Micro, Small, and Medium Enterprise Development Plan 2017-2022





Micro, Small, and Medium Enterprise Development Plan 2017-2022



MALACAÑAN PALACE MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 50

APPROVING THE MICRO, SMALL, AND MEDIUM ENTERPRISE (MSME) DEVELOPMENT PLAN 2017-2022 AND DIRECTING CONCERNED GOVERNMENT AGENCIES AND INSTRUMENTALITIES, INCLUDING GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS AND LOCAL GOVERNMENT UNITS, TO ADOPT AND IMPLEMENT THE PLAN

WHEREAS, Section 6 of Republic Act (RA) No. 6977, as amended, or the Magna Carta for Micro, Small and Medium Enterprises (MSMEs), provides that the President shall approve a six-year micro, small and medium enterprise development plan prepared by the Department of Trade and Industry (DTI) which shall form part of the Medium Term Philippine Development Plan, formulated in consultation with the private sector, to be validated and updated semestrally, and which shall include a component on a micro credit financing scheme;

WHEREAS, RA No. 6977 created the Micro, Small and Medium Enterprise Development (MSMED) Council tasked, among others, to review existing policies of government agencies that affect the growth and development of MSMEs, and recommend to the President and the Congress all policy matters affecting the same;

WHEREAS, RA No. 6977 designated the DTI – Bureau of Micro, Small and Medium Enterprise Development (BMSMED) to act as MSMED Council Secretariat and shall be responsible to prepare, coordinate, and recommend for approval of the Council the MSMED Plan 2017-2022;

WHEREAS, the MSME Development Plan (MSMEDP) 2017-2022, crafted with a vision to make the MSME sector more globally competitive, shall serve as the blueprint for integration and collaboration of relevant government and private sector institutions for MSME development;

WHEREAS, the MSMED Council, during its 7th Meeting on 18 August 2017, approved the MSMEDP 2017-2022 and subsequently approved its corresponding Key Performance Indicators during its 8th Meeting on 28 November 2017;

WHEREAS, the successful implementation of the MSMEDP rests on the support of all the stakeholders;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

SECTION 1. MSME Development Plan 2017-2022. The MSMEDP 2017-2022 is hereby approved. All concerned government agencies and instrumentalities, including government-owned or -controlled corporations (GOCCs), and local government units (LGUs), are hereby directed to adopt, disseminate and implement the Plan.

SECTION 2. Coordination with the MSMED Council and Secretariat. All concerned government agencies and instrumentalities, GOCCs and LGUs are also hereby directed to work with the MSMED Council in identifying and carrying out programs and projects for MSMEs, including the appropriation of necessary budgets therefor. The MSMED Council may call upon the participation of concerned government agencies and instrumentalities, GOCCs and LGUS in coordination meetings of the committees that may be organized to ensure the implementation of the MSMEDP 2017-2022.

The DTI-BMSMED, as Council Secretariat, shall coordinate and work with the various implementing agencies and entities for the prioritization and sequencing of strategies, policies, programs and projects identified in the Plan, including proposed legislation. The monitoring of outcomes and implementation shall be reported regularly to the MSMED Council.

SECTION 3. Funding. The initial funding for the implementation of the various programs under the MSMEDP 2017-2022 shall be sourced from the applicable budgets of concerned agencies or instrumentalities and such other source to be identified by the Department of Budget and Management. Subsequent funding requirements shall be included in the respective budgets of concerned agencies or instrumentalities. The implementation of programs under the Plan may also be applied for funding under the MSMED Council Fund, subject to approval and availability thereof.

SECTION 4. **Separability Clause**. If any section or part of this Order is held unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force or effect.

SECTION 5. Repealing Clause. All other orders, guidelines, rules, regulations, and issuances or parts thereof which are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

SECTION 6. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, this **4th** of **April** in the year of Our Lord, Two Thousand and Eighteen.



By authority of the President:

SALVADOR C. MEDIALDEA Executive Secretary





MALACAÑAN PALACE MANILA



FOREWORD

Micro, small and medium enterprises (MSME) play a crucial role in fulfilling our Ten-Point Socio-Economic Agenda that seeks to sustain the momentum of our current economic growth. Comprising 99.5% of business establishments, it provides opportunities for 4.8 million people and accounts for 61.6% of the country's total employment.

The **MSME Development Plan 2017-2022** will ensure the further empowerment of rising entrepreneurs in the next five years through development strategies that will create globally competitive MSMEs that are regionally integrated, resilient, sustainable and innovative.

I am confident that the strategies outlined in this Plan will continue to accelerate the growth of our MSME sector, especially as we revive the Philippine manufacturing industry and welcome new developments brought about by ASEAN integration.

As the Philippines continues to make its presence felt in the ASEAN and global economies, I encourage our partners from both the public and private sectors as well as other stakeholders to remain committed in your unwavering passion to reform, improve and develop our overall business environment so that MSMEs may truly realize their potential as drivers of inclusive growth and development.

TERTE

M A N I L A May 2018





PREFACE

Guided by a 7-point strategic framework for uplifting the micro, small and medium enterprises (MSMEs), the Philippines puts forward improved and innovative initiatives encapsulated in the new MSME Development Plan 2017-2022 that will provide greater opportunities to help entrepreneurs start up, sustain, expand, and internationalize their own businesses, and thereby become smarter entrepreneurs.

In the administration's 10-point socio-economic agenda which aims to broaden the gains of economic development, address inequality, and uplift the quality of life of all Filipinos, President Rodrigo Duterte envisioned the reduction of poverty from 21.6% in 2015 to 13%-15% by 2022. We, at the Department of Trade and Industry, are one with the President's desire to achieve inclusive growth and bring shared prosperity for all by empowering our MSMEs, which form a significant part in our country's growth resurgence.

Armed with the common mission of upgrading the MSMEs in the country, this Plan would not be possible without the continued efforts and cooperation of our MSME stakeholders and enablers from around the country. I also acknowledge the unrelenting commitment of the MSME Development Council members from the development to the implementation of the Plan.

I enjoin everyone's cooperation and commitment to help develop, handhold, and empower the MSMEs as we aim for shared prosperity for all.

TARY RAMON M. L

SECRETARY RAMON M. LOPEZ Department of Trade and Industry Republic of the Philippines

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List of Abbreviations and Acronyms

AEC ASEAN ASENSO	ASEAN Economic Community Association of Southeast Asian Nations Access of Small Enterprises to Sound Lending Opportunities
APEC	Asia-Pacific Economic Cooperation
BDTP	Bureau of Domestic Trade Promotion
EMB BSMED	Export Marketing Bureau Bureau of Small and Medium Enterprise Development
BSOs	Business Support Organizations
BSP	Bangko Sentral ng Pilipinas
CIDA	Canadian International Development Agency
CDA	Cooperative Development Authority
CITEM CSR	Center for International Trade Expositions and Missions Corporate Social Responsibility
DCP	Design Center of the Philippines
DTI	Department of Trade and Industry
GMP	Good Manufacturing Practice
GFIs	Government Financial Institutions
GIZ GVC	German International Cooperation Agency Global Value Chain
KM	Knowledge Management
LBP	Land Bank of the Philippines
LGUs	Local Government Units
KMME	Kapatid Mentor Micro Entrepreneurs
MFO	Major Final Output
MSME MSMEDC	Micro, Small, and Medium Enterprises Micro, Small, and Medium Enterprise Development Council
NEDA	National Economic and Development Authority
NFA	National Food Authority
NGA	National Government Ágency
NWPC	National Wages and Productivity Commission
OECD	Organization for Economic Cooperation and Development
OFWs OTOP	Overseas Filipino Workers One Town, One Product
PAPs	Programs, Activities, and Projects
PDP	Philippine Development Plan
PITC	Philippine International Trading Corporation
PPPC	Public-Private Partnership Center
PSA	Philippine Statistics Authority
PTTC RBM	Philippine Trade Training Center Results-Based Management
ROG	Regional Operations Group
SB Corp	Small Business Corporation
SET-UP	Small Enterprise Technology-Upgrading Program
SSF	Shared Service Facilities
SUCs TNK	State Universities and Colleges Trabaho, Negosyo, Kabuhayan (Employment, Business, Livelihood)
UP-ISSI	University of the Philippines-Institute for Small Scale Industries

Executive Summary

Background

The Micro, Small, and Medium Enterprise (MSME) Development Plan 2017-2022 is the sectoral plan for the growth and advancement of the MSME sector. It was developed in consultation with various stakeholders from the private sector, academe, and government agencies. It is aligned with the Philippine government's goal of boosting employment, business, and livelihood or "*Trabaho, Negosyo, Kabuhayan*" translating to "*Malasakit*", "*Pagbabago*", at "*Patuloy na Pag-unlad*" of the Philippine Development Plan (PDP) 2017-2022.

The key inputs to the Plan's formulation were also taken from the Ten-Point Agenda for Development presented by President Rodrigo R. Duterte at his first State of the Nation Address on 25 July 2016. It was also developed in accordance with *AmBisyon Natin 2040*, the long-term mission and vision statement for Philippine development formulated by the National Economic and Development Authority (NEDA) in March 2016.

MSME Development Plan 2017-2022 continues where the previous Plans have left off, in the manner of its formulation, its intended modes of execution, and most importantly, in its intention to fully develop the sector's capabilities and harness its potential for the good of the country.

The MSME Sector

The MSME sector in the Philippines consists of 896,839 or 99.54% of the 900,914 total establishments in the country as reported by the Philippine Statistics Authority (PSA) in 2015. Microenterprises make up the largest portion (89.53%), followed by small enterprises (9.59%), and medium enterprises (0.43%). This composition is at par with those of MSME sectors in other member countries of Association of Southeast Asian Nations (ASEAN). Microenterprises contribute the biggest share (29.43%) of the country's total employment closely followed by small enterprises (25.34%) while medium enterprises are far behind at 6.83%. Nearly half of the country's MSMEs are largely engaged in "wholesale and retail trade," constituting 46.51% of total establishments. A far second is "accommodation and food service activities" (13.27%) which is closely trailed by "manufacturing" (12.71%). Other key economic activities being undertaken by MSMEs are "information and communication" (3.92%) and "financial and insurance activities" (3.83%).

While the survey-generated data in 2015 provided by PSA shows MSMEs at only less than a million, the sector's number may be more. Data gathered from submission of

Local Government Units (LGUs) to the Philippine Business Registry (PBR) indicated that there are about 1,348,559 registered enterprises in the country (Bureau of Local Government Development (BLGD) Report, 21 December 2017).

The Plan's Vision

The MSME Development Plan 2017-2022 has as its vision: "more globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth."

To achieve this, the MSME Development Plan 2017-2022 has three focus areas with corresponding themes or points of emphasis:

- (1) **business environment**, with emphasis on improving the business regulatory requirements and procedures as well as maximizing access to finance;
- (2) **business capacity**, with the aim of strengthening human capital development and improving innovation and technological competitiveness of MSMEs to transform and create new business models and enterprises; and,
- (3) **business opportunities**, with the aim of broadening access to markets.

Following are the goals, corresponding strategies, and action plans:

I. Business Environment

1. Improved Business Climate

The basic strategy adopted by the Plan is to "simplify, standardize, and harmonize MSME-related rules and regulations at all levels that will encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, and trade and economic cooperation with other countries."

Under this strategy, the action plans include:

- a. Expedite delivery of MSME assistance services;
- b. Streamline business permit and licensing systems;
- c. Remove restrictions, provide incentives and promote job-creating investments;
- d. Reduce regulatory burden; and,
- e. Foster in all government entities a convergence mindset that recognizes the centrality of MSME development in achieving dynamic and inclusive economies.

2. Improved Access to Finance

The Plan strategy calls for streamlining and simplifying loan processes for MSMEs, creating the necessary enabling environment that encourages

local banks and relevant financial institutions to reach MSMEs at the ground level while equipping them with knowledge and enticements to avail of formal financial channels.

Under this goal and strategy, the action plans include:

- a. Streamline and simplify loan requirements and processes for MSMEs and cooperatives;
- b. Build capacities of financial institutions and cooperatives to provide business development assistance for MSMEs;
- c. Provide financial literacy trainings for MSMEs;
- d. Institute policies and programs for innovative financing; and,
- e. Develop, promote and expand alternative financial instruments to better serve MSMEs' financing requirements.

II. Business Capacity

3. Enhanced Management and Labor Capacities

To enhance management and labor capacities, the Plan strategy is to expand and strengthen the human resources capacity of MSMEs through optimal application of a combination of mentoring, group training, field outreach, and online training as well as to improve MSME knowledge base using gender and other parameters.

Under this goal and strategy, the action plans include:

- a. Encourage and promote entrepreneurship and equal opportunities for all including women and youth;
- b. Enhance labor capacities through human resource development and gender sensitivity programs for MSMEs; and,
- c. Intensify advocacy and education campaigns on laws and policies relevant to labor and related regulations.

4. Improved Access to Technology and Innovation

To improve access to technology and innovation, the Plan strategy is to support linkages between MSMEs and large corporations, develop more inclusive business models and social enterprises; establish feasible domestic economic zones for MSMEs; and make innovative technologies including sustainable and resilient practices affordable, cost effective, and accessible to MSMEs across all regions of the country.

Under this goal and strategy, the action plans include:

- a. Expand facilities that MSMEs can share;
- b. Provide financing programs for equipment and machinery acquisition;
- c. Promote Philippine National Standards (PNS) by National Government Agencies (NGAs) and its adoption by MSMEs;

- d. Develop internationally harmonized industry performance standards;
- e. Foster wider MSME clustering to achieve economies of scale via clustering models such as co-ops, "corporatives," nucleus farming, and other MSME collective mechanisms; and,
- f. Promote commercialization of technology and build capabilities to foster industry clustering.

III. Business Opportunities

5. Improved Access to Market

To improve access to market, the Plan strategy is to make available timely and relevant data to help MSMEs tap new business opportunities including linkages to local and global supply chains, improve support for ensuring compliance to market and buyer requirements (e.g., different legal, regulatory and technical requirements) and provide access to marketing platforms including e-commerce.

Under this goal and strategy, the applicable action plans include:

- a. Establish mechanisms to ease MSME compliance with regulatory and market standards;
- b. Widen reach of market mainstreaming programs including deliberate, consistent and long-term support for MSMEs' participation in market promotion activities, e.g., Go Lokal, domestic and international trade fairs, etc.);
- c. Promote e-commerce; and,
- d. Review/enrich/strengthen the Philippine Export Development Plan, with clear resource support for specific initiatives therein.

Cross-cutting Strategies

Other issues or strategies need to be pursued as they cut across the abovementioned strategies and goals because of their overall relevance. These are the following:

- a. Expand MSME assistance centers (e.g., Negosyo Center, etc.)
- b. Strengthen role of LGUs;
- c. Promote Green Growth;
- d. Promote women and youth entrepreneurship; and,
- e. Maximize opportunities in the digital and internet economy.

Strengthening Institutional Support

To achieve these action plans, five (5) institutional support measures were identified:

1. Effective coordination, complementation, and sharing among national and local government agencies together with MSME business groups and

non-governmental organizations (NGOs) advocating MSMEs including establishing a more defined and regular mechanism for public-private sector partnership in the delivery of programs and services for MSMEs;

- 2. Generation and analysis of relevant information and sex-disaggregated data in implementation plans and its needed analysis for timely dissemination to stakeholders and MSMEs for planning, budgeting, and monitoring and evaluation (M&E);
- 3. Responsive, timely, graft-free, and effective services by implementing agencies and its personnel complement to the MSMEs;
- 4. Close geographical and sectoral monitoring and evaluation of Plan implementation so that timely update and adjustments can be undertaken; and,
- 5. Necessary budget allocation equitably distributed regionally for all indicated programs/projects/activities and its timely releases for effective Plan implementation.

These measures are cross-cutting and cannot be strictly categorized as supporting a specific strategy or set of action plans, in which case the undertaking of these measures are seen more to benefit the overall framework, its focus areas, and the strategies.

Implementation of Strategic Actions

This Plan developed a suggested timeline/Work Plan for implementing the actions identified under each strategic goal which the concerned agencies or lead can further finetune with concrete action lines according to their specific needs and objectives.

It is important for all the stakeholders to have a clear understanding of each other's commitment and what action items will be implemented by whom, when and how under an agreed Implementation Work Plan. The Work Plan should be vetted within the first six months of the Plan's implementation and should be updated at least on an annual basis.

The Plan will implement key programs to support the development of MSMEs.

Monitoring and Evaluation

A monitoring and evaluation framework has been developed in order to guide the Plan's stakeholders in determining whether the MSME development framework elements have been achieved or are proceeding in the desired direction.

Part 1 Introduction

Part 1. Introduction

In general, MSME sector plans are developed with the aim of promoting, strengthening, and ensuring the growth and development of MSMEs throughout various sectors of the economy – whether it be in agriculture, services, or manufacturing. The plans are intended to improve the MSMEs' contribution to the country's economic growth as well as employment generation. Past MSME plans sought to improve the overall business environment that would increase productivity and efficiency, along with strategies to access finance and new markets. More recently, a results-based management approach was adopted to measure overall success in the achievement of the Plan's objectives.

Thus, there is a need to continue with the preparation and execution of sectoral plans for MSMEs, as has been done in previous administrations. That these plans were developed and implemented through several administrations is a testament to the foresight of past planners and policymakers to ensure a continuum of policies across administrations. Toward this, NEDA began developing a long-term vision known as *AmBisyon Natin 2040*, an amalgam of dreams and aspirations of ordinary Filipinos see their life to be by 2040. Essentially, it seeks to provide a guide in development planning across administrations which is used as basis in formulating the MSME Development Plan 2017-2022.

In addition, the Department of Trade and Industry – Bureau of Small and Medium Enterprise Development (DTI-BSMED) conducted consultative workshops and focus group discussions (FGDs) at the national level with various MSME associations and groups, such as the MSME Development Council, the various chambers of commerce, the Philippine Exporters Confederation, Inc. (PHILEXPORT), and the Employers' Confederation of the Philippines (ECOP); the various support organizations in and outside government, such as the DTI and its various bureaus/offices, the government financial institutions (GFIs) such as the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP or Landbank), and the Small Business Corporation (SB Corp). The consultation was replicated in the regions, i.e., in Northern Luzon, Southern Luzon, the Visayas, and Mindanao.

The Plan seeks to identify challenges and opportunities for the sector to take appropriate actions necessary for its long-term growth and viability. While the concerns addressed by past plans remain (these include business environment, access to markets, access to finance, productivity and efficiency), these are now complicated by newer, more complex issues such as human security and border protection (in light of the Asia-Pacific Economic Cooperation (APEC) and ASEAN integration) and, natural and man-made disasters, as well as the volatile financial markets. Although these issues have been around since the turn of the century and have been addressed to some extent in previous Plans, the 2017-2022 Plan seeks to tackle these issues in greater detail.

Along with the activities and visioning exercises which were aligned with *AmBisyon Natin 2040*, other planning considerations are as follows:

- 1. Accomplishment Report of the MSMED Plan 2011-2016;
- 2. Philippine Development Plan 2017-2022;
- 3. ASEAN Strategic Action Plan for SME Development 2016-2025;
- 4. ASEAN 2017 MSME Development Summit: Manila Call to Action;
- 4. APEC Strategy for SME Development 2017-2020; and,
- 5. DTI's 7Ms Way of Uplifting MSMEs.

Part 2 The Business Climate for MSME Development

Part 2. The Business Climate for MSME Development

The business climate in which MSMEs find themselves situated today is complex and fluid due to the ever-changing economic and political landscape. Providing business opportunities and ensuring good governance for the citizenry, including the MSMEs, are some key international commitments that promise newer and much larger markets through the ASEAN Common Market and the APEC partnership. Properly navigated, these regional and global commitments should provide the Philippine MSMEs with much bigger economic opportunities than would otherwise be available if they had focused solely on the domestic markets.

A. The Philippine Development Plan 2017-2022

The administration of President Rodrigo R. Duterte seeks to build on the successes of previous administrations in reducing poverty and increasing prosperity. Apart from the platform of combating crime and restoring peace and order, President Duterte also underscored that a peaceful society would be more conducive toward the attainment of more stable and long-lasting economic progress. In general, the Duterte economic platform seeks to distribute economic activity throughout the country even as it also aims to improve the overall business climate and make doing business at all levels or sizes of enterprise an easier proposition.

President Duterte vowed to sustain the current economic policies implemented by the previous administration. This is to ensure the continued expansion of the economy, which in the first quarter of 2016 posted the highest growth in Asia at 6.9%.

The government draws upon successful models used to attract business to local cities and pursue the relaxation of Constitutional restrictions on foreign ownership, except on land ownership, in order to attract foreign direct investments (FDIs), according to the administration's economic managers. The objective is to invest in building the infrastructure necessary to make the Philippines a 21st century economy: from modernizing ports to improving logistical spine to ensuring reliable and low-cost power for all the islands. The current government eyes to implement not just major Public-Private Partnership (PPP) projects but more small and medium-sized projects, particularly in the countryside to ensure a more inclusive growth, as this will provide more job opportunities for more people.

The Duterte Administration's economic program gained more structure when the President unveiled his "0+10-Point Socioeconomic Agenda," which is summarized as follows:

- 1. Continue and maintain current macroeconomic policies, including fiscal, monetary and trade policies;
- 2. Institute progressive tax reform and more effective tax collection, indexing taxes to inflation;
- 3. Increase the country's competitiveness and ease of doing business;
- 4. Investment on infrastructure is also targeted to remain strong at the current 5% of GDP or higher at around 6% of total domestic output, with the help of PPP;
- 5. Focus on the countryside to "promote rural and value-chain development towards increasing agricultural and rural enterprise productivity and rural tourism";
- 6. Ensure security of land tenure to encourage investments, and address bottlenecks in land management and titling agencies;
- 7. Invest in human capital to further ensure that the businesses' demand for skilled individuals are met, which will also ensure that people will have work to sustain them and in turn boost economic growth;
- Promote science, technology, and creative arts "to enhance innovation and creative capacity towards self-sustaining inclusive development";
- Strengthen social protection programs, including the conditional cash transfer (CCT) program, to address poverty and "protect the poor against instability and economic shock"; and,
- 10. Vigorously pursue the Reproductive Health Law (RH Law) to help couples from poor families to have informed choices to plan their families.

Of these points, numbers 3, 5, 6, 7, and 8 are those that relate most closely to MSMEs–numbers 3 and 5 being the most direct.

Improving the country's competitiveness (no. 3) will potentially raise investments and generate inclusive growth. Since the majority of the country's registered enterprises belong to the MSME sector, lowering the cost of doing business through streamlining business permit and licensing procedures will redound to the benefit of MSMEs.

A "pivot to the countryside" (no. 5) is the most logical direction for the new administration, considering that President Duterte, having been once a local chief executive, has first-hand knowledge and experience of what the rural sector requires in matters of job creation, income generation, and livelihood promotion.

With respect to securing land tenure (no. 6) as a means to promote investments in both rural and urban sectors, the issue becomes all the more

pressing because there are presently no legal remedies to securitize land assets that are not covered by land titles. This is in the context of the country's long-standing agrarian reform program, which provides program beneficiaries or awardees of lands a Certificate of Land Ownership Award (CLOA) pertaining to the awarded property but is not negotiable as an instrument of security as a regular title would.

Investing in human capital (no. 7) through increased spending on education, training, and skills development, among others, will also impact favorably on MSMEs, which will require more and skilled manpower as they move further up the value chain. The government's adoption of the K to 12 Program would strengthen the country's human capital resources and provide sufficient capacity/capability development of middle-level skills, employment, and entrepreneurship.

Science and technology (S&T) and the creative arts (no. 8) also form the basis for which innovations in products and services, and therefore public spending in these areas, especially in human capital development in S&T and the arts, will improve the capability of MSMEs and make them more competitive in the global markets.

The broader context of the President's peace thrust is also an important pillar in the administration's economic platform. Peaceful communities form a more solid basis for creating businesses which generate jobs that ultimately provide an even more vibrant and peaceful community, turning full circle, i.e., the so-called peace dividend.

B. ASEAN Strategic Action Plan for MSME Development 2016-2025

The ASEAN Economic Community (AEC) Blueprint's goal is "to transform ASEAN into a single market and production base, a highly competitive economic region, a region of economic development, and a region fully integrated into the global economy" (Bano and Tabbada, 2015). Under AEC's third pillar of integration, "Equitable Economic Development", the growth of MSMEs is emphasized where the progress of the MSME sector is key towards narrowing the development gap. It is essential that MSME development policies are strategically relevant given the diversity of ASEAN MSMEs and the complexity of issues they face.

The ASEAN Strategic Action Plan for SME Development 2016-2025 or SAP SMED 2025 sets out a vision that embodies the common aspiration

of ASEAN Member States (AMS) to have "Globally Competitive and Innovative MSMEs" with their commitment to achieve globally competitive, resilient and innovative MSMEs, seamlessly integrated to AEC and supporting inclusive development in the region by 2025. The Plan's five (5) Strategic are: (A) Productivity, Technology Goals Promote and Innovation; (B) Increase Access to Finance; (C) Enhance Market Access and Internationalization; (D) Enhance Policy and Regulatory Environment, and; (E) Promote Entrepreneurship and Human Capital Development. The Philippines is expected to play an important role in implementing Strategic Goal E as country champion.

Post-2025, SAP SMED identified 10 Key Performance Indicators (KPIs) as a policy tool to evaluate the achievements of the Plan. The ASEAN likewise partnered with OECD in developing an ASEAN Policy Index to further evaluate the policy action of all member states.

Meanwhile, the Philippines' Chairmanship of ASEAN has paved a way for the country to lead the region to promote dynamic and innovative MSMEs through the adoption of its 7Ms strategy that specifically identify Mindset, Mastery, Mentoring, Markets, Money, Machines and Models as key areas to develop globally competitive MSMEs. The Manila Call to Action (MCA) for ASEAN MSMEs: 7Ms to MSME Development, which was adopted on 14 July 2017 took into account recommended action plans in the areas of 7Ms to create smarter entrepreneurs that can thrive in an increasingly competitive global market.

B. APEC Strategy for SME Development

The APEC SME Working Group (SMEWG) Strategic Plan 2017-2020 aims to promote SME development and enhance the effectiveness of APEC efforts for SMEs. This is in recognition of the fact that SMEs continue to face challenges such as trade barriers that hinder their full participation in the global marketplace. Thus, the APEC SMEWG Strategic Plan 2017-2020 was developed to provide a roadmap in order to address critical and emerging issues pertaining to the growth of SMEs in the APEC region.

Consistent with the SMEWG's mission statement and taking into consideration the APEC initiatives, as well as the Iloilo Initiative and the Boracay Action Agenda to Globalize MSMEs as endorsed by APEC leaders in 2015, and the Digital Economy Action Plan welcomed by Ministers, the Strategic Action Plan 2017-2020 will focus on four (4) priority areas, namely, entrepreneurship, innovation, the internet, and digital economy; financing for business expansion and capacity development; inclusive business ecosystem that supports SME growth; and market access for SMEs. This is the thrust of modernizing efforts of MSMEs in the Asia-Pacific region, and Philippine MSMEs will benefit greatly from this APEC endeavor.

C. 7Ms Way of Uplifting MSMEs

As part of President Duterte's administration goal of ensuring inclusive growth and addressing income inequality, there is a need to empower those at the bottom of the pyramid and marginalized sectors with the right mindset and know-how to be able to move up in life. DTI has come up with 7Ms to help MSMEs set-up a business and be smarter entrepreneurs. These can help in making a difference in the market, while contributing to a larger cause of sustaining the Filipino entrepreneurial revolution.



DTI's 7Ms Way of Uplifting MSMEs



M1: Mindset

The right and positive entrepreneurial attitude that will carry the MSME through a vibrant entrepreneurial journey. Initiatives that will infuse an entrepreneurial mindset that is success- and innovation-driven, collaborative, and proactive will be pursued.



M2: Mastery

The mastery of know-how and how-to's of entrepreneurship – from setting up a business, basic rules of spotting market opportunities, finding the right product positioning and differentiation, product and market development, basic business finance and preparation in developing a system for continuous innovation – will be provided.



M3: Mentoring

Continuous business guidance in partnership with the private sector will be afforded. Experience coaching and mentoring of industry experts and large corporations on different aspects of business operations will be engaged.



M4: Money

Funding whether through microfinance or from alternative sources will be explored, to help out in financing business requirements.



M5: Machine

MSMEs will be equipped not only with the must-have knowledge on equipment and right tool to ensure quality production. Through these, MSMEs can level up production and increase productivity.



M6: Market

Assistance in promoting products through trade fairs in major malls and internationally recognized exhibits will be provided. Linking MSMEs with big companies or to the government to supply their requirements will be sought.



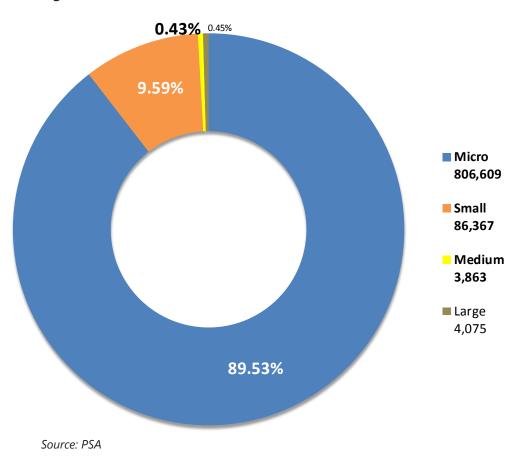
M7: Models

New and innovative business ideas will be developed and provided to MSMEs to help them get into business. MSMEs need to have ties with bigger businesses to create synergies which are essential in matching and innovating products and services.

