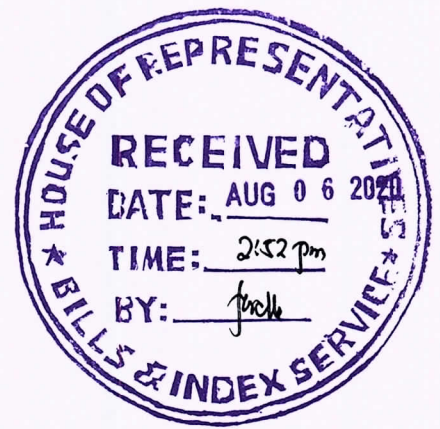




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

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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HOUSE BILL NO. 7312

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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:

1 SECTION 1. *Short Title.* – This Act shall be known as the “*OTOP Philippines Act of*
2 *2020*”.

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

10 Towards this end, the State shall equip MSMEs to achieve increased product and
11 service quality, technological innovation, and diversification. The State shall likewise
12 promote the preferential use of Filipino labor, domestic materials, and locally produced
13 goods, and adopt measures to make them competitive. The State shall further provide
14 adequate and effective support services for MSMEs to enable communities to determine,

1 develop, and promote products and services that are rooted in their culture, community
2 resources, creativity, connection, and competitive advantage.

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

4 (a) Provide a package of assistance for MSMEs with minimum viable products to
5 develop new, innovative, and more complex products with significant
6 improvement in the areas of quality, product development, design, packaging,
7 standards compliance, marketability, production capability, and brand
8 development, among others;

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

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

15 (d) Establish the OTOP Philippines Trustmark as a guarantee of excellence in
16 OTOP Philippines products and services.

17 SEC. 4. *Institutionalization of One Town, One Product Philippines.* - The One Town,
18 One Product Philippines Program, herein referred to as OTOP Philippines, is hereby
19 institutionalized to serve as the government's stimulus program encouraging the growth
20 of MSMEs in the countryside through the development of indigenous raw materials,
21 utilization of local skills and talents, and featuring of local traditions and cultures across
22 the country.

23 SEC. 5. *Program Components.* - The Department of Trade and Industry (DTI), in
24 partnership with the LGUs, shall provide a comprehensive package of assistance to OTOP
25 Philippines Program beneficiaries, such as, but not limited to the following:

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

27 (i) *Product Design* – design assistance to new products, product
28 adaptation, product diversification, and expansion of existing product
29 lines;

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

32 (iii) *Technology Updating* – conduct workshops on new technology
33 procedures, materials, and processing to increase production quality
34 and quantity; and

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

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

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

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 products
14 and skills-based services known to an area or locality. This shall include, but are not
15 limited to, the following products and services:

16 (a) *Processed Food* such as fruits and nuts, local delicacies and kakanin (sticky rice
17 cakes), juices, wines, tea, and other beverage, pastries and baked goods,
18 preserved food sauces, cakes, other desserts products, food supplements, and
19 culinary-based specialty products;

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

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

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

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

29 SEC. 7. *OTOP Philippines Trustmark*. - The DTI shall establish the OTOP Philippines
30 Trustmark, an indication of assurance that the products under the program represent the
31 country's best. The OTOP Philippines Trustmark shall signify that the services and
32 products have been marked excellent in terms of quality, design, value, and marketability.

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

38 SEC. 9. *Beneficiaries*. - The regional and provincial offices of the DTI, in
39 cooperation with the concerned LGUs, shall determine the beneficiaries of the OTOP

1 Program. The guidelines and mechanism for the selection of beneficiaries shall be
2 formulated by the implementing agencies identified by this Act.

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

7 SEC. 11. *Implementing Agencies.* – The DTI shall be the implementing agency of this
8 Act, while the following agencies shall assist DTI in the implementation of the provisions
9 of this Act:

- 10 (a) Cooperative Development Authority (CDA);
- 11 (b) Department of Interior and Local Government (DILG);
- 12 (c) Technical Education and Skills Development Authority (TESDA);
- 13 (d) Department of Science and Technology (DOST);
- 14 (e) Department of Agriculture (DA); and
- 15 (f) Department of Tourism (DOT).

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

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

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

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

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

32
33 *Approved,*