

S. No. 1594
H. No. 1171

Republic of the Philippines
Congress of the Philippines
Metro Manila
Nineteenth Congress
First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-fifth day of July, two thousand twenty-two.

[REPUBLIC ACT NO. **11960**]

AN ACT INSTITUTIONALIZING THE 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:

CHAPTER I

PRELIMINARY PROVISIONS

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 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.* – The objectives of this Act are as follows:

(a) To provide a package of assistance for MSMEs with viable products in order to develop new, innovative, and more complex products, with significant improvement in the areas of quality, product development, design, packaging, standards and regulatory compliance, marketability, production capability, and brand development, among others;

(b) To assist rural communities in growing the local economy and being more market-oriented and innovation-driven;

(c) To promote the convergence of initiatives from local government units (LGUs), national government agencies, and the private sector in developing and promoting Philippine products, whether for export or the domestic market; and

(d) To formulate a national OTOP Strategic Development Plan.

SEC. 4. *One Town, One Product (OTOP) Philippines.* – To meet the declared policy of the State, the OTOP Philippines Program is hereby institutionalized and shall be one of the government's stimulus programs that will encourage the growth of MSMEs in the countryside through the development of indigenous raw materials, utilizing local skills and talents and featuring local traditions and cultures across

the country: *Provided*, That simplified requirements and procedures shall be adopted for beneficiaries to easily access the components of the Program, in accordance with Republic Act No. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018".

SEC. 5. *OTOP Philippines Trustmark.* – The Department of Trade and Industry (DTI) is hereby authorized to establish the OTOP Philippines Trustmark, an assurance that the products under the Program represent the country's best. The OTOP Philippines Trustmark shall signify that the business and products have been marked as excellent in terms of quality, design, value, and marketability.

SEC. 6. *Products and Services Covered.* – The OTOP Philippines Program shall cover products and skills-based services known to an area or locality. This shall include, but not be limited to, the following products and services:

(a) Processed foods such as fruits and nuts, local delicacies, juices, wines, tea, and other beverages, pastries and baked goods, preserved food sauces, cakes and dessert products, food supplements, and culinary-based specialty products;

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

(c) Home and fashion, and creative artisanal products such as gifts, souvenir items, furniture, ornaments, houseware, garments, fabrics, and textiles;

(d) Arts and crafts such as coco coir, weaves, bamboo products, 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; and

(f) Such other goods and services that are eligible under Section 7 of this Act and as approved by the DTI.

SEC. 7. *Qualifications.* – OTOP products included in the Program must meet a set of criteria to be established by the DTI: *Provided*, That they are consistent with the following elements:

(a) Culture – This shall pertain to cultural values rooted in the following: heritage, living traditions, customs and rituals, recipes passed on from generation, narratives, history, and beliefs;

(b) Community Resource – The locality's selected products shall be based on the availability of local resources, raw materials, skills, and network resources within a community;

(c) Connection – The selected product shall be able to evoke a sense of pride or emotional connection among the locals;

(d) Creativity – The products selected for a locality shall be able to exemplify the Filipino people's creativity and innovation; and

(e) Competitive Advantage – The product or service selection shall be based on a locality's innate or endemic strengths anchored on several variables such as topography, climate, geographical location, and proximity to resources, among others.

Provided, further, That preference shall be given to goods or services that form part of the supply chain of OTOP products.

SEC. 8. *Beneficiaries.* – The regional and provincial offices of the DTI shall, in cooperation with the concerned LGUs, determine the beneficiaries of the OTOP Program: *Provided*, That the beneficiaries shall be limited to MSMEs as defined under Republic Act No. 6977, as amended by Republic Act No. 9501. The guidelines and mechanism for the selection of beneficiaries shall be formulated by the implementing agencies identified by this Act.

SEC. 9. *OTOP Program Components.* – A comprehensive package of assistance to OTOP Philippines Program beneficiaries shall be provided such as, but not limited to, the following areas:

(a) Product Development, including:

(1) Product Design – design assistance to new products, product adaptation, product diversification, and expansion of existing product lines;

(2) Packaging and Labeling assistance to new packaging, improvement of package design, or labeling;

(3) Technology Updating – conduct workshops on new technology procedures, materials, and processing to increase production quality and quantity; and

(4) Product Enhancement – provide seminars to increase design awareness and appreciation of product or merchandise development and the industrial design profession.

The DTI and the Department of Science and Technology (DOST), in coordination with the concerned LGU, shall provide the means to facilitate knowledge sharing and technology transfer in all areas related to product development.

(b) Capacity Building through training opportunities focusing on improving the human aspect of OTOP Philippines, including business skills training and business counseling in coordination with the DTI, Cooperative Development Authority (CDA) and the Technical Education and Skills Development Authority (TESDA);

(c) Standards and Market Compliance where beneficiaries shall be trained and capacitated to observe standards and comply with the requirements of the DTI-Bureau of Philippine Standards (DTI-BPS), Food and Drug Administration (FDA), Department of Agriculture (DA) and the Intellectual Property Office of the Philippines (IPOPHL), and other concerned government agencies. Monitoring and evaluation schemes shall be developed and maintained in consultation with these agencies 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 multimedia advocacy campaigns, trade

fairs, and OTOP Philippines Hubs. The DTI, Philippine Information Agency (PIA), Department of Tourism (DOT), and Philippine International Trading Corporation (PITC) shall therefore implement a promotional campaign in local and international markets for OTOP Philippines products; and

(e) Eligibility for government assistance which includes a minimal set of rules and simplification of procedures and requirements for government agencies dealing with OTOP beneficiaries and as provided under Section 4 of Republic Act No. 9501.