Part 3 **State of MSME Development in the Philippines**

A. Current Profile of MSMEs in the Philippines

The MSME sector in the Philippines consists of 896,839 establishments or 99.54% of the 900,914 total registered establishments in the country in 2015 (Figure 1). Micro-enterprises constitute the largest portion (89.53%), followed by small enterprises (9.59%), and medium enterprises (0.43%). This composition is at par with those of MSME sectors in other ASEAN countries.





Together, these MSMEs generated a total of 4,784,870 jobs or 61.61% of the country's total employment (Figure 2). The micro enterprises produced the biggest share (29.43%) closely followed by small enterprises (25.34%) while medium enterprises were far behind at 6.83%.

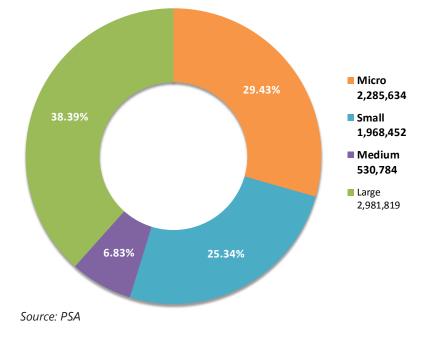


Figure 2. Contribution of Establishments to Total Employment, 2015

Geographically, the MSMEs are concentrated in Luzon with almost 50% located in National Capital Region (NCR), CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon Province) Region, and Central Luzon Region (Figure 3). Following them are regions of Central Visayas and Western Visayas. The regions with the lowest number of MSMEs are Cordillera Administrative Region (CAR), Caraga Region, and Autonomous Region of Muslim Mindanao (ARMM). The rank distribution of the MSMEs in the country is strongly correlated with the distribution of Gross Regional Domestic Product (GRDP) contribution of the regions.

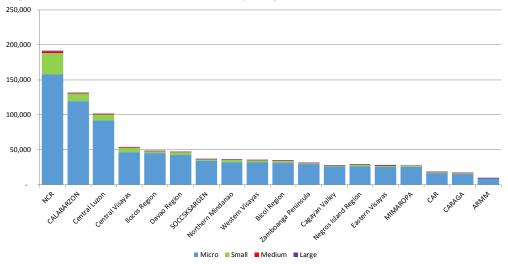
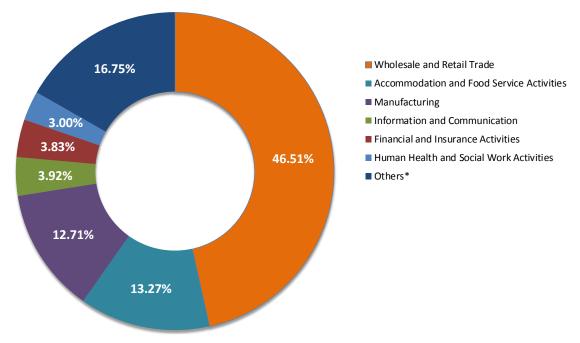


Figure 3. Distribution of MSMEs by Region, 2015

Source: PSA

About half of the country's MSMEs are largely engaged in "wholesale and retail trade" (Figure 4) which constitutes almost half of the establishments (46.51%). A far second is "accommodation and food service activities" (13.27%) which is closely trailed by "manufacturing" (12.71%). Other key industries being undertaken by MSMEs are "information and communication" (3.92%) and "financial and insurance activities" (3.83%).





Source: DTI, PSA

*Othersinclude Agriculture, Forestry and Fishery; Mining and Quarrying; Electricity, Gas, Steam, & Air Conditioning Supply; Water Supply; Construction; Transport & Storage; Real Estate Activities; Professional, Scientific & Technical Activities; Administrative & Support Services; Education; Arts, Entertainment & Recreation; and Other Service Activities.

B. Challenges and Opportunities

The MSME sector, while having made strides over the years, continuously faces challenges that have implications in its further development. Among such challenges are:

1) Access to finance

Currently, as provided under the law, there is a mandatory 10% lending allocation to the sector, providing opportunities for MSMEs. However, in general, banks tend to prioritize larger corporate borrowers because of higher gains, perception of lower credit risk, higher repayment rates, and the availability of collateral. Also, access to financing from traditional financial institutions is limited due to the lack of credit information.

Since interest rates are at historic lows and banks' loanable funds are at high level, this translates into more opportunities for MSMEs to borrow. One way is to create the necessary enabling environment that encourages banks to see MSMEs as a viable market. However, recognizing the relatively high risk, the government should also develop or support the development of credit enhancement mechanisms (e.g., guarantees, insurance) to address associated risks of borrower default. Similarly, there is a strong need to enhance MSME financial literacy to make them more aware of financial resources and programs available. MSMEs need to be equipped to utilize diversified sources of financing.

2) Business environment and the cost of doing business

Despite substantial improvements in streamlining the process of business licensing and issuance of mayor's permit through the issuance of the Joint Memorandum Circular No.1 Series of 2010 and 2016 of the Department of Trade and Industry (DTI), Department of Interior and Local Government (DILG), and Department of Information and Communications Technology (DICT), as well as securing Food and Drug Administration (FDA) licenses to operate through the Market Authorization Portal, several government procedures and requirements for business in general are still numerous, repetitive, and time consuming in accomplishing, making it more costly for MSMEs to comply with. This is true for many NGAs and LGUs that are characterized by non-uniformity of rules, weak support for MSME and poor coordination among themselves.

The business environment should be characterized by streamlined and simplified rules and procedures. Inter- and intra-government cooperation for MSME development is necessary to achieve aligned and applied policies and regulations that would promote synergies at the regional and national levels.

3) Access to market

Many MSMEs find it difficult to penetrate and sustain their presence in desired markets. Lack of technical knowledge hinders these enterprises from participating in global value chains, as such MSME contribution to exports remain small. Another factor may be the low compliance of MSMEs with national and international standards such as quality and environmental standards, rendering them uncompetitive in the world market.

In order to support methods for enhanced market access and integration into global value chains, there is a need to increase information on both domestic and global markets. Promotion of partnership with large enterprises as well as the adoption of national and international standards of quality and environment may likewise be pursued. Further, promotion of online-based information systems may also intensified as one of the cost-effective means of market access for the MSMEs.

4) Productivity and efficiency

Enhancements to productivity and technology are deemed to be the major drivers of MSME development and progress. Many MSMEs find it difficult to innovate and undertake cost-effective methods, thus, their labor productivity suffers from poor technical education and low skill levels. The sector is hampered by unavailability and high cost of inputs due to inadequate infrastructure, and seasonality and instability of raw materials supplies, among others.

Capability building interventions, linkage with large enterprises including multinational corporations, and strengthening of industry clusters, are some of the measures to enhance productivity and foster innovation in MSMEs.

5) Impacts of climate change and ease of undertaking disaster recovery

Due to its geographic location, the country ranks high in terms of exposure and risks to natural hazards such as earthquakes, typhoons, flooding and storm surges. Since MSMEs are a key driver of local economic development, resilience to both natural and man-made disasters should look not just into the context of shared community disaster risks but also in terms of business continuity.

Efficient and effective business continuity programs should be made available to any enterprise, given their importance in the locality and their critical condition due to the risks they face. MSME should develop and strengthen their resilience by incorporating business continuity and emergency preparedness and response. Using business continuity planning framework enables MSMEs to direct and control their activities in order to ensure the continuity of services and recover losses after a disaster.

Against the backdrop of challenges faced by MSMEs, present opportunities provide the long-term impetus for MSMEs to be a more significant driver in the country's economic development. Among these are the following:

1) The Philippine economy as the world's next powerhouse

From 2012 to 2016, the Philippines was one of the fastest growing economies in the world based on gross domestic product (GDP) (Figure 5). This has made the country one of the world's most attractive investment destinations for both local and foreign businesses. On the supply side, this impressive growth performance creates tremendous opportunities for logistics, raw materials, employment, business, and virtual hosting. On the demand side, a larger and more cash-rich consumer base promises more robust domestic markets. The growth prospects of the country can only get even better through the years, barring any unforeseen circumstances.

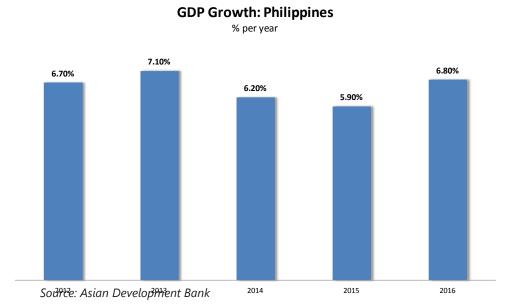


Figure 5. Annual GDP growth rates, 2012-2016

2) The ASEAN Economic Community (AEC) and other Free Trade Agreements

The integration of the 10 ASEAN economies starting in 2015 offers numerous opportunities for nimble MSMEs to expand their export, diversify markets within the region and forge partnerships with other ASEAN MSMEs in procuring globally competitive products and services. The various Free Trade Agreements (FTAs) that the Philippines has entered into offer opportunities for MSMEs to increase exports while welcoming investments from counterpart countries which include their own MSMEs.

3) Solid demographics because of a young and vibrant population

The country is already the 12th largest country in the world in terms of population, majority of which are composed of young and economically active age group whose consumer tastes are increasingly changing. It behooves the MSMEs which are largely domestic-oriented to recognize opportunities in these shifting demographics to enable them to properly take advantage of this demographic group – as potential entrepreneurs, customers and source of labor.

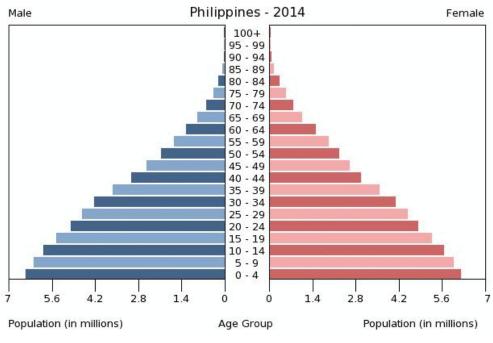


Figure 6. Age-Sex Pyramid of Philippine Household Population, 2014

Source: PSA

The country has historically been in a demographic "sweet spot," where the young are more than the old and the working-age population is large enough to support the elderly segments of the population. This could mean a larger seedbed for youth entrepreneurship, wider domestic market due to increasing per capita income along with the sheer volume of potential customers, a technology-driven work force, and improved investment prospects from potential partners from developed countries with aging populations.

4) Green Growth

President Duterte has signed the landmark Paris Agreement on Climate Change that calls for the reduction of carbon emissions, which have been linked to the occurrence of natural disasters and extreme weather conditions. The global trend toward lower carbon emissions presents opportunities for MSMEs to produce products and services that are environment-friendly. A key driver to realizing the potential benefits of the Paris Agreement will be for businesses to engage and look for market-driven ways to increase investment in low-carbon and renewable energy sources in producing goods or services.

Currently, the government is developing the roadmap on Nationally Detemined Contribution (NDC) in compliance with the Paris Agreement that outlines the country's Low Emission Development Strategies/Goal/Pathway. The government may also introduce measures like carbon taxes and subsidies for green infrastructure. Increasing investments in renewable energy and non-fossil-fuel-intensive products will likewise provide opportunities for growth and employment.

C. Current Policies and Programs for the MSME Sector

The Philippines has a legal framework governing the policy for MSME development enshrined in the Magna Carta for Micro, Small and Medium Enterprises (RA No. 6977, as amended), the Barangay Micro Business Enterprises Act of 2002 (RA No. 9178, as amended by RA No. 10644), the Go Negosyo Act (RA No. 10644), and the Youth Entrepreneurship Act (RA No. 10679). Said laws work synergistically to provide a holistic approach in setting strategic measures that encompass a wide range of relevant sectors under the purview of MSME development.

Government policies and programs for MSMEs cover the following outcome areas:

- **1. Business Environment (BE)** a dynamic practice and culture of governance that fosters the establishment, development, sustainability, and competitiveness of socially responsible and environment-friendly MSMEs.
- **2.** Access to Finance (A2F) the sustained availability of reasonably priced, socially responsible, and environment-friendly financial products, services, and support programs that are designed for MSMEs and those MSMEs can conveniently and readily access.
- **3.** Access to Markets (A2M) the sustained ability of MSMEs to be competitive in selling their products and services to existing and new markets, both domestic and international, under a climate of fair, free, socially responsible and environment-friendly trade practices.
- Productivity and Efficiency (P&E) the production and delivery of competitive, standards-compliant, socially responsible, and environment-friendly products and services that generate optimum economic returns.

Some of the major policies, programs, and projects in the four outcome areas are as follows:

Table 1. Policies and Programs Supporting MSMEs

OUTCOME AREA 1: BUSINESS ENVIRONMENT

R.A. 9501: Magna Carta for Micro, Small, and Medium Enterprises **R.A. No. 9501: Magna Carta for Micro, Small and Medium Enterprises (as amended, R.A. No. 6977, R.A. No. 8289)** An Act that promotes, supports, and encourages entrepreneurship through providing program assistance, and strengthening a balanced and sustainable development to MSMEs.

Guide to R.A. 9178: Barangay Micro Business Enterprises (BMBEs) Act	(BMBEs) Act of An Act promot	ing the establishment of Barangay Micro rises (BMBEs), allocating incentives, benefits,
AUTORIZE ALT NO. 20044 The "GO NEGOSTO" Aut A BRIEFER	An Act promoting the development mandating the e municipalities, a	Go Negosyo Act g job generation and inclusive growth through at of micro, small, and medium enterprises, establishment of Negosyo Centers in all cities, and provinces, which shall be responsible for of doing business and facilitating access to MEs.
R.A. No. 10679: Yo Entrepreneurship An Act promoting e and financial ed Filipino youth.	Act entrepreneurship	R.A. No. 11032: Ease of Doing Business Act (as amended, R.A. No. 9485) An Act to improve efficiency in the delivery of government service to the public by reducing bureaucratic red tape, preventing graft and corruption, and providing penalties therefor.

Enhanced Business Name Registration System

Provides ease of registering and paying business name registration online.

OUTCOME AREA 2: ACCESS TO FINANCE



R.A. No. 9501, Section 15: Mandatory Allocation of Credit Resources to Micro, Small and Medium Enterprises (as amended, RA No. 6977, RA No. 8289)

For a period of 10 years from the date of the Act, all lending institutions under the rules of Bangko Sentral ng Pilipinas (BSP), whether private of public, shall set aside at least 8% for micro and small enterprises and at least 2% for medium enterprises of their loan portfolio and make it available for MSME credit.



Microfinance program for micro, small, and medium enterprises (MSMEs) such as 'Pondo sa Pagbabago at Pag-asenso," or P3 Program

Aims to provide affordable loan program for MSMEs for this sector to shun loan sharks such as 5-6 money lending scheme. The P3 is designed to bring down the interest rate at which micro-finance is made available to micro enterprises.

