



**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7260



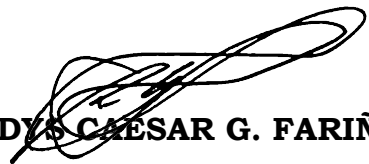
Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

This bill seeks to equip micro, small, and medium enterprises (MSMEs) to improve product and service quality, promote the preferential use of Filipino labor, domestic materials, and locally produced goods, and provide adequate and practical support services to enable communities to determine, develop, and promote products and services that are rooted in their culture, community resources, creativity, connection, and competitive advantage.

This bill assists MSMEs with minimum viable products to develop new, innovative, and complex products with significant improvement in quality, product development, design, packaging, standards compliance, marketability, production capability, and brand development. It also assists rural communities in achieving competitive and innovation-driven local economies, promotes convergence of initiatives from local government units (LGUs), national government agencies (NGAs), and the private sector, and establishes the "One Town, One Product" (OTOP) Philippines Trustmark as a guarantee of excellence in OTOP Philippines products and services.

Hence, this representation seeks the passage of this measure.


RUDYS CAESAR G. FARIÑAS I



**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7260

Introduced by Representative Rudys Caesar G. Fariñas I

**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*
2 *Philippines Act*”.

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

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

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

- (a) Provide a package of assistance for MSMEs with minimum viable 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

Program. – 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 the 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:
 - (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.

- 1 (b) *Capacity Building* shall be provided through training opportunities
2 focusing on improving the human aspect of OTOP Philippines,
3 including business skills training and business counseling;
- 4 (c) *Standards and Market Compliance* where beneficiaries shall be
5 trained and capacitated to observe standards and comply with the
6 requirements of DTI-Bureau of Philippine Standards, Food and Drug
7 Administration, and the Intellectual Property Office of the
8 Philippines, and other concerned government agencies. Monitoring
9 and evaluation schemes shall be developed and maintained to
10 ensure that products under the OTOP Philippines conform to these
11 standards; and
- 12 (d) *Market Access and Product Promotion* where beneficiaries shall
13 receive support in market access and promotion of products across
14 different platforms. These platforms may include multimedia
15 advocacy campaigns, trade fairs, and OTOP Philippines Hubs.

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

- 19 (a) *Agricultural-based Products* such as coffee, cacao, other agricultural
20 produce, agri-processed products like processed meats, coconut oil,
21 preserved and processed seafood products;
- 22 (b) *Arts and Crafts* such as coco coir, weaves, bamboo, paper artistry,
23 and wood;
- 24 (c) *Home & Fashion/Creative Artisanal Products* such as gifts, souvenir
25 items, furniture, ornaments, houseware, garments, and textiles;
- 26 (d) *Processed Food* such as fruits and nuts, local delicacies and *kakanin*
27 (sticky rice cakes), juices, wines, tea, and other beverage, pastries
28 and baked goods, preserved food sauces, cakes, other desserts
29 products, food supplements, and culinary-based specialty products;
30 and
- 31 (e) *Skills-based Services and Other Products* such as *hilot* or traditional
32 Filipino massage, sculpting, essential oils and other wellness
33 products, industrial goods, soaps and other personal care goods,
34 and cosmetics.

35 **SEC. 7. OTOP Philippines Trustmark.** – The DTI shall establish the
36 OTOP Philippines Trustmark that shall signify that the services and products

1 have been marked excellent in terms of quality, design, value, and marketability.
2 It shall be a symbol representing the country's best products.

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

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

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

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

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

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

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

30 **SEC. 13. Implementing Rules and Regulations.** – Within sixty (60) days
31 from the effectivity of the Act, the DTI shall, in coordination with the other
32 implementing agencies, formulate and promulgate the necessary rules and
33 regulations to effectively 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 **SEC. 15. *Repealing Clause.*** – All laws, decrees, proclamations,
5 issuances, or ordinances that are contrary to or inconsistent with the provisions
6 of this Act are hereby amended, repealed, or modified accordingly.

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

Approved,