

26 February 2020

SENATOR AQUILINO “KOKO” PIMENTEL III

Chairperson

Committee on Trade, Commerce and Entrepreneurship

Senate of the Philippines

Pasay City

Dear **Senator Pimentel**:

We are pleased to submit the Department’s position on Senate Bill No. 575, entitled:

“An Act Establishing the *Suporta Para sa Produktong Pilipino* Program, Appropriating Funds Therefor, and For Other Purpose”

This is without prejudice to the Department’s submission of additional inputs.

With my best regards.

Very truly yours,


RAMON M. LOPEZ
Secretary



OFFICE OF THE SECRETARY

DTI Position on

Senate Bill No. 575

“An Act Establishing the *Suporta Para sa Produktong Pilipino* Program, Appropriating Funds Therefor, and For Other Purpose”

The Department, being the main agency promoting the development of micro, small and medium enterprises (MSMEs), recognizes and expresses support to the objectives of the proposed legislation to institutionalize *Suporta Para sa Produktong Pilipino* Program. This program is envisioned to provide eligible businesses in each city/municipality in the country to highlight their main product/finished goods to consumers and investors. The proposed initiative could be an umbrella program where the DTI's **One Town, One Product (OTOP) Philippines Program** can be integrated to avoid duplication of functions and to ensure efficient use of government resources.

We are of the view that the financial grant of PhP10,000.00 being proposed in the bill will be a vital element to complement the various capacity building activities being provided under OTOP Program. However, we suggest that due diligence be exercised in selecting deserving entrepreneurs who will receive the financial incentive, specifically, MSMEs that can genuinely promote and produce the product in their area and generate employment. Moreover, appropriate implementing guidelines must be formulated for this purpose with the following considerations:

- On **identification of priority finished goods**. Priority finished goods of cities and municipalities may be identified by concerned LGUs for the concurrence of the Provincial MSME Development Councils (PSMEDCs). LGUs may be given the option to modify prioritized goods in order to redirect assistance to other competitive goods in their area, which also have market demand; and
- On **eligibility criteria**. The eligible MSME must have attended capacity building for MSMEs provided under the OTOP Program. The necessary monitoring and evaluation will be established to include enterprise fund utilization and other impact indicators.

Institutionalized through Executive Order (E.O.) No. 176, Series of 2003, OTOP Philippines is a program supporting MSMEs to manufacture, offer and market distinctive products or services using indigenous raw materials and local skills and talents. It is a priority stimulus program for MSMEs as government's customized intervention to drive inclusive local economic growth. The program enables localities and communities to determine, develop, support, and promote products or services that are rooted in its local culture, community resource, creativity, connection, and competitive advantage. As their own 'pride-of-place,' these are offerings where they can be the best at or best renowned for. It endeavors to capacitate OTOPpreneurs to innovate and produce market-ready products and services.

The program has two (2) major components:

- 1) **OTOP Next Gen** – refers to the Department’s program to level up OTOP products and services, through an assistance package primarily involving product development initiatives, training, referral, and others aiming to level up the products in terms of design, packaging, quality, standards compliance, marketability, and brand development, among others.

Moreover, OTOP Next Gen embarks on the technological upgrade of production processes and design (e.g., from hand to mechanized or semi-mechanized), combining various elements, re-engineering design or process, or building more advanced skills.

- 2) **OTOP.PH or OTOP Philippines Hub** – serves as a multi-site platform for MSMEs to showcase and sell products and services to local and international markets. It provides physical and online channels and market access platform where OTOP products – especially those that has been assisted via product development – are promoted on a day-to-day basis.

OTOP products are identified based primarily on its (a) cultural value, (b) community resource, (c) creativity, (d) connection, and (e) competitive advantage. It only covers tangible products and skills-based services while tourism activities, creative outputs (film, music) and non-MSME products are excluded from the OTOP Philippines program:

Processed food	Processed fruits and nuts, delicacies and ‘ <i>kakanins</i> ,’ juices and beverages, pastries and bakery goods, preserved food, sauces, cakes and desserts, wine, tea, food supplements, culinary-based specialty products
Agri-based products	Coffee, cacao, agricultural produce, agri-processing (such as processed meats, coconut oil), seafood (preserved and processed)
Arts and crafts	Coco coir, weaves, bamboo, paper artistry, wood
Home & fashion/creative artisanal	Gifts, souvenir items, furniture, décor, housewares fabrics, garments/textiles, toys
Services (skills-based) and others	Hilot, sculpting, wellness products, industrial products, personal care, cosmetics

Through a convergence of services from local government units (LGUs), national government agencies (NGAs), and the private sector, OTOP Philippines offers a comprehensive assistance package that includes business counselling, appropriate technologies, skills and entrepreneurship, marketing and product design and development.

Specifically, below are the assistance package provided to OTOPpreneurs:

- ✓ Product development
 - Design services and intervention
 - Packaging and labeling
 - FDA, Nutrifacts and testing assistance
- ✓ Technology upgrading
- ✓ Capacity-building

- ✓ Brand equity and development
- ✓ Intellectual Property assistance
- ✓ Access to Finance
- ✓ Marketing platforms and promotion

Currently, there are **34 OTOP Hub stores** established nationwide:

1) Laoag International Airport	16) Century Old Balete Tree, Siquijor	31) National Highway, Guiwangon, Baclayon, Bohol
2) Tuguegarao City Airport	17) Island City Mall, Tagbilaran City, Bohol	32) LU Riverfarm Seafood Restaurant, Baroro, Bacnotan, La Union
3) ITTCC Bldg., Santiago City, Isabela	18) Robinsons Place Butuan City	33) The Atrium, Robinsons Place, Dumaguete, Negros Occidental
4) Golden Berries Hotel, Kalinga	19) Gaston Park, Cagayan De Oro	34) Sacred Heart Shell Station, Brgy. Cogon, Digos City, Davao Del Sur
5) Provincial Plaza, Mt. Province	20) Canaway Road, Iligan City	
6) Cordillera Crafts and Productivity Center, Baguio City	21) Johann's Cuisine Promenade, Misamis Occidental	
7) PCEDO Bldg., Malolos City, Bulacan	22) KCC Mall, Zamboaga City	
8) DTI Office Trade and Industry Bldg., Makati City	23) Lakbay Museo, S Maison, Pasay City	
9) D' Banquet Restaurant, Tagaytay City	24) SM City General Santos, Saranggani	
10) Sumlang Lake, Albay	25) Philippine Ceramics Arts and Crafts, Tiwi Albay	
11) SEDGen Bldg., Legazpi City	26) Davao International Airport	
12) FSJ Pasalubong Sentral, CBD Terminal, Naga City	27) Caramel Bakeshop & Pasalubong Center, Pili, Camarines Sur	
13) Masbate City Hall	28) Luneta Park, Surigao City	
14) Jocyl's Pasalubong Center, Kalibo	29) Catanduanes Pasalubong Shop, Salvacion Virac, Caanduanes	
15) D' Mall, Boracay	30) Ground Floor, Altica Arcade, Antipolo City	

The Department reiterates its support to the Senate's initiative to institutionalize *Suporta Para sa Produktong Pilipino* Program. However, we suggest that the program be subsumed under the Department's OTOP Philippines Program for a more effective, efficient and wider reach of beneficiaries.

Rizalyn Chan

Bureau of Trade and Industrial Policy Research

26 February 2020

Ref: BTIPR-122019-264

/jto