Access of Small Entrepreneurs to Sound Lending Opportunities (ASENSO) Program

A revitalized government-led MSME financing program which aims to lower the effective cost of borrowing and liberalize requirements, create wider financing system that will give MSMEs access to short and long-term funds and standardize lending procedures. Under the program, MSMEs get the necessary assistance also through market exposure, human resource training, and product development.

Credit Surety Fund Program (CSF)

A credit enhancement program designed by BSP that aims to increase the credit worthiness of MSMEs experiencing difficulty in obtaining loans due to lack of collateral, credit knowledge, and track record.

Access of MSMEs to Digital Payments

A digital finance ecosystem with the right mix and range of service providers, digital solutions, and delivery channels should facilitate the convenience, affordability, and reliability of financial service. In line with this, the National Retail Payment System (NRPS) aims to establish a safe, efficient, reliable and affordable retail payment system in the country. The framework defines high-level policies, standards and governance principles covering retail payment operations and infrastructures. This is an integral reform considering that out of 2.5 billion payment transactions per month, only 1% are made through electronic means. This will translate to lower cost and higher efficiency for our MSMEs as well as unleash the potential of e-commerce.

OUTCOME AREA 3: ACCESS TO MARKET



Go Lokal!

A retail concept store which showcases innovative, high quality Philippine products crafted, designed and produced by the country's MSMEs. It also serves as a free marketing platform where MSME partners gain access to the local consumer market, and ultimately, to the global export market.

PHILIPPINES ONE TOWAL ONE PRODUCT	Market Development Programs such as OTOP Program A priority program of the government to promote entrepreneurship and create jobs. Through OTOP, local chief executives of each city and municipality take the lead in identifying, developing, and promoting a specific product or service, which has competitive advantage.
	Export Pathways Program (EPP) EPP focuses on providing export assistance through a systematic approach, providing interventions at every stage of an exporter's growth. It utilizes the value chain approach (VCA), industry clustering, and sub-contracting to arrive at a holistic export development program.
THE DESIGN & LIFESTYLE E V E N T	Enhanced Support for Trade Fairs This is the provision of a more organized menu of market services like trade fairs which are affordable to SMEs, through greater participation and partnerships with private organizations, LGUs and other key sectors. The DTI implements national, regional, sectoral, as well as international trade fairs such as the National Trade Fair (NTF), International Food Exhibition (IFEX), Manila F.A.M.E. International, and e-Services Philippines, among others.
	oneSTore oneSTore.ph is an e-commerce web application that operates nationwide and caters primarily to Philippine consumers. It helps DOST-assisted MSMEs widen the scope of their target market and It can help deliver economic growth and increase business opportunities. oneSTore provides customers with an effortless shopping experience and retailers with simple and direct access to the largest customer base in the Philippines.
1 2	This help the and fund fund intering DII, in partnership with the Bureau of Customs (BoC), the Tariff Commission and the private sector, has organized a series of information sessions on Doing Business in Free Trade Areas (DBFTA) nationwide to encourage and assist entrepreneurs to use Free Trade Agreements (ETAs) and benefit from them Understanding

Brand Equity Development Program (BrEDP)

OUTCOME ADEA A. DOODUCTIVITY AND EFFICIENCY

A new initiative of the government to develop innovative and globally competitive brands that can successfully penetrate into the national, regional/ASEAN, or international markets. The overall goal of the program is to increase awareness and identity of at least one brand per province, per year over the six years of implementation from 2017 to 2022.

OUTCOME AREA 4: PRO	DDUCTIVITY AND EFFICIENCY
Shared Service Facilities "Shared Success for Filipino MSMEs"	Shared Service Facilities (SSF) This program entails setting up common service facilities or production centers for certain processes to give MSMEs access to better technology and more sophisticated equipment to accelerate their bid for competitiveness and help them graduate to a next level where they could tap better and wider markets and be integrated in the global supply chain. The project is implemented in cooperation with DOST, the academe, LGUs, and private organizations.
Solution and the second	SME Roving Academy (SMERA) A continuous learning program for the development of micro, small, and medium enterprises to become competitive in domestic and global markets.
SETUP S&T innevations for MSMEs	Small Enterprise Technology Upgrading Program (SET-UP) SETUP provides MSMEs with equipment and technical assistance to enable them to increase sales and production, streamline and improve overall company operations, upgrade the quality of products and services, conform to national and international standards of excellence, and be competitive in their respective fields.
NE SYO ME Kapatid Availant	KAPATID Mentor ME The Program is an initiative of the DTI and the Philippine Center for Entrepreneurship (PCE) to help the country's micro and small enterprises (MSEs) through coaching and mentoring where mentors teach MSEs on different aspects of business operations.

D. Results of the MSMED Plan 2011-2016 Implementation

The implementation of the MSMED 2011–2016 resulted in the generation of three (3) million new jobs, 150% more than the Plan's target of creating two (2) million jobs. Other notable outputs during the Plan period were the creation of one (1) million new MSMEs and the assistance to 710,908 existing MSMEs in their operations and expansion.

During the period, an estimated PhP82.14 billion was generated in domestic sales, PhP110.12 billion in export sales, and PhP226.24 billion investments. Direct lending to MSMEs during the period reached PhP2,215.75 billion, of which 44% went to micro and small enterprises and 56% to medium enterprises by the fourth quarter of 2016. Compliance rate of the mandatory lending to MSMEs in December 2016 was 3.81% for micro and small enterprises and 5.44% for medium enterprises.

The Plan's initiatives for MSME development manifested strides that bode well for the sector's short- and long-term prospects. Negosyo Centers totaling 448 have been set up as of December 2016, of which 52% are in Luzon, 23% in the Visayas and 25% in Mindanao. Negosyo Centers were established to bring government services closer to small businesses in all provinces, cities, and municipalities. Negosyo Centers are responsible for promoting ease of doing business and facilitating access to services for MSMEs. Aside from facilitating business registration, the Centers provide assistance to MSMEs in availing of technology transfer, production and management training programs, and marketing assistance from institutions like the DTI, DOST, University of the Philippines — Institute for Small Scale Industries (UP-ISSI), Cooperative Development Authority (CDA), Technical Education and Skills Development Authority (TESDA), and other agencies concerned.

Shared Service Facilities (SSF) established reached 2,164 across 16 regions with a total cost of PhP1.164 billion. SSF refers to production centers that provide MSMEs access to better technology and more sophisticated equipment to accelerate their bid for competitiveness help them graduate to the next level where they could tap a better and wider market and be integrated in the global supply chain. The SSF benefitted 92,227 beneficiaries and in turn generating 52,921 jobs.

The SME Roving Academy conducted 8,518 sessions benefitting 357,534 MSMEs during 2013-2016. Industry clustering was undertaken on the following industries: processed rubber, cacao, coffee, coco coir, processed fruits and nuts, wearables & homestyles, and bamboo. In 2016, the clustering led to 109,624 jobs generated, PhP2.78 billion investments generated, and PhP6.12 billion domestic sales generated.

The Access of Small Enterprises to Sound Lending Opportunities (ASENSO) Program was able to release PhP220.98 billion during 2011-2016 which helped 255,579 MSME borrowers and generated 2.78 million jobs. The government's flagship program for the MSME sector aimed at creating a MSME-friendly lending environment where GFIs extend loans to MSMEs providing them with manageable terms to help them expand and grow their businesses.

Consistent with the Plan was the Mentor ME program, which was launched in 2016 and which to date, has conducted 4,124 coaching sessions in 11 sites across the country. This program helps MSMEs scale up their businesses through coaching and mentoring.

Part 4 **Strategic Directions of MSME Development**

MSME Plan Development 2017-2022 Framework Elements

Looking into the individual elements of the framework, we examine the logical flow of the Plan, from its vision, through the focus areas and the respective goals within those areas, the strategies (both the general or line strategies and the cross-cutting strategies) that can be adopted to achieve those goals, the action plans following those goals, and the necessary institutional support to undertake such action plans. We proceed from the vision down to the institutional support.

1. Vision

The Plan's development framework is anchored on the medium-term vision that by 2022, the Philippines will have:

More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth

This implies:

- Globally competitive MSMEs which can deliver innovative products and services that are preferred by consumers locally and internationally;
- Productive and innovative MSMEs which can continuously develop and transform competitive products and services that satisfy the demands of a discriminating market;
- Regionally integrated MSMEs in the ASEAN with diversified markets and partnerships in global markets;
- Resilient MSMEs which are capable of coping and overcoming negative effects of human-made and natural adversities; and,
- Highly sustainable MSMEs which can withstand the ever changing demands of the market, make profits without harming society and environment, and turn challenges into business opportunities.

2. Focus Areas, Goals, Strategies and Action Plans

For the Plan period, there are three focus areas which are critical in attaining the vision for 2022 which the MSMEs urgently need to improve on.

The vision is underpinned by five strategic goals with corresponding strategies and action plans, whose attainment can lead to the vision's realization:

FOCUS AREA 1: BUSINESS ENVIRONMENT

This pertains to the general background, situation, or milieu – the "ecosystem" as it were – in which businesses are born and thrive in.

STRATEGIC GOAL 1: IMPROVED BUSINESS CLIMATE

An improved business climate at national and local levels that will make it easier for MSMEs to start and grow a business.

The overall business climate that exists in a country should be conducive for MSMEs to start a business. It requires programs of the government to be geared towards encouraging and supporting people to start their own businesses. In order to achieve this strategic goal, the following strategies and action plans will be implemented:

STRATEGIES	ACTION PLANS
Simplify, standardize, and harmonize MSME related rules and regulations at lo- cal and national levels, that will encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, trade deals, etc.	 Streamline business permit and licensing systems; Remove restrictions, provide incentives and promote job-creating investments; Reduce regulatory burden; and, Foster in all government entities a convergence

STRATEGIC GOAL 2: IMPROVED ACCESS TO FINANCE

An improved access to finance would make public and private financial institutions work and interact more closely to provide more formal market-based financing in an equal and fair manner to all MSME.

Aspiring business people usually do not have capital of their own, and normally need external financing. The Plan seeks to provide reasonably priced capital financing facilities for MSMEs and simplify documentary and collateral requirements. In order to achieve this strategic goal, the following strategies and action plans will be implemented:

STRATEGIES	ACTION PLANS
Streamline and simplify loan processes for MSMEs, creating the necessary enabling environment that encourages local banks and relevant financial institutions to reach MSMEs at the ground level while equipping them with knowledge and enticements to avail of formal financial channels.	 processes for MSMEs and cooperatives; Build capacities of financial institutions and cooperatives to provide business development assistance for MSMEs; Provide financial literacy trainings for MSMEs; Institute policies and programs for innovative financing; and, Develop, promote and expand alternative

FOCUS AREA 2: BUSINESS CAPACITY

Business capacity can be described as the highest output that an enterprise, business or organization can deliver its products or services in a given amount of time with the available resources. To achieve this, business capacity is normally measured through human capital and technological resources to achieve its targets.

STRATEGIC GOAL 3: ENHANCED MANAGEMENT AND LABOR CAPACITIES

A competent and capable management and labor force working together in an atmosphere of mutual trust and respect towards greater productivity and competitiveness for the MSMEs.

In all industries, a core determinant of economic success is human capital development. Enterprises and organizations of all sizes need to focus on human capital because a clear understanding of and investing in it can lead to success. There should be enough and appropriate skills development resources made available to enhance human management and labor capacities. In order to achieve this strategic goal, the following strategies and action plans will be implemented:

STRATEGIES	ACTION PLANS
Expand and strengthen human resource capacity of MSMEs through optimal application of a combination of mentoring, group training, field outreach, and online training complemented with practicum and learning by doing approach. Improve knowledge on human capacity using purposive data collection covering gender and other parameters.	 and equal opportunities for all including women and youth; Enhance labor capacities through human resource development and gender sensitivity programs for MSMEs; and,

STRATEGIC GOAL 4: IMPROVED ACCESS TO TECHNOLOGY AND INNOVATION

Improved innovation and technological competitiveness of MSMEs to transform and create new business models and enterprises with strengthened innovation ecosystem to make innovative technologies, sustainable and resilient practices affordable, cost-effective, and accessible to all MSMEs. In order to achieve this strategic goal, the following strategies and action plans will be implemented:

STRATEGIES	ACTION PLANS
Support the development of linkages between MSMEs and large corporations; develop more inclusive business models and social enterprises; establish domestic economic zones for MSMEs; make innovative technologies as well as sustainable and resilient practices more affordable, cost-effective, and accessible to MSMEs across all regions in the country.	 machinery acquisition; Promote Philippine National Standards (PNS) by NGAs and its adoption by MSMEs; Develop internationally harmonized industry performance standards; Foster wider MSME clustering to achieve economies of scale via clustering models such as co-ops, "corporatives," nucleus farming, and other MSME collective mechanisms; and,

FOCUS AREA 3: Business Opportunities

A business opportunity may be explained as a bundled investment that allows an MSME to utilize knowledge and opportunities of the market successfully engage in it.

STRATEGIC GOAL 5: IMPROVED ACCESS TO MARKET

MSMEs are ready and able to penetrate as well as expand and strengthen their role in domestic, regional, and global markets.

Access to markets is the sustained ability of MSMEs to be competitive in selling their products and services to existing and new markets, under a climate of fair, free and socially responsible and environment-friendly trade practices. In order to achieve this strategic goal, the following strategies and action plans will be implemented:

3. Cross-cutting Strategies

Encompassing all the above-mentioned strategies are the so-called cross-cutting issues that need to be pursued because of their significance to the overall strategies. They will be critical to the long-term viability of Philippine MSMEs should these cross-cutting issues be addressed adequately. The five cross-cutting strategies that may be pursued are:

a. Expand MSME Assistance Centers

In the implementation of the previous Plans, the presence of MSME assistance centers were seen as crucial to the immediate success and long-term viability of the MSMEs. For instance, Negosyo Centers play vital roles in finding customers, accessing lending and credit markets, and tapping suppliers for raw materials, equipment, and other inputs. On the

other hand, the Food Innovation Centers provide assistance on food testing, packaging and labeling design, consultancy services, trainings, and seminars for MSMEs in the food processing sector.

b. Strengthen LGUs' roles

A supportive LGU will spell the difference in getting a local MSME get its product or service to market or not. In previous Plans, projects such as One Town, One Product (OTOP) were the result of LGUs identifying their localities' strong industries, and getting their products to the market.

c. Promote Green Growth

Resource efficiency and cleaner production is essential to competitiveness. MSMEs have to implement environment-friendly and climate-smart processes and practices to reduce production costs, produce green products and services, and prepare for the impact of climate change. MSMEs have to be informed about new developments related to green economy, including the opportunities for green markets and linkage to green technology suppliers. An enabling environment accelerating green economic development has to be in place to encourage MSMEs to go green.

d. Promote Women and Youth Entrepreneurship

The need for a heightened focus on women and youth entrepreneurship is integral in achieving inclusive growth and development in the country. The recent study by the Asian Institute of Management (AIM) showed that 63% of business owners were women and of this number, 52% were micro entrepreneurs while the rest were owners of small and medium enterprises. On the other hand, the Philippine population is composed of young people aged 10-24 years old who are potential entrepreneurs and source of labor. Women and youth have to be empowered by increasing their opportunities to avail of skills development, market information, financial services, etc. to reach their full potential – impacting economic and human development of the country.

e. Promote Digital and Internet Economy

The pervasiveness of fast-paced advances in Information and Communication Technology (ICT) affects both MSMEs and enablers alike on multiple levels. The digital and internet economy facilitates growth and inclusiveness that allow MSMEs to be more competitive, and foster greater integration among government policies through modernization of the business environment, innovating business capacity, and increased connectivity to create more business opportunities. With the advent of e-commerce, digital finance, and other emerging platforms, the Plan welcomes the different developments to further pursue its goals by leveraging technological improvements and extending it to all MSMEs, regardless of scale or industry.

