Republic of the Philippines

HOUSE OF REPRESENTATIVES

Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7312

Introduced by MAGSASAKA Party-List Representative

ARGEL JOSEPH T. CABATBAT

EXPLANATORY NOTE

Micro, small, and medium enterprises (MSMEs) have been regarded as the lifeblood of the Philippine economy as it employs 63.19% of the country’s total workforce and comprises the 99.52% of total business establishments in 2018. Due to its evident and vital contribution to the economy, significant programs were launched to strengthen the sector to further increase employment and promote economic growth.

In 2004, the Department of Trade and Industry (DTI) has launched its program adaptation of One Village, One Product (OVOP) movement initiated in Japan, calling it the “One Town, One Product” (OTOP). It succeeded and up-scaled the 2001 project, the “Plus 1” approach, where DTI Provincial Offices promoted a priority product or sector in different areas of the country.

This bill aims to institutionalize the OTOP Philippines Program to provide the necessary support of and to foster advancement among micro, small and medium-scale enterprises through increased quality, technological innovation, and diversification. Furthermore, this bill will enable communities to determine, develop, and promote products and services that are rooted in their culture, community resources, creativity, connection, and competitive advantage.

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

ARGEL JOSEPH T. CABATBAT
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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

Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:

SECTION 1. Short Title. – This Act shall be known as the “OTOP Philippines Act of
2020”.

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

Towards this end, the State shall equip MSMEs to achieve increased product and
service quality, technological innovation, and diversification. The State shall likewise
promote the preferential use of Filipino labor, domestic materials, and locally produced
goods, and adopt measures to make them competitive. The State shall further provide
adequate and effective support services for MSMEs to enable communities to determine,
develop, and promote products and services that are rooted in their culture, 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 private sector in the development
and promotion of Philippine products, whether for export or domestic market;
and
(d) Establish the 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 encouraging 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.

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, but not limited to 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;
(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 (DTI-BPS), Food and Drug Administration
(FDA), and the Intellectual Property Office of the Philippines (IPOPHL), 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 but are not limited to multimedia
advocacy campaigns, trade fairs, and OTOP Philippines Hubs.

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

(a) **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;

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

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

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

(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.

SEC. 7. **OTOP Philippines Trustmark.** – The DTI shall establish the OTOP Philippines
Trustmark, an indication of assurance that the products under the program represent 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.

SEC. 8. **Establishment of OTOP Philippines Hubs.** – The Department of Tourism
(DOT), Civil Aviation Authority of the Philippines (CAAP), Philippine Ports Authority
(PPA), Land Transportation and Franchising Board (LTFRB), and other relevant agencies
are mandated to construct and allocate spaces for the establishment of OTOP Philippines
Hubs.

SEC. 9. **Beneficiaries.** – The regional and provincial offices of the DTI, in
cooperation with the concerned LGUs, shall 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.

SEC. 10. Creation of the OTOP Program Office. – Every LGU shall create an OTOP Program Office (OTOP PO) managed by an officer, who shall be determined in the Implementing Rules and Regulations of this Act, to administer, supervise, and implement the OTOP Program.

SEC. 11. Implementing Agencies. – The DTI shall be the implementing agency of this Act, while the following agencies shall assist DTI in the implementation of the provisions of this Act:
(a) Cooperative Development Authority (CDA);
(b) Department of Interior and Local Government (DILG);
(c) Technical Education and Skills Development Authority (TESDA);
(d) Department of Science and Technology (DOST);
(e) Department of Agriculture (DA); and
(f) Department of Tourism (DOT).

SEC. 12. Appropriations. – The amount necessary to carry out the initial implementation of this Act shall be sourced from the current budget of the DTI. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations Act.

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

SEC. 14. 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 effect.

SEC. 15. 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. 16. Effectivity Clause. – This Act shall take effect fifteen (15) days from the date of publication in the Official Gazette or any newspaper of general circulation.

Approved,