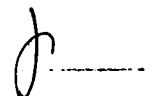


'21 AUG 26 A10 :35

**SENATE**

**S.B. No. 2366**

Referred to



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**Introduced by SEN. WIN GATCHALIAN**

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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**

**EXPLANATORY NOTE**

The idea of One Town, One Product (OTOP) originated from Japan's One Village, One Product during the 1980s. It was commenced with a group of women producing homemade biscuits to sell in the local market, which immediately gained popularity in the market and the women involved learned new skills such as bookkeeping and marketing. They also improved the quality and packaging of their products, which enabled them to trade more and gain access to credit from local banks that eventually helped them grow their businesses and increase their income.<sup>1</sup>

In the Philippines, this concept has been present since 2002 and was entrenched on Executive Order No. 176 s. 2003 as "Isang Bayan, Isang Produkto, Isang Milyong Piso" Program to stimulate local economic activity and sustain the anti-poverty thrust of the government. After almost two decades of gains in terms of job generation and increase in domestic sales and exports, and challenges on the limited capacity to engage micro, small and medium-scale enterprises (MSMEs), OTOP

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<sup>1</sup> <https://reliefweb.int/report/afghanistan/one-village-one-product-how-japanese-idea-changing-lives-and-helping-rural>

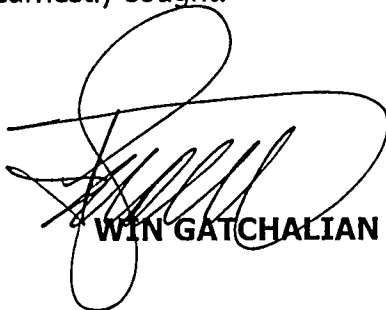
remains to be a strategic tool that provides assistance to MSMEs from local government units, national government agencies, and the private sector, and promotes inclusive growth within communities.

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<sup>2</sup> which proves the potential of these MSMEs to grow and earn amidst the pandemic.

In this regard, the 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 creates and OTOP Program Office in every LGU.

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



**WIN GATCHALIAN**

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<sup>2</sup> Consolidated Department of Trade Industry Updates presented by Secretary Ramon M. Lopez on July 7, 2021 during Senate Committee on Trade public hearing

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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 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 and  
7 boost national economic growth. The State also recognizes the indispensable role of  
8 the private sector and private enterprises and the necessity to provide incentives to  
9 foster advancement among businesses especially local micro, small and medium-scale  
10 enterprises (MSMEs).

11           Towards this end, the State shall equip MSMEs to progressively improve product  
12 and service quality, and to utilize new technologies to pursue innovation and

1 diversification. The State shall likewise promote the preferential use of Filipino labor,  
2 domestic materials, and locally produced goods, and adopt measures to make them  
3 competitive. The State shall further provide adequate and effective support services  
4 for MSMEs to enable communities to determine, develop, and promote products and  
5 services that are rooted in their culture, community resources, creativity, connection,  
6 and competitive advantage.

7  
8 **SEC. 3. *Objectives.*** – This Act aims to:

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

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

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

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

22  
23 **SEC. 4. *Institutionalization of One Town, One Product Philippines.*** - The One  
24 Town, One Product Philippines Program, herein referred to as OTOP Philippines, is  
25 hereby institutionalized to serve as the government’s stimulus program for the  
26 promotion and development of MSMEs in the countryside through the use of  
27 indigenous raw materials and utilization of local skills and talents.

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

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

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

13                (iv) *Product Enhancement* – provide seminars to increase design  
14 awareness and appreciation of product or merchandise development  
15 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, including  
18 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 requirements of  
21 DTI-Bureau of Philippine Standards, Food and Drug Administration, and the  
22 Intellectual Property Office of the Philippines, and other concerned  
23 government agencies. Monitoring and evaluation schemes shall be  
24 developed and maintained to ensure that products under the OTOP  
25 Philippines conform to these standards; and

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

30

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

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

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

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

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

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

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

23  
24           SEC. 8. *Establishment of OTOP Philippines Hubs.* – The Department of Tourism  
25 (DOT), Civil Aviation Authority of the Philippines, Philippine Ports Authority, Land  
26 Transportation and Franchising Board, and other relevant agencies shall construct and  
27 allocate spaces for the establishment of OTOP Philippines Hubs.

28  
29           SEC. 9. *Beneficiaries.* – The regional and provincial offices of the DTI shall, in  
30 cooperation with the concerned LGUs, 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  
4 SEC. 10. *Creation of the OTOP Program Office.* – Every LGU shall create an  
5 OTOP Program Office (OTOP PO) managed by an officer who shall administer,  
6 supervise, and implement the OTOP Program.

7  
8 SEC. 11. *Implementing Agencies.* – The DTI shall implement the provisions of  
9 this Act, in coordination with the following agencies:

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

16  
17 SEC. 12. *Appropriations.* – The amount necessary to carry out the initial  
18 implementation of this Act shall be charged against the current year's appropriations  
19 of the DTI. Thereafter, such amount as may be necessary for the continued  
20 implementation of this Act shall be included in the annual General Appropriations Act.

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

23  
24 SEC. 13. *Implementing Rules and Regulations.* – Within sixty (60) days from  
25 the effectivity of the Act, the DTI shall, in coordination with the other implementing  
26 agencies, formulate and promulgate the necessary rules and regulations to effectively  
27 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 continue  
3 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.

11  
12           *Approved,*