4. Institutional Support

To implement the action plans, necessary institutional support from the national government, LGUs, academe, large-scale businesses, and non-government organizations should be enhanced.

Among support activities may include:

- a. Effective coordination, complementation, and sharing among national and local government agencies together with MSME business groups, academe and NGOs advocating MSMEs. This will necessarily require strengthening of the institutional infrastructure that will deliver basic services to MSMEs and synergize efforts of governments and the private sector on SME promotion with sufficient authority and resources to coordinate both horizontally (i.e., among departments and agencies) and vertically (among different policy levels at city/municipality, provincial, regional, and national level. In pursuing this, the Magna Carta for MSMEs may be reviewed as regard the mandates of the central coordinating and primary agency for MSME policies and programs (i.e., BSMED or SB Corp);
- b. Generation of relevant information/data in plan implementation and its needed analysis for timely dissemination to stakeholders and MSMEs for use in planning, budgeting, and monitoring and evaluation (M&E);
- c. Responsive, timely, graft-free, and effective services by implementing agencies and its personnel complement to the MSMEs;
- d. Close geographical and sectoral monitoring and evaluation of plan implementation so that timely update and adjustments can be undertaken;
- e. Necessary budget allocation equitably distributed regionally for all indicated programs/projects/activities and its timely releases for effective plan implementation. Such funding should be sufficient to provide the requirements of the Negosyo Centers, which serve as the frontline services for MSMEs as well as the financing requirements of the sector.
- f. Policy review of existing laws, rules, and procedures, and formulation of timely, responsive, and relevant policies/amendments to promote and sustain MSMEs.

5. Other Priority Areas

a. Registering informal MSMEs (particularly Micro)

As the vast majority of small businesses are micro, moving them into the

formal sector will greatly boost their chances of accessing formal, cheaper financing as well as government assistance to connect them to customers and suppliers. Formalizing them will also provide greater protection both to their business and workers as well as ensure that the government harnesses the potential contribution of the enterprises to the economy.

b. Graduating businesses to the next level

Registering businesses and entering them into the formal sector will give them greater opportunities to move up the value chain. This will integrate them into domestic and external markets on a larger scale, which promises better and more stable returns to their stakeholders and their communities.

c. Resilience and business recovery

Business resilience in the face of natural and man-made disasters is vital to the continuity of communities. MSMEs' ability to get back on their feet the soonest time possible with or without any help from the national government or LGU is necessary to stir economic activity in calamity-stricken areas. Their quickest recovery is the most desirable situation even when catastrophes and difficult conditions such as recessions or depressions begin to take toll on their businesses.

d. Academe-Industry Collaboration on Research and Development

Academic circles such as universities, colleges, and technical/vocational schools provide many new ideas for businesses that create new products or services, or innovate on existing products and services that promise to bring satisfaction and delight to the customer. Simple curiosity and creativity, unleashed in research rooms and laboratories, bring about new ways of doing things, resulting in novel, innovative products and services, or even new ways of bringing them to their customers through new and engaging packaging or delivery modes.

e. Industry Cluster Development

The development and promotion of industry clusters are identified as a major strategy in helping achieve its vision of a globally competitive and innovative industry and services sector that contributes significantly to inclusive growth and employment generation. It supports the President's 10-Point Economic Agenda particularly in promoting rural and value chain development toward increasing agricultural and rural enterprise productivity.

Using the industry cluster approach, alliances will be forged with relevant agencies and institutions to develop competitive and innovative SMEs, implement a program for productivity and efficiency, and create conducive business enabling environment.

6. Implementation of Strategic Actions

This Plan developed a suggested timeline/Work Plan for implementing the actions identified under each strategic goal which the concerned agencies or lead can further fine-tune with concrete action lines according to their specific needs and objectives.

It is important for all the stakeholders to have a clear understanding of each other's commitment and what action items will be implemented by whom, when and how under an agreed Implementation Work Plan. The Work Plan should be vetted within the first six months of the Plan's implementation and should be updated at least on an annual basis.

The action items were pre-identified based on the outcomes of the focus group discussions, inputs from agencies as well as commitments identified under the Manila Call to Action for MSME Development (issued during the ASEAN MSME Summit) with a view to resolving the most pressing issues and achieving the strategic goals.

The action items are formulated in consideration of the following elements:

- 1. Relevant to the priority actions;
- 2. Supported by agency mandates, development plans or an identified future work emanating from discussions at the domestic and international fora in recent years;
- 3. There is ownership and that the actions are realistic, practical with due consideration of the availability of funding and technical support from proponent agencies and possible partners, etc.; and,
- 4. Concretely identififes the type of strategy or approach: a) improvement in legislations; b) human capital/capacity building; c) harmonization of policies;
 d) knowledge sharing; e) Information technology; and f) infrastructure

(See Appendix A: List of Action Items for Each Strategic Goals)

Framework
2017-2022 F
opment
Plan Devel
MSMED
Figure 7.

NOISIN	More glob	ally competitive MSM thereby performin	Es that are regionally i g as key drivers of incl	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth	lable, and innovative growth
FOCUS AREAS	Business Er	Business Environment	Busines	Business Capacity	Business Opportunities
STRATEGIC GOALS	Improved Business Climate	Improved Access to Finance	Enhanced Management and Labor Capacities	Improved Access to Technology and Innovation	Improved Access to Market
STRATEGIES	Simplify, standardize and harmonize MSME-related multise and regulations at all levels that will encourage MSMEs to encourage MSMEs to in macroeconomic policy, infrastructure deals, etc.	Streamline and simplify loan processes for loan processes for necessary enabling recourages local banks and relevant that environment that institutions to reach MSMEs at the ground MSMEs with knowledge MSMEs with knowledge and enticements to avail of formal financial channels.	Expand and strengthen human resource capacity of MSMEs through optimal application of a combination of mentoring, group training, field outreach, and online training; improve MSME knowledge base using gender and other parameters.	Support linkages between MSMEs and large corporations; develop inclusive business models and social enterprises; establish feasible demestic economic zones; make innovative technologies as well as suctives more affordable, cost effective, and accessible to MSMEs.	Make available timely and relevant data to habp MSMEs tap new business opportunities including infragers to local and global supply chains, improve support for ensuring compliance to market and buyer requirements (e.g., different legal, regulatory and technical requirements) and technical requirements) provide access to marketing provide access to marketing
CROSS-CUTTING STRATEGIES	Expand MSN Promote	Expand MSME Assistance Centers Streng Promote Women and Youth Entrepreneurship	jthen the I	Digital ar	Promote Green Growth Id Internet Economy
ACTION PLANS (Policies, Programs, Projects)	 Expedite delivery of MSME assistance services. Streamline business parmit and licensing systems; Remove restrictions; Promote job-creating investments; revorted incentives and promote job-creating investments; revorted in government entities a convergence mindset that recognizes the certerality of MSME devin activeving dynamic and inclusive economies. 	 Streamline and simplify loan requirements and processes four MSMEs and processes Build capacities of financial institutions and cooperatives to provide business dev't Provide financial literacy. Provide financial literacy Provide financial literacy Provide financial literacy Institute policies and program for invovative financing, and Develop, promete and copand alternative financing Develop, promete and copand instruments to better serve instruments to better serve instruments. 	 Encourage and promote entrepreneurship and entrepreneurship and notuch: Enhance labor capacities furbance labor capacities development and gender entrivity programs for MSNEs and. Intensity and encation campaigns on labor and related policies. 	 Expand facilities that MSMEs can be alway of financing programs for couptiment and medicinery acquisition; Promote Philippine Mational Samdards (NSMEs; POSMEs) is MGAs and its adoption by MSMEs; Develop international hybarmonized industry performance standards; Foster wide MSME callerup and war of the MSME callerup experiments of scale via experiments of scale via cuptorition; mucleus farming, and methamisms; and corporatives; mucleus farming, and methamisms; and programs of the scale via cuptorition; and cuber farming, and programs of the scale via cuptorition; and cuber farming, and programs of the scale via cuptorities of the programs of the scale via cuptorities of the programs of the scale via cuptorities of the programs o	 Establish mechanisms to ease MSME compliance with regulatory and market standards; Widen reach of market mainstreaming programs including delinearate, consistent and long term support for MSMEs' participation in market promotion activities, e.g., Go Lokal, domestic and international trade firs; etc.) Promote e-Commerce; and, Review/enrich/strengthen the Prilippine Expert Development Pain, with clear resource support for spacific initiatives therein.
INSTITUTIONAL SUPPORT	Generation and analysis of relevant information and sex-disaggregated data in implementation plans	Effective coordination and sharing among government agencies	Responsive, timely, and graft-free services of implementing agencies	Strategic sectoral monitoring and evaluation of implemented plans	Comprehensive budget allocation for all indicative programs/activities/projects

Part 5 Monitoring and Evaluation

Part 5. Monitoring and Evaluation

The MSME Development Plan for 2017-2022 presents strategies to achieve the outcomes which include generation of employment and fostering Filipino businesses – *Trabaho, Negosyo, Kabuhayan.* This contributes to the attainment of the MSME vision, and supports the realization of benefits — *Matatag, Maginhawa, at Panatag na Buhay.*

If implemented effectively, the Plan would: (1) identify and execute strategies to increase employment levels, (2) improve access to employment opportunities, and (3) address skills requirement.

In Figure 7, the entire MSMED Plan is aligned with what the government's aim for the Filipinos to achieve, which is Trabaho, Negosyo, Kabuhayan. This supports *"Malasakit at Pagbabago Tungo sa Kaunlaran at Katiwasayan,"* DTI's theme under the Duterte Administration. In turn, this informs and feeds into the inter–generational *Ambisyon Natin 2040*, the 25-year long term vision for development planning that targets a more comfortable, more upwardly mobile generation of Filipinos by 2040.

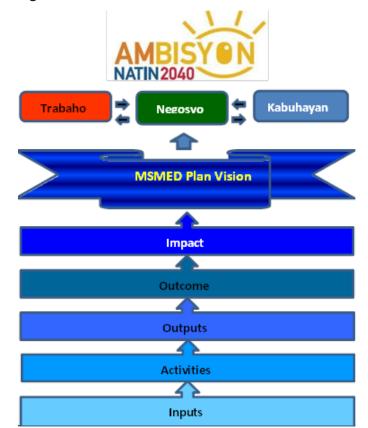


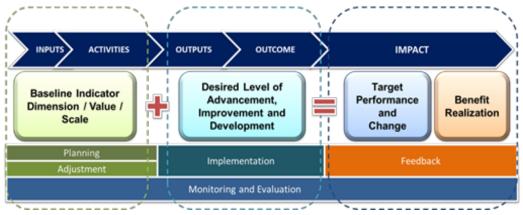
Figure 8. MSMED Plan 2017-2022 Vision

In order to realize its benefits, the Plan shall be implemented, monitored, and evaluated through the following progressions:

A. Logical Framework

The logical framework of the MSMED Plan for 2017-2022 is presented in Figure 9. The first layer in green dotted line correlates to the planning and adjustment phase where inputs and activities are gathered and consolidated to map out and clearly define the baseline indicator. Monitoring and evaluation is vital in establishing transparency and validity on the data being identified.





Logframe Model Source: IPDET – World Bank, UNICEF

B. Institutional Structure

As mandated by RA 9501 or the Magna Carta for Micro, Small, and Medium Enterprise Development, the MSMED Council will drive and direct the implementation of the MSME Development Plan. In order to strengthen and align national, regional, and provincial MSME development, the five outcome areas – Business Climate, Access to Finance, Management and Labor Capacities, Technology and Innovation, and Access to Market shall be the basic parameters by which the Plan's results shall be measured.

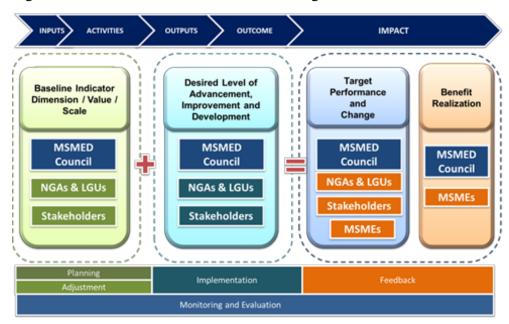


Figure 10. Institutional Structure of the Logical Framework

Steering

The Plan's institutional structure situated in Figure 10 refers to the institutions, organizations, agencies, and stakeholders involved in the MSMED Plan. The MSMED Council is expected to take the lead in M&E activities, to be supported by MSMED Council advisory members and well as other NGAs and LGUs.

The BSMED as the Council Secretariat will manage, monitor, and evaluate the Plan at the impact level for it to achieve its targeted performance, change, and benefit realization. The outcome and output levels will be handled by relevant NGAs and stakeholders through their inputs and activities.

The national and regional MSMED Councils together with NGAs and relevant stakeholders will hold regular dialogues to ensure coordination regarding the Plan's implementation. The Regional and Provincial MSMED Councils shall conduct at least an annual monitoring of the output and outcome indicators at their respective LGU levels. At the mid-term and end-term of the Plan period, BSMED and the Council shall conduct evaluations with the objective of tracking progress made or the lack of it in the Plan implementation during those key intervals. The findings will inform the development of the next and future Plans.

Harmonization, Collaboration, and Support

The National MSMED Plan serves as a roadmap to guide the local stakeholders in developing MSMEs. The BSMED, as the Council Secretariat, coordinates with relevant stakeholders to determine periodically whether

they are achieving their stated goals and strategies identified in the M&E matrix. The Council Secretariat consolidates and tabulates the measured results and submits periodic progress and accomplishment reports to the MSMED Council on a regular basis, using the M&E matrix as a feedback to recognize the Plan's achievements and identify areas of improvement.

The Council Secretariat monitors and evaluates the Plan's results and determines whether those results are aligned with pre-identified goals and strategies for a given time frame, such as a semester or a year.

Then, at a certain milestone, such as the end of a Plan period for instance, the results of the monitoring activities need to be evaluated to find out whether all the monitored activities, taken as a whole, contribute to achieving the outputs and outcomes for the period, and ultimately to the Plan's vision.

C. Proposed Monitoring and Evaluation Indicators

The Plan's targets may be formulated through coordination and cooperation of government agencies and other stakeholders involved in MSME development. These stakeholders include national and LGU agencies, private sector organizations, and other development partners. These institutions have their respective mandates, budgets and planning timelines that need to be harmonized with the crafting and implementation of the MSMED Plan 2017-2022.

The M&E Plan is anchored to accomplish the following:

- 1. Identify the stakeholder's engagement (accountability) cycle in the MSMED Plan;
- 2. Adopt a systematic approach to collect and monitor data or information;
- Establish a verifiable feedback strategy to immediately address situations as they occur or at least within the shortest period possible, so that on-target indicators can be affirmed and adverse effects resolved; and
- 4. At the end of each targeted milestone, such as the middle or end of the Plan period, provide more opportunities for growth, stability, consistency, and long- term advancement of the MSME sector.

Part 6 Key Performance Indicators

Key Performance Indicators

VISION: More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth

Strategic	Indicators	Ba:	Baseline		An	nual Pla	Annual Plan Targets	ts		Tavaat	Means of Varification	Responsible	Reporting
Goals	וותורפותוס	Year	Value	2017	2018	2019	2020	2021	2022	arger		Agency/ies	Entity
MSMED PLA	MSMED PLAN OVERALL INDICATORS	(0											
1	Increase in employment of MSME		4.748 M	TBD	TBD	TBD	TBD	TBD	TBD	8.284 M	Total Employment	ASA	PSA
	Percentage increase in number of registered		896,839	TBD	TBD	TBD	TBD	TBD	TBD	20%	Number of Establishments	PSA	PSA
2	MSMEs		TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	Number of registered Enterprises with LGUs*	LGUs / PBR	DILG
			TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	Number of registered MSME corporations	SEC	SEC
£	Number of women entrepreneurs created		TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD		PSA, DTI, NYC	PSA
4	Number of youth entrepreneurs created (15 to 30 years old)		TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD		PSA, DTI, PCW	PSA
IJ	Proportion of small-scale industries (enterprises) in total value added increased		35.7% ¹	TBD	TBD	TBD	TBD	TBD	TBD	50-55%**	Value added Other proxy: Total Sales	DTI-CB / EODB Council	DTI-CB
*It is estimated th	*It is estimated that around 3-4 million enterprises are registered with LGUs. DTI has collected information from around 10% of the LGUs which gave a total registration of about 1 million enterprises	ises are re	gistered with	h LGUs. D	TI has col.	lected infi	ormation	from arou	und 10%	of the LGUs wh	iich gave a total registration o	f about 1 million e	nterprises.

¹2006 PSA data. Note that the 2013 and 2014 ASPBI manufacturing value added is 24.34%and 20.91%, respectively.

**Following the targets of the ASEAN-6, particularly Singapore and Malaysia.

Strategic	Indicatous	Bas	Baseline		An	nual Pla	Annual Plan Targets	ts		Taraat	Means of	Responsible	Reporting
Goals		Year	Value	2017	2018	2019	2020	2021	2022	Iaryer	Verification	Agency/ies	Entity
STRATEGIC GOAL	JAL 1: IMPROVED BUSINESS CLIMATE INDI	S CLIMA	VTE INDIC	ATORS									
Simplify, standardize and harmonize	No. of Negosyo Centers established	2017	700+ NCs	TBD	TBD	TBD	TBD	TBD	TBD	350 ²	NC Report	Negosyo Centers	Negosyo Center- PMU
MSME-related rules and regulations at the local and national levels,	No. of business assistance facilitated by the Negosyo Centers		634,591	TBD	TBD	TBD	TBD	TBD	TBD	10% increase yearly	NC Report	Negosyo Centers	Negosyo Center- PMU
that will encourage MSMEs to tap	Increased customer Satisfaction		85%	TBD	TBD	TBD	TBD	TBD	TBD	90%	NC Report	Negosyo Centers	Negasya Center- PMU
the opportunities in macro- economic policy	Number of Barangay Micro- Business Enterprises (BMBEs) ³ registered increased		8,955 ⁴	TBD	TBD	TBD	TBD	TBD	TBD	60,000	Number of BMBEs registered	Negosyo Centers	Negosyo Center- PMU
infrastructure development, trade deals, etc.	Number of LGUs with streamlined business permit and licensing systems (steps in registration)		1,422 LGUs	TBD	TBD	TBD	TBD	TBD	TBD	1,634 LGUs	Number of LGUs	DILG – LGA / DTI – CB Reports	DILG
	Number of agencies which have streamlined their processes		TBD	TBD	D8L	TBD	TBD	TBD	TBD	TBD	NCC/EODB Report	EODB Council / DTI-CB	DTI – CB
FLAGSHIP PROGRAMS (1) Negosyo Center (2) Project Repeal a (3) Streamlining of I	IP PROGRAMS Negosyo Center Project Repeal and Tax Reforms (EODB Council) Streamlining of Business Registration (DTI-DILG-DICT Joint Circular No. 1 Series of 2010 and 2016)	Council) TT-DILG-I	DICT Joint 0	Circular D	Vo. 1 Ser	ies of 2()10 and	2016)					

² 202 NCs established from January to September 2017; 150 NCs for 2018. Although no target has been set for 2019-2022, NC will continue to expand at a rate of 10% or more yearly. ³ BMBEs are enterprises with asset size of less than Php 3M

⁴ NC 2017 Monitoring Report as of August 2017

Strategic	Indicators	ä	Baseline		Ann	iual Plar	Annual Plan Targets	s		Tardat	Means of	Responsible	Reporting
Goals		Year	Value	2017	2018	2019	2020	2021	2022	1arger	Verification	Agency/ies	Entity
STRATEGIC GOA	C GOAL 2: IMPROVED ACCESS TO FI	CESS T	D FINANCE INDI	INDICA	CATORS								
Streamline and simplify loan processes for	Percentage of SMEs with bank loans/line of credit		22.6%	TBD	TBD	TBD	TBD	TBD	TBD		Small enterprises	World Bank Enterprise Survey ⁵	
MSMEs; incentivize local banks and			38.9%	TBD	TBD	TBD	TBD	TBD	TBD		Medium enterprises		
related institutions to reach MSMEs at	Percentage of SMEs with a checking or savings account		90.9% %	TBD	TBD	TBD	TBD	TBD	TBD		Small enterprises	World Bank Enterprise Survey ⁶	
the ground level while equipping MSMEs with			96.2%	TBD	TBD	TBD	TBD	TBD	TBD		Medium enterprises		
knowledge and enticements to avail of formal	Proportion of microenterprises availing P3 and		2,500	TBD	TBD	TBD	TBD	TBD	TBD	19,000	Number of P3 borrowers	SB Corp	SB Corp
financial channels	other micro financing increased		1,686,152	TBD	TBD	TBD	TBD	TBD	TBD		Number of borrowers availing from microfinance banks	BSP	BSP
	No. of SMEs accessing funds thru Fintech			TBD	TBD	TBD	DBD	TBD	TBD			Fintech Association / CIC	CC
	Percentage increase in the amount of loans availed by MSMEs		Php 496.863B	TBD	TBD	TBD	TBD	18D	TBD	TBD	Amount of loans availed by MSMEs	BSP Reports	BSP

⁵ Baseline figures based on 2015 report; World Bank Enterprise Survey for the Philippines has been conducted in 2009 and 2015. ⁶ Baseline figures based on 2015 report; World Bank Enterprise Survey for the Philippines has been conducted in 2009 and 2015.

BSP		IFC-World Bank		
BSP Reports		IFC-World Bank		
Amount of loans availed by MSMEs				
TBD	TBD	TBD	TBD	
TBD	TBD	1BD	Cig Line Line Line Line Line Line Line Line	
TBD	TBD	TBD	TBD	(BSP) am)
TBD	TBD	TBD	TBD	MSMEs O Progra
TBD	TBD	TBD	TBD	urces for (ASENS)
TBD	TBD	TBD DBL	TBD	Corp.) dit Resol
				Program (SB (brogram (SB c
				nso (P3) ADRI) Itory Allc Sound L
Percentage of MSME loans to total business loans	Number of MSMEs accepting digital payments	SME loans granted through movable collateral	Number of special financing facilities (e.g. Micro Disaster Risk Insurance (MDRI) financing, green finance, financing for women entrepreneurs, startup)	IP PROGRAMS Pondo sa Pagbabago at Pag-asenso (P3) Program (SB Corp.) Financial Inclusion FinTech Micro Insurance programs (e.g. MDRI) PESOnet (BSP) R.A. No. 9501, Section 15: Mandatory Allocation of Credit Resources for MSMEs (BSP) Access of Small Entrepreneurs to Sound Lending Opportunities (ASENSO Program) Credit Surety Fund Program (CSF)
				 FLAGSHIP PROGRAMS (1) Pondo sa Pagbaba (2) Financial Inclusion (3) FinTech (4) Micro Insurance pr (5) PESOnet (BSP) (6) R.A. No. 9501, Sect (7) Access of Small En (8) Credit Surety Fund

Strategic	To discontinue de la conteneración de la conte	Ba	Baseline		A	nnual Pl	Annual Plan Targets	R		to a second to a	Means of	Responsible	Reporting
Goals	Indicators	Year	Value	2017	2018	2019	2020	2021	2022	larget	Verification	Agency/ies	Entity
STRATEGIC GO	STRATEGIC GOAL 3: ENHANCED MANAGEMEN	ANAG	EMENT AN		SOR CA	PACITIE	IT AND LABOR CAPACITIES INDICATORS	ATORS			-		
Expand and strengthen human resource	Percentage increase in MSME labor productivity			TBD	TBD	TBD	TBD	TBD	TBD		Reports from PSA (ASPBI), NWPC	PSA (ASPBI), NWPC	NWPC
capacity of MSMEs through optimal application of	Percentage increase of trained MSME participants of government training		4.296M	TBD	TBD	TBD	TBD	TBD	TBD	TBD	Reports from DTI, DOLE, NWPC, DOST, TESDA, UP-ISSI	DTT, DOLE, NPWC, DOST, TESDA, UP-ISSI	Щ
a combination of mentoring, group training, field outreach, online training, complemented with practicum	Labor force participation rate, female (% of female population ages 15+) in MSME enterprises			TBD	TBD	TBD	TBD	TBD	TBD		Survey conducted by PSA, DOLE	PSA, DOLE	DOLE
and learning by doing.	Labor force participation rate for ages 15-30 (youth). Total (%)			TBD	TBD	TBD	TBD	TBD	TBD		Reports from PSA, DOLE	PSA, DOLE	DOLE
	Number of training programs provided to MSMEs (including women and youth)			TBD	TBD	TBD	TBD	TBD	TBD		Agency submissions under the MSMED Plan Monitoring Report, DTI-RGMS, PCW, NYC, DepEd	DTI-RGMS, PCW, NYC, DEPED	
	Number of MSMEs (including women and youth) trained			TBD	TBD	TBD	TBD	TBD	TBD		Agency submissions under the MSMED Plan Monitoring Report		

FLAGSHIP PROGRAMS

- SME Online Academy (DTI, ASEAN)
- Skills Training for Employment/Entrepreneurship Program (STEEP) (TESDA)
- Gender-Responsive Economic Actions for the Transformation (GREAT) of Women (PCW, DTI) SME Roving Academy (SMERA)
 KAPATID Mentor ME (KMME)
 SME Online Academy (DTI, ASEAN
 Skills Training for Employment/Ent
 Skills Training for Employment/Ent
 Gender-Responsive Economic Acti
 Green Economic Development (GE
 Youth Entrepreneurship Developm
 Productivity Toolbox (NWPC)

 - Green Economic Development (GED) (DTI) Youth Entrepreneurship Development (DepEd)

Strategic	Indicatore	Ba	Baseline		Ant	Annual Plan Targets	n Targe	ts		Tarnet	Means of Varification	Responsible	Reporting
Goals	Indicators	Year	Value	2017	2018	2019	2020	2021	2022	Iarget		Agency/ies	Entity
STRATEGIC GOAI	STRATEGIC GOAL 4: IMPROVED ACCESS TO TECHNOLOGY AND INNOVATION INDICATORS	CCESS 1	LO TECHN	OLOGY	AND I	NONN	ATION	INDIC	ATORS				
Support linkages between MSMEs & large corporations, develop more inclusive business	Number of new and innovative common service facilities established		2,099	TBD	TBD	TBD	TBD	TBD	TBD		Number of SSFs / Fablabs, Food Innovation Centers, Incubators, Common Workspace, SET-UP, etc.	DTI, DOST Reports	DOST
models & social enterprises, establish feasible domestic economic zones for MSMEs and make innovative technologies and sustainable & resilient practices affordable, cost-effective, & accessible to all MSMEs.	Percentage increase of MSME investments on technology and innovation			TBD	18D	TBD	TBD	TBD	TBD		Percentage increase in the amount of investments in MSMEs Approved amount invested in MSME sector- Actual FDI in MSME sector in the balance of payments (Research and development expense, capital expenditures (tangible) on machinery and equipment, Capital expenditures (intangible) on R&D)	PSA-ASPBI, DOST-S&T Plan, PSA- Foreign Investment Report, BOI, BSP, PEZA, Clark Development Corporation, SBMA	DOST
FLAGSHIP PROGRAMS (1) Shared Service (2) Fabrication Lab (3) Small Enterprise (4) Food Innovatio	IP PROGRAMS Shared Service Facilities (SSF) (DTI) Fabrication Laboratories (FabLab) (DTI) Small Enterprise Technology Upgrading (SET-Up) (DOST) Food Innovation Center (FIC) (DOST)	DTI) (b) (DTI) ograding (OST)	(SET-Up) ([(TSOC							1		

Strategic Indicators	8	Baseline		An	Annual Plan Targets	in Targe	ets		Target	Means of Verification	Responsible	Reporting
	Year	Value	2017	2018	2019	2020	2021	2022	Iaryer		Agency/ies	Entity
STRATEGIC GOAL 5: IMPROVED ACCESS TO N	D ACCE	The second	ARKET INDICATORS	ICATOR	SS							
Number and percentage of MSMEs participating in global value chains increased			TBD	TBD	TBD	TBD	TBD	TBD		(number of responses only= n) - Direct Exports (intermediate goods only) - Sales to exporters - Contract and Commission work done for others	PSA (ASPBI) / EMB (Tradeline) / BSP	
Amount and percentage			TBD	TBD	TBD	TBD	TBD	TBD			PSA/CDA/BIR	
increase in amount of domestic sales		Php 82.14B	TBD	TBD	TBD	TBD	TBD	TBD	TBD	Value of domestic sales Programs of agencies: - Trade Fairs, Go Lokal, Presence of SME products in retail outlets, etc		
Amount and percentage increase in amount of export sales		US\$110.123B	DBT	TBD	TBD	TBD	DBT	TBD	TBD	Value of export sales Number of MSMEs engaged in export sales (no. of responses only= n)	PSA (ASPBI) / EMB (Tradeline) / PHILEXPORT	
Number of enterprises with online presence or participating in Marketplaces		TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD			

TBD	
TBD	
TBD	
TBD	
TBD	TI-EMB)
TBD	LES) (D'
TBD	ers (RIPP
TBD	ilippine Export
	m for Pł ion
% share of SMEs' contribution to national exports	GSHIP PROGRAMS (1) Trade Fairs (2) Go Lokal! (3) Regional Interactive Platform for Philippine Exporters (RIPPLES) (DTI-EMB) (4) OTOP Hub (5) Brand Equity Development (6) APEC MSME Marketplace (7) Programs on Trade Facilitation
	FLAGSHIP PROGRAMS (1) Trade Fairs (2) Go Lokal! (2) Go Lokal! (3) Regional Intera (4) OTOP Hub (5) Brand Equity Do (6) APEC MSME Mi (7) Programs on Tr

Annexes and Appendices





Manila Call to Action for ASEAN MSMEs

(with recommendations specific to the Philippines)



MANILA CALL TO ACTION FOR ASEAN MSMEs¹ 7Ms to MSME Development July 14, 2017

We, participants in the ASEAN 2017 MSME Development Summit spanning the private sector, civil society and government from across ASEAN; having brought together our collective knowledge, perspectives and experience in discussions prior to and during the Summit; recognizing that micro, small and medium enterprises must be full participants and beneficiaries of the economic dynamism that closer regional economic integration brings; seeing wide scope for further strengthening the role and contribution of MSMEs in attaining a dynamic, inclusive and people-centered ASEAN Economic Community; and intent on helping translate the ASEAN Strategic Action Plan for SME Development 2016-2025 into concrete actions and initiatives; hereby call for the following deliberate actions to foster greater prominence of small enterprises in the region, driven by a holistic strategy embodied in the 7Ms of MSME Development: Mindset, Mastery, Mentoring, Money, Machines, Markets and Models:

On Mindset, Mastery and Mentoring:

- 1. Integrate entrepreneurship values and skills in the educational system spanning all levels. Young people must be motivated not just to prepare for a job, but to create jobs as well, and be equipped to direct their interests, competencies, and talents toward creating wealth and employment via active entrepreneurship.
 - We call on ASEAN's Education Ministers to develop strategies to mold a strong entrepreneurship culture among ASEAN's children and youth.
 - For the Philippines, we call on the Department of Education to design the K+12 curriculum to instill entrepreneurship values at an early age, and entrepreneurship skills once in a position to put it into practice; and hasten to put the Youth Entrepreneurship Act into action.
- 2. Foster in all government entities a convergence mindset that recognizes the centrality of MSME development in achieving dynamic and inclusive economies. Coordination mechanisms must be strengthened to ensure comprehensive and holistic support for all aspects of MSMEs' needs.

Enabling Business, Empowering Consumers

OFFICE OF THE SECRETARY

¹ The 'Manila Call to Action" Document addressing ASEAN excludes the Philippines-specific recommendations.

^{5/}F Industry and Investments Building, 385 Senator Gil J. Puyat Avenue, 1200 Makati City, Philippines Telephone (632) 899.7450 Fax (632) 896.1166 E-mail: Secretary@dti.gov.ph www.dti.gov.ph

- We call on ASEAN Member States to ensure an orchestrated, all-of-government effort for MSME promotion and development, via creation of MSME Development Councils or similar mechanism where absent, technically supported by an apex agency for MSMEs with access to all relevant government entities with a role to play in MSME development.
- For the Philippines, we call for strengthening the MSME Development Council in its mandate, structure and functions, to: (1) Include other departments with vital contributions to make (DPWH, DOTr, DICT); (2) Expand the private sector's role and participation; (3) Appoint private sector and government Co-Chairs who can be effective and influential MSME champions; and (4) Establish a well-staffed, full time technical Secretariat possibly with composite membership drawing from the Council's member agencies/entities.
- 3. Support and pursue ABAC's ASEAN Mentorship for Entrepreneurs Network initiative (AMEN), aimed to facilitate scaling-up of micro and small enterprises via active mentorship. Successful enterprises are urged to serve as peer mentors sharing their experiences in overcoming business hurdles and maximizing opportunities.
 - We call on the AMS to provide an enabling environment for business-tobusiness mentorship within and across the ASEAN economies, including appropriate incentives and special business mentor visas to ease cross-border mentoring arrangements.
 - For the Philippines, we call for establishment of an Innovators Program to identify, accredit, certify and mobilize innovators who could foster and mentor MSMEs under a well-organized and monitored system. Incentives may be considered for innovators in the form of tax breaks, business promotion opportunities, and a recognition or awards system, thereby helping attract and retain local innovators in the country.

On Money Access:

- 1. Develop, promote and expand alternative financial instruments to better serve MSMEs' financing requirements. Financing options for MSMEs may be extended to include movable collateral, export packing credits, receivables financing, social venture capital, securitized investments, and online crowd funding mechanisms, among others.
 - We call on the ASEAN Finance Ministries and central banks to collectively address policy and institutional hurdles impinging on the flow of financial resources to MSMEs where they are underserved by the formal financial system.
 - For the Philippines, we call for active implementation of the Credit Surety Fund Cooperative Act, establishing a Credit Surety Fund that provides a surety cover to secure MSME bank loans, funded by well-endowed and well-managed member-cooperatives, local government units, and government financial institutions.

- 2. Provide an appropriate regulatory framework to govern development banks and other financial institutions addressing MSME financial requirements, to enable them to fulfill their avowed mission. The regulatory framework applied to commercial banks is not compatible with the mission of financial institutions mandated to serve the needs of small farms and firms, a function that is inherently costly and traditionally requires occasional public support.
 - We urge ASEAN central monetary authorities to apply a set of rules distinct from those applied to commercial banks, which would enable, rather restrict SME and small farm finance institutions in effectively serving MSMEs' financing needs.
 - For the Philippines, we call for formulating and applying a distinct set of governance rules for development finance institutions (e.g., DBP, Land Bank, SB Corp) that is compatible with their mandate and mission for financial inclusion.
- 3. Strengthen credit worthiness of MSMEs through improved financial literacy and management, risk-sharing schemes, and a credit information system. MSME mentoring on financial literacy and management must be institutionalized and up scaled, and alternative credit scoring systems pursued through creative use of data analytics with alternate data not typically used in credit reports.
 - We call on ASEAN governments, especially finance and trade ministries; private sector, especially financial institutions; and civil society groups, especially associations of financial executives and accountants, to institutionalize programs to assist MSMEs build capacity on financial literacy and management.
 - For the Philippines, we call on industry organizations and cooperatives to consider acting as conduit for loans to their member MSMEs; and barangays and communities to take more active roles to help better address and manage risks in MSME lending.

On Machines:

- 1. Explore establishment of an ASEAN MSME R&D Center focused on gathering and developing technologies serving MSMEs' peculiar needs, particularly to improve their productivity and environmental sustainability. With closer regional integration through the AEC comes the need for a MSME-focused technology center with a region-wide scope.
 - We call on the AMS to pool resources and exert efforts toward establishment of an ASEAN MSME R&D Center, possibly tapping assistance from betterendowed dialogue partners.
 - For the Philippines, we call on private sector and academe to collaborate in establishing Innovation Hubs, ideally near universities or industry clusters, where innovators and MSMEs can gather and incubate new ideas while utilizing shared facilities of DOST, DTI, UP, DICT, and the like.

- Improve the responsiveness of government's machine and technology assistance programs to MSMEs' priority requirements. Experts should determine machine specifications most responsive to MSMEs' needs, and identify equipment needs for each stage in the value chain, with due consideration for machine-labor complementation.
 - We call for closer coordination and collaboration between ASEAN's science and industry ministries in providing machine and equipment requirements of MSMEs across the region.
 - For the Philippines, we enjoin LGUs, local chambers of commerce and civil society groups to jointly and proactively help in identifying machine needs, consolidating machine programs, and matching them with local MSMEs.
- 3. Provide more platforms and opportunities for knowledge sharing among MSMEs on non-proprietary machines and technologies.
 - We call on ASEAN institutions and organizations to convene regular machine fairs and training programs that will bring together equipment and technology producers, exhibitors, traders, buyers, end-users especially MSMEs, and other stakeholders.
 - For the Philippines, we call on DTI to further widen the reach of its Shared Services Facilities (SSF) program to expand MSME awareness, access, and utilization; and closely link or unify it with DOST's Small Enterprise Technology Upgrading Program (SETUP) to maximize impact on MSME productivity.

On Markets:

- 1. Work towards a unified ASEAN Digital Marketplace that will extend MSMEs' reach beyond national borders. A region-wide online platform where MSMEs can readily trade in both products and inputs across the ASEAN economies remains elusive. This requires digital infrastructure that ensures wide connectivity all across the region, harmonized e-commerce legal frameworks, and trade facilitation measures accessible to MSMEs.
 - We call on AMS to move the e-ASEAN Framework Agreement forward, particularly toward harmonizing e-commerce laws across the AMS including on privacy and consumer protection, and establishing a true ASEAN e-commerce platform, to permit ASEAN to keep pace with rapid e-commerce growth worldwide.
 - For the Philippines, we call on government and the telecommunications industry to address the country's glaring lag in Internet speed, quality and cost relative to the region, and establish a wide and secure e-payments system to facilitate wider e-commerce.

- 2. Strengthen the monitoring and compliance system on quality standards in accordance with the ASEAN Standards and Conformance Strategic Action Plan, essential for global competitiveness of ASEAN products and services.
 - We call on the AMS to strengthen their respective quality infrastructure, including provision of adequate and easily accessible testing centers and standards monitoring tools, among others.
 - For the Philippines, we call on Congress to pass the overdue National Quality Infrastructure Act. We also call for unified efforts by DTI, DA and the private sector to push the country brand in products and services with a distinct Philippine quality and character (e.g., Philippine Mangoes, Philippine Tuna, and Philippine Bangus).
- 3. Widen the linkages of MSMEs to the ASEAN regional value chains through business matching support and better information systems, such as the ASEAN Trade Repository. A centralized information platform could be established containing geographic information on availability of raw materials, food and product demands, market trends, and product standards, among others.
 - We call on the ASEAN Business Advisory Council to develop a regional MSME business matching mechanism built on a MSME information system, drawing on national ABACs to gather the needed information.
 - For the Philippines, we call on DTI and ABAC-Philippines to pursue a publicprivate mechanism for matching foreign and domestic companies with MSMEs in viable value chain relationships, starting with assembling an appropriate information base, and tapping large companies to support the needed market research. We also call on government to undertake affirmative action for MSMEs in government procurement.

On Models of Business:

- 1. Gather, compile, organize, and disseminate information on available business models that may be employed by start-up MSMEs, e.g., in an ASEAN MSME Starter Kit Map. The tool can guide starting entrepreneurs in setting up their business based on proven models/success stories.
 - We call on the ASEAN BAC to lead initiatives in creating and compiling a directory of available franchises, successful business templates, and open access software that can help MSMEs start and sustain operations
 - For the Philippines, we call on Congress to pass the proposed Start-Up Business Bill, providing tax exemptions for newly established and registered MSMEs, and encouraging entrepreneurs to explore new business models, innovative products and solutions, and creative new ways to do business.

- 2. Promote social enterprises that highlight community-based approaches to enterprise development. An enabling and nurturing environment is needed for community-based and oriented enterprises to flourish.
 - We call on AMS to develop a tracking and monitoring mechanism to identify and assess the impact, progress, and learning from existing social enterprises.
 - For the Philippines, we call on social enterprise practitioners and advocates to intensify efforts to raise awareness and secure government buy-in for an enabling policy framework for social enterprise, and on Congress to pass the Social Enterprise Bill that provides mechanisms to widen community-based and –oriented enterprises.
- Foster wider MSME clustering to achieve economies of scale via clustering models such as co-ops, "corporatives," nucleus farming, and other MSME collective mechanisms. These models help foster a mindset of "coopetition" among MSMEs, and enable them to trade in volumes as one.
 - We call on AMS to share and exchange good practices in MSME clustering across the region, and adopt and adapt these to local circumstances as applicable.
 - For the Philippines, we call on DTI and DA to work together and with other stakeholders to foster clustering of agri-enterprises per town or province, incubate an effective business model for them, and help them integrate into value chains. Negosyo Centers and other intermediaries (e.g., MFIs) can in turn assist them gain access to business development resources, markets, and technologies.

We urge that in the work to translate these imperatives into actions at the regional, national and local levels, the prominence of women in creating, propelling and sustaining small enterprises be fully recognized, and that gender-responsiveness be ensured in all we do in pursuit of MSME development.

We also call on governments to provide ample budgets for programs and initiatives in pursuit of the 7Ms, promote an enabling and attractive business environment, and pursue affirmative action for MSMEs.

Lastly, we welcome the UN General Assembly's declaration of June 27 every year as MSME Day, and trust that with such recognition from the community of nations, MSMEs will henceforth be front and center in the pursuit of shared prosperity well beyond ASEAN.





APPENDIX A. List o	APPENDIX A. List of Action Items (Projects/Activities) for each Action under the Strategic Goals
List of Action Items (Project (Validated/Updated by the Clu	List of Action Items (Projects/Activities) for Strategic Goal 1: IMPROVED BUSINESS CLIMATE (Validated/Updated by the Cluster Committee on Business Climate during the Action Planning Workshop on 27 April 2018)
Strategic Goal 1	IMPROVED BUSINESS CLIMATE An improved business climate at national and local levels that will make it easier for MSMEs to start and grow a business. The overall business climate that exists in a country should be conducive for MSMEs to start a business. It requires programs of the government to be geared towards encouraging and supporting people to start their own businesses. In order to achieve this strategic goal, the following strategies and action plans will be implemented:
STRATEGIES	Simplify, standardize, and harmonize MSME related rules and regulations at local and national levels, that will encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, trade deals, etc.
PROPOSED ANCHOR PROGRAMS	IRR of the EODB Law Provide MSME perspective in the formulation of the IRR of the Ease of Doing Business Law MSME Agency Study for the establishment of an apex MSME Agency
KEY ISSUES IDENTIFIED:	 Long, red-tape filled, redundant and difficult business registration system The need to register a business among multiple government agencies (national, LGU) Difficult system involving the application and securing building and sanitary permits Issues of graft and corruption within the government Expensive power rates Poor Internet connectivity and services Decrepit infrastructure (e.g. road, railways, ports, airports, etc.) Legal restrictions on foreign ownership of equity (i.e., "60/40" Rule)

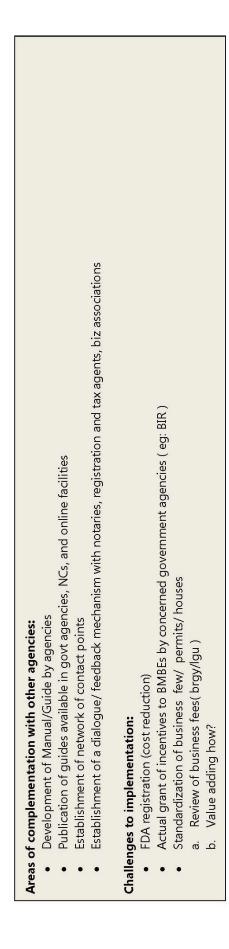
Action 1: Expedite delivery of MSME as	Action 1: Expedite delivery of MSME assistance services to support New Businesses							
				ΤΥΡ	TYPES OF MEASURES	MEAS	URE	S
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
 Expand number of and strengthen Negosyo Centers (NCs) 	Conduct review/ assessment of NCs (DTI – MSMEDC, in partnership with PCE, PCCI?) • Governance/ accountability mechanism (reporting lines/overseer of its operations) • Capacity gaps/ requirements • Degree of multisector/ interagency partnership				×			
	Work toward evolution of NCs to a functioning business one-stop shop (BOSS) centers							×
	Pursue Online Negosyo Centers or other facilities such as the SEC Company Registration System (CRS)						×	×
 Areas of complementation with other agencies. Review effectiveness of NCs Accredit/Link BDS providers and mentors 	gencies: nentors to NCs							
 Use NC facilities by micro entrepreneurs organizations Government LGUs can be tapped to provide/mentor SEC- re: additional awareness on CRS 	eneurs organizations to provide/mentor CRS							
 " Matrix" of sectorial business permits (BPR) License Fire safety practitioners training to increase Collaboration with best performing LGUs(e.g., Pasig) 	rmits (BPR) License o increase ig LGUs(e.g., Pasig)							
 Challenges to implementation: Sustainability of NCs manpower complement, menu of service 	of service							

				ž	TYPES OF MEASURES	MEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
 Cap/ Standardize business registration and other fees imposed 	DILG, BOF (BLGF) to explore extent of authority on this			×			1	
by LGUs on MSMEs	Work towards corresponding legislation			×				
 Areas of complementation with other agencies: Cluster Committee may provide information 	of complementation with other agencies: Cluster Committee may provide information to all LGUs of the fees in different localities for comparison and benchmarking	mparison and	benchmarking					
Challenges to implementation: Enabling policies to support harm	enges to implementation: Enabling policies to support harmonization and standardization of fees.							

- Enabling policies to support harmonization and standardization of fees; Support of LGUs for standardization •
 - •

				TVPI	TYPES OF MEASURES	MEAS	URES	e Longo
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
 Establish online business registration system (as with SEC for corporations) 	Phil Business Databank							×
	Modern Business Registry system						×	×
Areas of complementation with other agencies: Identification of models/best practices; training; site visits Piloting/dentification of features of the modern redistration 	mplementation with other agencies: Identification of models/best practices; training; site visits Biloting (Identification of features of the modern registration system							
Challenges to implementation:								
Laws, enabling policies, budget to support modernization	t to support modernization							
 Standardization of business fees/ permits/ licenses 	es/ permits/ licenses							
Review of current business								
Fees (Brgy./ LGU)								
 Different Brgy./LGU Regulation 								
 Continuous increase of LGU permits/r 	ermits/rent/fees.							

	Infrastructure	×			-				×		
TYPES OF MEASURES	Information Technology									×	
NEAS	Knowledge Sharing				×	×					
OF N	Harmonization of policies										
YPES	Human Capacity Building		×				×				
-	Laws			×			×	×	-		×
	Responsible Agency/ies										
	Timelines										
	Programs, Activities, and Projects	Municipality/City one-stop shop	Provide incentives, e.g. SME assistance voucher, technical training, etc.)	Guidelines in Streamlining the Processes for the Issuance of Building Permits and Certificates of Occupancy	Disseminate information on starting a business	Develop and disseminate Manual/Guide in government agencies, NCs, and online facilities	Establish network of contact points including community leaders, biz associations, govt agencies (to advise on business registration)	Determine compliance universe of an enterprise a. starting / renewal b.local/ national c. industry/ sector	Implement trade net/	Computerization (Green mindset)	Cluster Com on Business Climate, National Competitiveness Council; EODB Office
	Priority Action Items	 Disseminate info on requirements for 	starting a business (manual/guide								



Action 2: Remove restrictions and regulatory	ulatory burden, provide incentives and promote job-creating investments to support Existing Businesses	iting investme	nts to support	Exist	ing Bı	Isines	ses	
				Σ	PES OI	: MEA	TYPES OF MEASURES	S
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	of policies Human Capacity	Knowledge Sharing Harmonization	Information Technology	Infrastructure
5. Review various clearances, permits, etc. on overlaps, redundancies,	Project Repeal			×				
necessity	Studies- Redundant, unnecessary permit? (basic type, size, etc.)				×			
	TRGAs commit yearly breakthrough goals					×		
 Areas of complementation with other agencies: National targets for improved pre-registration requirements Benchmark with other countries (e.g., BPLS/registration syste 	as of complementation with other agencies: National targets for improved pre-registration requirements Benchmark with other countries (e.g., BPLS/registration system in Canada, etc)							
Challenges to implementation: Participation of LGUs in the review 								

				TYPES	TYPES OF MEASURES	ASUR	SES	_
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information	
 Strictly implement the BMBE Law (need dialogue between DTI/BSMED, DOF/BIR, DILG/LGU's) 	Registration being undertaken by DTI; Availment of income tax thru BIR RDO			×				
Areas of complementation with other agencies: Periodic assessment of accomplishments 	cies: hts							6
 Challenges to implementation: Change the mind set off LGU that is treati Review regulations from creation, growth 	ges to implementation: Change the mind set off LGU that is treating BMBE incentives as reduction in revenues Review regulations from creation, growth until closure of business.							
				TYPES	TYPES OF MEASURES	ASUF	RES	_
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information	
 Institutionalize support to Inclusive Business Models under the IPP 	To be identified by the Cluster						i i i i i i i i i i i i i i i i i i i	
Areas of complementation with other agencies:Identify programs implemented by the private sector	cies: e private sector							74
Challenges to implementation: Expand BIZ Incubation to reduce CTRS of offenses OH. 	of offenses OH.							

				TYPES OF MEASURES	: MEASL	IRES
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Harmonization of policies Human Capacity Building Laws	Knowledge Sharing Harmonization	Infrastructure Information Technology
8. Create an incentive program to enable technology transfer	Incentive program for large enterprises to train MSMEs			×		
	Document the establishment of the Village level Coco Water Processing Enterprise in Mindanao				×	
Areas of complementation with other agencies:	lencies:					
Challenges to implementation:						
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Y A Constant of the second sec	Knowledge Sharing Harmonization	Infrastructure Information Technology
 Enhance incentives for innovation; knowledge-based creative, green industries, and manufacturing 						
Areas of complementation with other agencies	jencies:					
Challenges to implementation: Actively implement green jobs creation Law 	ıtion Law					

				ΤYP	TYPES OF MEASURES	NEASI	JRES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
10. Implement the Ease of Doing Business Law	Promote & implement			×				
	Regulatory							
	Impost							
	Assessment of work.							
	Undertake aggressive promo/ advocacies re: law							1
Areas of complementation with other agencies: Addressing Regulatory issue in every stage 	r f complementation with other agencies: Addressing Regulatory issue in every stage of the SME development cycle.							
Challenges to implementation:Quick drafting of the IRR by concern government agencies	em government agencies							

Action 3: Foster in all government enti inclusive economies	Action 3: Foster in all government entities a convergence mindset that recognizes the centrality of MSME development in achieving dynamic and inclusive economies	of MSME dev	elopment in a	chieving	g dyna	mic aı	pr	
				ТҮРЕ	TYPES OF MEASURES	EASU	RES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Technology Knowledge Sharing	Infrastructure Information	
11. Conduct study on moving toward an effective apex MSME	Look at BSMED, SB Corp as possible starting points				×			
agency/office addressing the full range of MSME concerns and	Include in TRGA Dashboards/ KPIs			-	×			
requirements	Targets on BRR improvements							
	Continuous education and info dissemination towards MSMEs Green Mind set			×				
 Areas of complementation with other agencies: Strengthen synergy among DTI, DOST & F Effectively use of tri-media and social med 	f complementation with other agencies: Strengthen synergy among DTI, DOST & Financial institutions especially on start-ups Effectively use of tri-media and social media to inform young entrepreneur about support services of the government.	vices of the go	vernment.					
Challenges to implementation: • Coordination& communication between sections in government	etween sections in government							

Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	STATES INFORMATION Technology Knowledge Sharing Harmonization of policies Human Capacity Building Laws	Knowledge Sharing Harmonization	San
12. Strengthen the MSME Development Council's structure, mandate and functions	Make the mandate, structure and functions of MSMEDC more responsive			×		
	Establish a well-staffed, full time technical secretariat, possibly drawing warm bodies from the MSMEDC's member agencies/entities			×		
Areas of complementation with other agencies	encies:					
 Challenges to implementation: Provide sector representation (macro& micro Elevate MSMED Council head to cabinet level 	ro& micro) binet level					
				TYPES OF MEASURES	F MEAS	JRES
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	of policies Human Capacity Building Laws	Knowledge Sharing Harmonization	Infrastructure Information Technology
 Promote productive agglomerations and clusters enhancement 	Industry clustering					
	Create startup ecosystems					
Areas of complementation with other agencies:	encies:					
Challenges to implementation:						

				ТҮР	TYPES OF MEASURES	AEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
14. Strengthen the Philippines as the regional hub for start-ups	Develop/review innovation strategy							
	Startup Bill							
Areas of complementation with other agencies:	encies:							

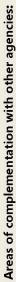
Infrastructure **TYPES OF MEASURES Information** Technology Knowledge Sharing Harmonization of policies Human Capacity Building Laws × × Responsible Agency/ies Timelines Strengthen support to micro enterprises including Programs, Activities, and Projects those that support local tourism Implement the BMBE law Areas of complementation with other agencies: **Priority Action Items** 15. Strengthen local economic development

Strategic Goal 2	IMPROVED ACCESS TO FINANCE An improved access to finance would make public and private financial institutions work and interact more closely to provide more formal market-based financing in an equal and fair manner to all MSME. Aspiring business people usually do not have capital of their own, and normally need external financing. The Plan seeks to provide reasonably priced capital financing facilities for MSMEs and simplify documentary and collateral requirements. In
STRATEGIES	order to achieve this strategic goal, the following strategies and action plans will be implemented: Streamline and simplify loan processes for MSMEs, creating the necessary enabling environment that encourages local banks and relevant financial institutions to reach MSMEs at the ground level while equipping them with knowledge and enticements to avail of financing through formal financial channels.
PROPOSED ANCHOR PROGRAMS	Lending Program for the Licensing of Certification of Food Manufacturers Address the operational and policy issues for a specific industry that can provide greater impact (e.g. poverty alleviation, SME development)
KEY ISSUES IDENTIFIED:	 Inadequate legal and institutional infrastructure to support risk-based lending using transactions and payments data and lending against a broader range of collateral Evolution of capital, liquidity, customer due diligence and similar rules that create disincentives for lenders to cater to SMEs Lack of enabling environments for equity-based financing of small innovative enterprises and the lack of access of vulnerable micro- and small enterprises to risk management tools including insurance

CAPACITY BUILDING								
				Ţ	TYPES OF MEASURES	MEP	SUR	ES
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
#1. Rationalize the knowledge base and ensure wide dissemination of relevant information	Map FIs' policies and requirements for MSME financing			×		×		
 Financing options for MSMEs may 	Bridge gaps on needs, process, policies, actions							
be extended to include movable collateral, export packaging credits, receivable financing, social venture	A vernacular translation of loan application forms to make them more easier understood by locals							
capital, securitized investments, and online crowd funding mechanism, among others ¹	Improve credit delivery to MSMEs using technology (e.g., fintech)							
	Establish a Movable Collateral Registry (ongoing)							
	Define "sustainable and green enterprise including greening practices that should be supported"				×			
	Maintain a comprehensive PH Business Databank (inter-agency)					×		

Action Items on Operational Issues

¹ ASEAN 2017 MSME Development Summit, Manila Call to Action : 7Ms to MSME Development "On Money Access" 2.1



- Risk based lending- BSP circulate 855
 - Go Negosyo mentors
- Linking/Collaboration with MSME organizations

- Speed of dissemination and scalability of solutions
- Only duly registered financial institutions are allowed to lend. A license is required.
 - Repayment difficulties

				TY	TYPES OF MEASURES	MEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
#2. Ease MSMEs' compliance with financing requirements / train MSMEs	Develop materials that will assist MSMEs understand the lending procedures of the bank - Translate forms into vernacular - Prepare flowchart or lending guidelines				×	×	×	
(to be referred to Cluster Committee on Management and	Improve credit delivery using technology/fintech - Provide for electronic submission of documents				×		×	
	Promote and disseminate information on flexible risk- based lending (BSP Circular 855) ² - BSP, DTI NC and other partners are developing capacity building project to help MSMEs access finance					×		
	Promote other alternative modes of financing such as venture capitalist, angel investors, Islamic finance, etc.							
	Identify ways for MSMEs to discover the best sources of funding – best rates, best access to loans, lending to unlendables							
	Improve the risk appetite of banks in lending to MSMEs - Identify best practices and mechanism for improving the risk appetite of banks in lendnig to MSMEs							
Areas of complementation with other agencies	er agencies:							
Challenges to implementation:								

² BSP Circular No. 855: Guidelines on Sound Credit Risk Management Practices; Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions issued on 29 October 2014.

				TYPES OF MEASURES	F MEAS	URES
Priority Action Items	Programs, Activities, and Projects	Timelines Ager	Responsible Agency/ies	of policies Human Capacity Building Laws	Knowledge Sharing Harmonization	Infrastructure Information Technology
#6. Generate/assemble/share	Definition of innovative financing (anything beyond bank loans)					
knowledge on innovative	MSME Syllabus for access to finance (c/o SB)					
	Certification of MSME centered account officers (SB Corp)					
"Capacity Building on how to lend to MSMEs"	Map/assess policies & programs; share/facilitate access to green technologies; take stock of peer country experience					
	Bring forward external finance eg. Green climate fund					
	Secured transactions reform movables finance ongoing w/ IFC			r		
	Centralized movables registry					
	Single ownership corporation (Legal reform bill in progress)					
	Addressing5/6 through P3					
	Importance of developing ecosystem for startups and social enterprises					
Areas of complementation with other agencies Joint financing local and international first loss Guarantees Blended Finance 	other agencies: ational					
 Challenges to implementation: SB Corporation to play as an ap P10 billion. 	llenges to implementation: SB Corporation to play as an apex MSME source of financing (e.g., P3 Bill and the Magna Carta for MSMEs raising the capitalization of SB Corporation to P10 billion.	MSMEs raising the	e capitaliz	ation of SB (Corpora	ition to

				ТҮРЕ	TYPES OF MEASURES	IEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
#7b. