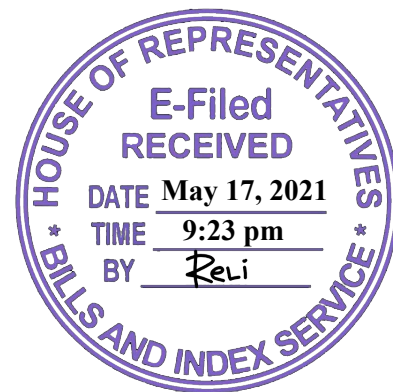


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
Second Regular Session



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**COMMITTEE REPORT NO. 965**

Submitted by the **COMMITTEE ON TRADE AND INDUSTRY** and the **COMMITTEE ON APPROPRIATIONS** on May 17, 2021

Re : **House Bill No. 9350**

Recommending its approval in substitution of House Bills Numbered 7312 and 7672

Sponsors : Representatives John Reynald M. Tiangco, Eric Go Yap, Argel Joseph T. Cabatbat, Loren Legarda, Rufus B. Rodriguez and Weslie T. Gatchalian

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Mr. Speaker:

The **COMMITTEE ON TRADE AND INDUSTRY** and the **COMMITTEE ON APPROPRIATIONS**, to which were referred:

House Bill No. 7312, introduced by Representatives Cabatbat, Tan (S.A.), De Venecia, Fortun, Bordado, Paduano, Arenas, Legarda, Romulo, Saulog, Atienza, Belmonte, Abante, Sagarbarria, Maceda, Alonte, Tiangco and Villarica, entitled:

**AN ACT**  
**PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT THROUGH THE INSTITUTIONALIZATION OF “ONE TOWN, ONE PRODUCT (OTOP)” PHILIPPINES PROGRAM, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

and House Bill No. 7672, introduced by Representative Legarda, entitled:

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

have considered the same and recommend that the attached House Bill No. 9350,  
entitled:

**AN ACT**  
**PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC**  
**DEVELOPMENT THROUGH THE INSTITUTIONALIZATION OF “ONE**  
**TOWN, ONE PRODUCT” PHILIPPINES PROGRAM**  
**AND APPROPRIATING FUNDS THEREFOR**

be approved in substitution of House Bills Numbered 7312 and 7672 and with Representatives Cabatbat, Legarda, Tiangco, Yap (E.), Rodriguez, Gatchalian, Tan (S.A.), De Venecia, Fortun, Bordado, Paduano, Arenas, Romulo, Saulog, Atienza, Belmonte, Abante, Sagarbarria, Maceda, Alonte, Villarica, Savellano, Villar, Vergara, Babasa, Bañas-Nogralas, Campos, Go (M.), Garin (S.), Panotes, Quimbo, Reyes, Alvarez (F.), Zubiri, Biron, Ouano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Singson-Meehan, Aumentado, Lopez, Baronda, Cueva, Revilla, Cua, Kho (E.), Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao (R.), Calixto, Espino, Garbin, Unabia, Villa, Canama, Mercado, Tan (Shernee), Castro, Agabas, Macapagal Arroyo, Nieto, Zarate, Ermita-Buhain, Bautista-Bandigan, Biazon, Calderon, Cuaresma, Dalipe, Daza, Fariñas I (R.C.), Gasataya, Go (E.C.), Gonzaga, Gonzalez, Haresco, Limkaichong, Salceda, Suarez (D.), Tejada, Violago, Abueg-Zaldivar, Benitez, Bravo, Cari, Dagooc, Dalog, Deloso-Montalla, Dimaporo (A.), Dimaporo (M.K.), Gullas, Hofer, Labadlabad, Malapitan, Mariño, Natividad-Nagaño, Nava, Tambunting, Tan (A.), Tutor, Cabochan, Ordanes, Peña, Jr., and Robes as authors thereof.

