Promotion - support in accessing the market and
promoting products across different platforms. These platforms may include,
but are not limited to, multimedia advocacy campaigns, trade fairs, and
OTOP Philippines Hubs. The DTI shall also capacitate suppliers with the goal
of promoting their products through online platforms.

**SEC 11. Lead Implementing Agency.** The DTI shall serve as the lead agency of this
Act. There shall be created an OTOP Management Committee to be designated by
the DTI Secretary, which shall have the main responsibility of directing the
implementation of the provisions of this Act. The OTOP Management Committee
shall be composed of offices and attached agencies under the DTI, such as but not
limited to the Bureau of Philippine Standards and the Intellectual Property Office of
the Philippines. The DTI Secretary shall create the OTOP Management Committee
fifteen (15) working days from the effectivity of this Act.

**SEC 12. Creation of the OTOP Program Office.** There is hereby created the OTOP
Program Office (OTOP PO) in each LGU which shall direct, supervise, and
implement the OTOP Program on the local level, in accordance with existing laws,
rules, and regulations.

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

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

**SEC 15. Separability Clause.** - If any provision of this Act is declared
unconstitutional or invalid, the provisions hereof which are not affected shall
continue to be in force and in effect.
SEC 16. Repealing Clause. - All laws, decrees, proclamations, issuances, or ordinances that are contrary to or inconsistent with the provisions of this Act are hereby amended, repealed, or modified accordingly.

SEC 17. Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of publication in the Official Gazette or in any newspaper of general circulation.

Approved,