



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 4166**



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**INTRODUCED BY REP. HARRIS CHRISTOPHER M. ONGCHUAN**

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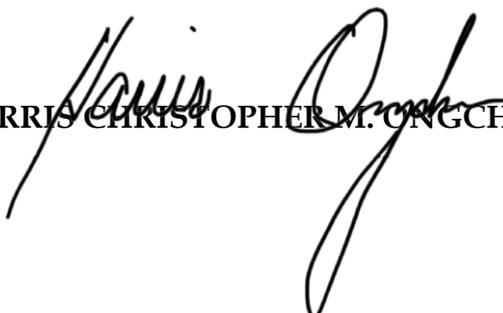
#### **EXPLANATORY NOTE**

Micro, small and medium enterprises (MSMEs) comprise a large chunk of the Philippine economy. Accounting for roughly 35.7% of the country's Gross Domestic Product (GDP) and generating around 5.7 millions jobs in 2018 according to the Department of Trade and Industry (DTI). In its pursuit for economic growth, the national government must put its focus on the development of MSMEs, especially those situated in rural communities.

This proposed legislation aims to utilize a currently existing partnership between Local Government Units (LGUs) and the DTI called One Town, One Product (OTOP), which aims to develop local industries and maximize their profits. The program will offer various forms of assistance to beneficiaries such as product development, capacity building, quality control, and market access. Furthermore, it will cover a wide range of indigenous industries such as agriculture, handicrafts, food processing, and services.

In the 18th Congress, this bill was filed by Rep. Argel Joseph T. Cabatbat and Rep. Loren Legarda. It was approved by the House on Third Reading, and was transmitted to the Senate.

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

  
**HARRIS CHRISTOPHER M. ONGCHUAN**



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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 House of Representatives of the Philippines in Congress assembled:*

**SECTION 1. *Short Title.*** - This Act shall be known as the "OTOP Philippines Act"

**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 progressively improve product and service quality, and to utilize new technologies to pursue 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 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 (TI), in partnership with the LGUs, shall provide a comprehensive package of assistance to TOP 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.
- (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, Food and Drug Administration, and the Intellectual Property Office of the Philippines, 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; and
- (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 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 the following products and services:

- (a) Agricultural-Based Products such as coffee, cacao, other agricultural produce, agri-processed products like processed meats, coconut oil, preserved and processed seafood products;
- (b) Arts and Crafts such as coco coir, weaves, bamboo, paper artistry, and wood;
- (c) Home and Fashion/Creative Artisanal Products such as gifts, souvenir items, furniture, ornaments, houseware, garments, and textiles;
- (d) Processed Food such as fruits and nuts, local delicacies, and kakanin (sticky rice cakes), juices, wines, tea, and other beverages, pastries and baked goods, preserved food sauces, cakes, and other desserts products, food supplements, and culinary-based speciality products; and
- (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 that shall signify that the services and products have been marked excellent in terms of quality, design, value, and marketability. It shall be a symbol representing the country's best products.

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

**SEC. 9. *Beneficiaries.*** - The regional and provincial offices of the DTI shall, in cooperation with the concerned LGUs, 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 administer, supervise, and implement the OTOP Program.

**SEC. 11. *Implementing Agencies.*** - The DTI shall implement the provisions of this ACT, in coordination with the following agencies:

- (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 effectiveness 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.*