Respectfully Submitted:



**ERIC GO YAP**  
Chairperson  
Committee on Appropriations



**JOHN REYNALD M. TIANGCO**  
Chairperson  
Committee on Trade and Industry

**THE HONORABLE SPEAKER**  
**HOUSE OF REPRESENTATIVES**  
**Quezon City**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 9350**

(In substitution of House Bills Numbered 7312 and 7672)

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Introduced by Representatives Cabatbat, Legarda, Tiangco, Yap (E.), Rodriguez, Gatchalian, Tan (S.A.), De Venecia, Fortun, Bordado, Paduano, Arenas, Romulo, Saulog, Atienza, Belmonte, Abante, Sagarbarria, Maceda, Alonte, Villarica, Savellano, Villar, Vergara, Babasa, Bañas-Nogralas, Campos, Go (M.), Garin (S.), Panotes, Quimbo, Reyes, Alvarez (F.), Zubiri, Biron, Ouano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Singson-Meehan, Aumentado, Lopez, Baronda, Cueva, Revilla, Cua, Kho (E.), Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao (R.), Calixto, Espino, Garbin, Unabia, Villa, Canama, Mercado, Tan (Shernee), Castro, Agabas, Macapagal Arroyo, Nieto, Zarate, Ermita-Buhain, Bautista-Bandigan, Biazon, Calderon, Cuaresma, Dalipe, Daza, Fariñas I (R.C.), Gasataya, Go (E.C.), Gonzaga, Gonzalez, Haresco, Limkaichong, Salceda, Suarez (D.), Tejada, Violago, Abueg-Zaldivar, Benitez, Bravo, Cari, Dagooc, Dalog, Deloso-Montalla, Dimaporo (A.), Dimaporo (M.K.), Gullas, Hofer, Labadlabad, Malapitan, Mariño, Natividad-Nagaño, Nava, Tambunting, Tan (A.), Tutor, Cabochan, Ordanes, Peña, Jr., and Robes

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**AN ACT**  
**PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT**  
**THROUGH THE INSTITUTIONALIZATION OF “ONE TOWN, ONE PRODUCT”**  
**PHILIPPINES PROGRAM AND APPROPRIATING FUNDS THEREFOR**

*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*  
2 *Act*”.

3           **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State  
4 to develop a self-reliant and independent national economy effectively controlled by  
5 Filipinos through policies and programs that drive inclusive local economic activity  
6 and boost national economic growth. The State also recognizes the indispensable

1 role of the private sector and private enterprises and the necessity to provide  
2 incentives to foster advancement among businesses especially local micro, small  
3 and medium-scale enterprises (MSMEs).

4 Towards this end, the State shall equip MSMEs to progressively improve  
5 product and service quality, and to utilize new technologies to pursue innovation and  
6 diversification. The State shall likewise promote the preferential use of Filipino labor,  
7 domestic materials, and locally produced goods, and adopt measures to make them  
8 competitive. The State shall further provide adequate and effective support services  
9 for MSMEs to enable communities to determine, develop, and promote products and  
10 services that are rooted in their culture, community resources, creativity, connection,  
11 and competitive advantage.

12 **SEC. 3. Objectives.** – This Act aims to:

- 13 (a) Provide a package of assistance for MSMEs with minimum viable  
14 products to develop new, innovative, and more complex products with  
15 significant improvement in the areas of quality, product development,  
16 design, packaging, standards compliance, marketability, production  
17 capability, and brand development, among others;
- 18 (b) Assist rural communities in achieving competitive and innovation-driven  
19 local economies;
- 20 (c) Promote convergence of initiatives from local government units  
21 (LGUs), national government agencies (NGAs), and the private sector  
22 in the development and promotion of Philippine products, whether for  
23 export or domestic market; and
- 24 (d) Establish the “One Town, One Product” (OTOP) Philippines Trustmark  
25 as a guarantee of excellence in OTOP Philippines products and  
26 services.

27 **SEC. 4. Institutionalization of One Town, One Product Philippines**  
28 **Program.** - The One Town, One Product Philippines Program, herein referred to as  
29 OTOP Philippines, is hereby institutionalized to serve as the government’s stimulus  
30 program for the promotion and development of MSMEs in the countryside through  
31 the use of indigenous raw materials and the utilization of local skills and talents.

1           **SEC. 5. Program Components.** - The Department of Trade and Industry  
2 (DTI), in partnership with the LGUs, shall provide a comprehensive package of  
3 assistance to OTOP Philippines Program beneficiaries, such as the following:

4           (a) *Product Development*, including:

5                   (i) *Product Design* – design assistance to new products, product  
6                   adaptation, product diversification, and expansion of existing  
7                   product lines;

8                   (ii) *Packaging and Labeling* – assistance to new packaging,  
9                   improvement of package design, or labeling;

10                  (iii) *Technology Updating* – conduct workshops on new technology  
11                  procedures, materials, and processing to increase production  
12                  quality and quantity; and

13                  (iv) *Product Enhancement* – provide seminars to increase design  
14                  awareness and appreciation of product or merchandise  
15                  development and the industrial design profession.

16           (b) *Capacity Building* shall be provided through training opportunities  
17           focusing on improving the human aspect of OTOP Philippines,  
18           including business skills training and business counseling;

19           (c) *Standards and Market Compliance* where beneficiaries shall be trained  
20           and capacitated to observe standards and comply with the  
21           requirements of DTI-Bureau of Philippine Standards, Food and Drug  
22           Administration, and the Intellectual Property Office of the Philippines,  
23           and other concerned government agencies. Monitoring and evaluation  
24           schemes shall be developed and maintained to ensure that products  
25           under the OTOP Philippines conform to these standards; and

26           (d) *Market Access and Product Promotion* where beneficiaries shall  
27           receive support in market access and promotion of products across  
28           different platforms. These platforms may include multimedia advocacy  
29           campaigns, trade fairs, and OTOP Philippines Hubs.

30           **SEC. 6. Coverage.** - The OTOP Philippines Program shall cover material  
31           products and skills-based services known to an area or locality. This shall include the  
32           following products and services:

- 1 (a) *Agricultural-based Products* such as coffee, cacao, other agricultural  
2 produce, agri-processed products like processed meats, coconut oil,  
3 preserved and processed seafood products;
- 4 (b) *Arts and Crafts* such as coco coir, weaves, bamboo, paper artistry,  
5 and wood;
- 6 (c) *Home & Fashion/Creative Artisanal Products* such as gifts, souvenir  
7 items, furniture, ornaments, houseware, garments, and textiles;
- 8 (d) *Processed Food* such as fruits and nuts, local delicacies and *kakanin*  
9 (sticky rice cakes), juices, wines, tea, and other beverage, pastries and  
10 baked goods, preserved food sauces, cakes, other desserts products,  
11 food supplements, and culinary-based specialty products; and
- 12 (e) *Skills-based Services and Other Products* such as *hilot* or traditional  
13 Filipino massage, sculpting, essential oils and other wellness products,  
14 industrial goods, soaps and other personal care goods, and cosmetics.

15 **SEC. 7. OTOP Philippines Trustmark.** – The DTI shall establish the OTOP  
16 Philippines Trustmark that shall signify that the services and products have been  
17 marked excellent in terms of quality, design, value, and marketability. It shall be a  
18 symbol representing the country’s best products.

19 **SEC. 8. Establishment of OTOP Philippines Hubs.** – The Department of  
20 Tourism (DOT), Civil Aviation Authority of the Philippines, Philippine Ports Authority,  
21 Land Transportation and Franchising Board, and other relevant agencies shall  
22 construct and allocate spaces for the establishment of OTOP Philippines Hubs.

23 **SEC. 9. Beneficiaries.** – The regional and provincial offices of the DTI shall,  
24 in cooperation with the concerned LGUs, determine the beneficiaries of the OTOP  
25 Program. The guidelines and mechanism for the selection of beneficiaries shall be  
26 formulated by the implementing agencies identified by this Act.

27 **SEC. 10. Creation of the OTOP Program Office.** – Every LGU shall create  
28 an OTOP Program Office (OTOP PO) managed by an officer who shall administer,  
29 supervise, and implement the OTOP Program.

30 **SEC. 11. Implementing Agencies.** – The DTI shall implement the provisions  
31 of this Act, in coordination with the following agencies:

- 1 (a) Cooperative Development Authority (CDA);
- 2 (b) Department of Interior and Local Government (DILG);
- 3 (c) Technical Education and Skills Development Authority (TESDA);
- 4 (d) Department of Science and Technology (DOST);
- 5 (e) Department of Agriculture (DA); and
- 6 (f) DOT

7 **SEC. 12. Appropriations.** – The amount necessary to carry out the initial  
8 implementation of this Act shall be charged against the current year’s appropriations  
9 of the DTI. Thereafter, such amount as may be necessary for the continued  
10 implementation of this Act shall be included in the annual General Appropriations  
11 Act.

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

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

18 **SEC. 14. Separability Clause.** – If any provision of this Act is declared  
19 unconstitutional or invalid, the provisions hereof which are not affected shall continue  
20 to be in force and effect.

21 **SEC. 15. Repealing Clause.** – All laws, decrees, proclamations, issuances,  
22 or ordinances that are contrary to or inconsistent with the provisions of this Act are  
23 hereby amended, repealed, or modified accordingly.

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

Approved,

# FACT SHEET

House Bill No. 9350  
(in substitution of House Bills No. 7312 and 7672)

## AN ACT PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT BY INSTITUTIONALIZING THE “ONE TOWN, ONE PRODUCT PHILIPPINES PROGRAM AND APPROPRIATING FUNDS THEREFOR

*Introduced by Representatives Cabatbat, Legarda, Tiangco, Yap (E.), Rodriguez, Gatchalian, Tan (S.A.), De Venecia, Fortun, Bordado, Paduano, Arenas, Romulo, Saulog, Atienza, Belmonte, Abante, Sagarbarria, Maceda, Alonte, Villarica, Savellano, Villar, Vergara, Babasa, Bañas-Nogralas, Campos, Go (M.), Garin (S.), Panotes, Quimbo, Reyes, Alvarez (F.), Zubiri, Biron, Ouano-Dizon, Suntay, Ty (A.), Collantes, Duavit, Singson-Meehan, Aumentado, Lopez, Baronda, Cueva, Revilla, Cua, Kho (E.), Olivarez, Martinez, Garcia (J.E.), Matugas, Pacquiao (R.), Calixto, Espino, Garbin, Unabia, Villa, Canama, Mercado, Tan (Shemee), Castro, Agabas, Macapagal Arroyo, Nieto, Zarate, Ermita-Buhain, Bautista-Bandigan, Biazon, Calderon, Cuaresma, Dalipe, Daza, Fariñas I (R.C.), Gasataya, Go (E.C.), Gonzaga, Gonzalez, Haresco, Limkaichong, Salceda, Suarez (D.), Tejada, Violago, Abueg-Zaldivar, Benitez, Bravo, Cari, Dagooc, Dalog, Deloso-Montalla, Dimaporo (A.), Dimaporo (M.K.), Gullas, Hofer, Labadlabad, Malapitan, Mariño, Natividad-Nagaño, Nava, Tambunting, Tan (A.), Tutor, Cabochan, Ordanes, Peña, Jr., and Robes*

*Committee Referral: **COMMITTEE ON TRADE & INDUSTRY** (Primary)  
Committee Chairperson: **REPRESENTATIVE JOHN REYNALD M. TIANGCO**  
Committee Referral: **COMMITTEE ON APPROPRIATIONS** (Secondary)  
Committee Chairperson: **REPRESENTATIVE ERIC GO YAP***

### OBJECTIVES:

- To provide a package of assistance for MSMEs to help them develop new, innovative, and more complex products with significant improvement in the areas of quality, product development, design, packaging, compliance with standards, marketability, production capability, and brand development, among others;
- To assist rural communities in achieving competitive and innovation-driven economies; and
- To promote convergence of initiatives from local government units (LGUs), national government agencies (NGAs), and private sector in the development and promotion of Philippine products, whether for export or domestic market.



## KEY PROVISIONS:

- Institutionalizes the One Town, One Product Philippines Program, herein referred to as OTOP Philippines, to serve as the government's stimulus program to encourage the growth of MSMEs in the countryside through the development of indigenous raw materials, utilization of local skills and talents, and featuring of local traditions and cultures across the country.
- Mandates the Department of Trade and Industry (DTI), in partnership with the LGUs, to provide a comprehensive package of assistance to OTOP Philippines Program beneficiaries, such as the following:
  - (a) *Product Development* including:
    - (i) *Product Design* – design assistance to new products, product adaptation, product diversification, and expansion of existing product lines;
    - (ii) *Packaging and Labeling* – assistance to new packaging, improvement of package design, or labeling;
    - (iii) *Technology Updating* – conduct workshops on new technology procedures, materials, and processing to increase production quality and quantity; and
    - (iv) *Product Enhancement* – provide seminars to increase design awareness and appreciation of product or merchandise development and the industrial design profession.
  - (b) *Capacity Building* shall be provided through training opportunities focusing on improving the human aspect of OTOP Philippines, including business skills training and business counseling;
  - (c) *Standards and Market Compliance* where beneficiaries shall be trained and capacitated to observe standards and comply with the requirements of DTI-Bureau of Philippine Standards, Food and Drug Administration, and the Intellectual Property Office of the Philippines, and other concerned government agencies. Monitoring and evaluation schemes shall be developed and maintained to ensure that products under the OTOP Philippines conform to these standards.
  - (d) *Market Access and Product Promotion* where beneficiaries shall receive support in market access and promotion of products across different platforms. These platforms may include multimedia advocacy campaigns, trade fairs, and OTOP Philippines Hubs.

- Mandates the provision of product and services support in the development of products and skills-based services known to an area or locality such as the following:
  - (a) *Agricultural-based Products* such as coffee, cacao, other agricultural produce, agri-processed products like processed meats, coconut oil, preserved and processed seafood products;
  - (b) *Arts and Crafts* such as coco coir, weaves, bamboo, paper artistry, and wood;
  - (c) *Home & Fashion/Creative Artisanal Products* such as gifts, souvenir items, furniture, ornaments, houseware, garments, and textiles;
  - (d) Processed Food such as fruits and nuts, local delicacies and *kakanin* (sticky rice cakes), juices, wines, tea, and other beverage, pastries and baked goods, preserved food sauces, cakes, other desserts products, food supplements, and culinary-based specialty products; and
  - (e) *Skills-based Services and Other Products* such as *hilot* or traditional Filipino massage, sculpting, essential oils and other wellness products, industrial goods, soaps and other personal care goods, and cosmetics.
- Mandates the DTI to establish the OTOP Philippines Trustmark, an indication of assurance that a product represents the country's best. The OTOP Philippines Trustmark shall signify that the services and products have been marked excellent in terms of quality, design, value, and marketability.
- Requires the Department of Tourism (DOT), Civil Aviation Authority of the Philippines, Philippine Ports Authority, Land Transportation and Franchising Board, and other relevant agencies to construct and allocate spaces for the establishment of OTOP Philippines Hubs.
- Directs the regional and provincial offices of the DTI, in cooperation with the concerned LGUs, to determine the beneficiaries of the OTOP Program. The guidelines and mechanism for the selection of beneficiaries shall be formulated by the implementing agencies identified by this Act.
- Requires every LGU to create an OTOP Program Office (OTOP PO) which shall be managed by an officer who shall administer, supervise, and implement the OTOP Program.
- Assigns the DTI as the lead implementing agency of this Act, which shall be assisted by the Cooperative Development Authority; Department of Interior and Local Government; Technical Education and Skills Development Authority; Department of Science and Technology; Department of Agriculture ; and the DOT.

- Provides that the amount necessary to carry out the initial implementation of this Act shall be charged against the current year's appropriations of the DTI. Thereafter, such amount as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

Likewise, the LGUs concerned shall set aside the necessary funds for the operation of the OTOP PO.

- Mandates the DTI, in coordination with the other implementing agencies, to formulate and promulgate the necessary rules and regulations to effectively implement the provisions of this Act within sixty (60) working days from the effectivity of the Act.

#### **RELATED LAWS:**

- Republic Act No. 9501: Magna Carta for Micro, Small and Medium Enterprises
- Republic Act No. 9178: Barangay Micro Business Enterprises (BMBEs) Act of 2002
- Republic Act No. 10644: Go Negosyo Act