The DTI, in coordination with other government agencies, shall also formulate a program to provide the OTOP beneficiaries with easier access to credit or capital infusion for the establishment, development, or growth of their business, if necessary.

SEC. 10. *Lead Implementing Agency.* – The DTI shall serve as the lead agency for this Act. An OTOP Management Committee shall be created and designated by the DTI Secretary, which shall have the main responsibility of directing the implementation of the provisions of this Act. The OTOP Management Committee shall be composed of offices and attached agencies under the DTI such as, but not limited to, the DTI-BPS and IPOPHL. The DTI Secretary shall create the OTOP Management Committee within fifteen (15) working days from the effectivity of this Act.

The following agencies shall also assist and coordinate with the DTI in the implementation of the provisions of this Act to achieve convergence and ensure efficient use of resources:

- (a) Cooperative Development Authority (CDA);
- (b) Department of Agriculture (DA);
- (c) Department of Information and Communications Technology (DICT);
- (d) Department of the Interior and Local Government (DILG);

- (e) Department of Health (DOH);
 - (f) Department of Science and Technology (DOST);
 - (g) Department of Tourism (DOT);
 - (h) Department of Transportation (DOTr);
 - (i) National Economic and Development Authority (NEDA);
 - (j) National Commission for Culture and the Arts (NCCA);
 - (k) Philippine Information Agency (PIA);
 - (l) Philippine International Trading Corporation (PITC);
- and
- (m) Technical Education and Skills Development Authority (TESDA).

SEC. 11. *Creation and Formalization of OTOP Program Office.* – In order to strengthen its capacity to implement this Act, the DTI is hereby authorized to create the OTOP Program Management Office (OTOP-PMO) which shall oversee and direct the OTOP Program on the national level. The OTOP-PMO shall be headed by a Director, and its organizational structure and staffing complement shall be determined by the DTI Secretary in consultation with the Department of Budget and Management and in accordance with civil service rules and regulations.

There is hereby created the OTOP Local Program Office (OTOP-LPO) in each LGU which shall direct, supervise, and implement the OTOP Program on the local level.

Within one (1) year, the DTI, through the OTOP-PMO, shall develop a six (6)-year National OTOP Strategic Plan, hereinafter referred to as the Plan, in consultation with concerned stakeholders, which shall be validated and updated annually.

The Plan, which shall be approved by the President of the Philippines, shall define the OTOP Program's annual and

medium-term targets, as well as develop and implement programs and strategies to support the OTOP Program's thrusts. The Plan shall also identify priority OTOP products and services, which shall be characterized by high value-added and have a high potential for attaining the objectives of this Act.

SEC. 12. *Establishment of OTOP Philippines Hubs.* – The DOT, the Civil Aviation Authority of the Philippines (CAAP), the Philippine Ports Authority (PPA), the Land Transportation Franchising and Regulatory Board (LTFRB), and other similar agencies shall support the construction and allocation of spaces for the establishment of OTOP Philippines Hubs.

To promote access to the market, the DTI shall ensure that the OTOP Philippines Hubs are established in strategic ports of entry such as, but not limited to, airports, seaports, bus terminals, high-traffic retail outlets like malls, tourist destinations, and other consumer-frequented locations.

All LGUs shall establish their own LGU OTOP Hub in any location that has high foot traffic preferably in the city or municipal hall or any LGU facility or location that has high foot traffic or is frequented by locals.

The DTI, in coordination with the agencies, shall formulate a comprehensive marketing and operations plan for the establishment of the OTOP Philippines Hubs.

SEC. 13. *Appropriations.* – The amount necessary to carry out the initial implementation of this Act shall be charged against the current year's appropriations of the DTI. Thereafter, such amount as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

The LGUs concerned shall set aside the amount needed for the operation of the OTOP-LPO and OTOP Hubs under Sections 11 and 12 hereof.

SEC. 14. *Implementing Rules and Regulations.* – Within sixty (60) working days from the effectivity of this Act, the DTI, in coordination with the other implementing agencies identified in Section 10, shall formulate and promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

SEC. 15. *Separability Clause.* – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SEC. 16. *Repealing Clause.* – Any law, decree, proclamation, issuance, or ordinance that is contrary to or inconsistent with the provisions of this Act is hereby amended, repealed, or modified accordingly.


SEC. 17. *Effectivity.* – This Act shall take effect fifteen (15) days following its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,


FERDINAND MARTIN G. ROMUALDEZ
Speaker of the House of Representatives

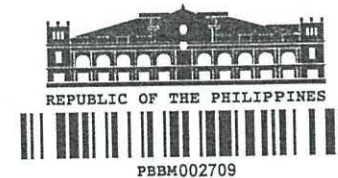

JUAN MIGUEL F. ZUBIRI
President of the Senate

This Act, which is a consolidation of Senate Bill No. 1594 and House Bill No. 1171, was passed by the Senate of the Philippines and the House of Representatives on May 31, 2023.


REGINALD S. VELASCO
Secretary General House of Representatives


RENATO N. BANTUG JR.
Secretary of the Senate

Approved: 24 AUG 2023



FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines

