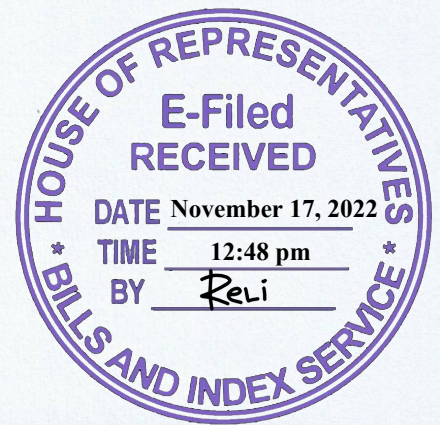


Republic of the Philippines
HOUSE OF REPRESENTATIVES

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6203



Introduced by Representative Rex Gatchalian

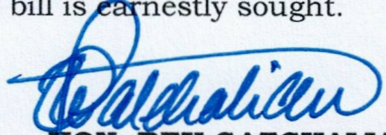
AN ACT
PROMOTING INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT
THROUGH THE INSTITUTIONALIZATION OF "ONE TOWN, ONE PRODUCT"
PHILIPPINES PROGRAM AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Executive Order (EO) No. 176, s. 2003, institutionalized the "Isang Bayan, Isang Produkto, Isang Milyong Piso" Program to stimulate local economic activity and sustain the anti-poverty thrust of the government since the foreign markets are vulnerable to fluctuations in major economies of the world. Today, the "One Town, One Product" (OTOP) Program continues to be a strategic tool that provides an ecosystem of assistance from local government units (LGU), national government agencies, and the private sector for micro, small, and medium enterprises (MSMEs). Currently, there are 62 OTOP hubs nationwide. In 2020, the Department of Trade and Industry (DTI) held an OTOP Virtual Trade Expo participated by 320 MSMEs which has generated a total sale of P90,896,907.44.

This bill aims to institutionalize the OTOP Philippines program to provide the necessary support to communities in determining, developing, and promoting products and services that are rooted in their culture, community resources, creativity, connection, and competitive advantage. The bill likewise mandates the DTI to provide a package of assistance for MSMEs to help them develop 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. It also aims to establish the OTOP Philippines Trustmark as a guarantee of excellence in OTOP Philippines products and services. It also directs certain agencies to construct and allocate spaces for the establishment of OTOP Philippines Hubs as well as create an OTOP Program Office in every LGU.

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


HON. REX GATCHALIAN
Representative
1st District, Valenzuela City

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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
2 Act”.

3
4 **SEC. 2.** *Declaration of Policy.* – It is hereby declared the policy of the State to
5 develop a self-reliant and independent national economy effectively controlled by
6 Filipinos through policies and programs that drive inclusive local economic activity
7 and boost national economic growth. The State also recognizes the indispensable role
8 of the private sector and private enterprises and the necessity to provide incentives
9 to foster advancement among businesses especially local micro, small and medium-
10 scale enterprises (MSMEs).

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

19
20 **SEC. 3.** *Objectives.* – This Act aims to:

21 (a) Provide a package of assistance for MSMEs with minimum viable
22 products 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, and brand development, among others;

(b) Assist rural communities in achieving competitive and innovation-driven local economies;

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

(d) Establish the "One Town, One Product" (OTOP) Philippines Trustmark as a guarantee of excellence in OTOP Philippines products and services.

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

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

(a) Product Development including, but not limited to:

(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;

1 (c) Standards and Market Compliance where beneficiaries shall be trained
2 and capacitated to observe standards and comply with the requirements of
3 DTI-Bureau of Philippine Standards, Food and Drug Administration, and
4 the Intellectual Property Office of the Philippines, and other concerned
5 government agencies. Monitoring and evaluation schemes shall be
6 developed and maintained to ensure that products under the OTOP
7 Philippines conform to these standards; and

8 (d) Market Access and Product Promotion where beneficiaries shall receive
9 support in market access and promotion of products across different
10 platforms. These platforms may include but are not limited to multimedia
11 advocacy campaigns, trade fairs, and OTOP Philippines Hubs.
12

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

16 (a) *Agricultural-based Products* such as coffee, cacao, other agricultural
17 produce, agri-processed products like processed meats, coconut oil,
18 preserved and processed seafood products;

19 (b) *Arts and Crafts* such as coco coir, weaves, bamboo, paper artistry, and
20 wood;

21 (c) *Home & Fashion/Creative Artisanal Products* such as gifts, souvenir
22 items, furniture, ornaments, houseware, garments, and textiles;

23 (d) *Processed Food* such as fruits and nuts, local delicacies and *kakanin*
24 (sticky rice cakes), juices, wines, tea, and other beverage, pastries and
25 baked goods, preserved food sauces, cakes, other desserts products, food
26 supplements, and culinary-based specialty products; and

27 (e) *Skills-based Services and Other Products* such as *hilot* or traditional
28 Filipino massage, sculpting, essential oils and other wellness products,
29 industrial goods, soaps and other personal care goods, and cosmetics.
30

31 **SEC. 7. OTOP Philippines Trustmark.** - The DTI shall establish the OTOP
32 Philippines Trustmark that shall signify that the services and products have been
33 marked excellent in terms of quality, design, value, and marketability. It shall be a
34 symbol representing the country's best products.
35

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

5
6 **SEC. 9. *Beneficiaries.*** – The regional and provincial offices of the DTI shall,
7 in cooperation with the concerned LGUs, determine the beneficiaries of the OTOP
8 Program. The guidelines and mechanism for the selection of beneficiaries shall be
9 formulated by the implementing agencies identified by this Act.

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

14
15 **SEC. 11. *Implementing Agencies.*** – The DTI shall implement the provisions of
16 this Act, in coordination with the following agencies:

- 17 (a) Cooperative Development Authority;
18 (b) Department of Interior and Local Government;
19 (c) Technical Education and Skills Development Authority;
20 (d) Department of Science and Technology;
21 (e) Department of Agriculture; and
22 (f) DOT.

23
24 **SEC. 12. *Appropriations.*** – The amount necessary to carry out the initial
25 implementation of this Act shall be charged against the current year's appropriations
26 of the DTI. Thereafter, such amount as may be necessary for the continued
27 implementation of this Act shall be included in the annual General Appropriations
28 Act.

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

31
32 **SEC. 13. *Implementing Rules and Regulations.*** – Within sixty (60) days from
33 the effectivity of the Act, the DTI shall, in coordination with the other implementing
34 agencies, formulate and promulgate the necessary rules and regulations to effectively
35 implement the provisions of this Act.

1 **SEC. 14. *Separability Clause.*** – If any provision of this Act is declared
2 unconstitutional or invalid, the provisions hereof which are not affected shall
3 continue to be in force and effect.
4

5 **SEC. 15. *Repealing Clause.*** – All laws, decrees, proclamations, issuances, or
6 ordinances that are contrary to or inconsistent with the provisions of this Act are
7 hereby amended, repealed, or modified accordingly.
8

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

Approved,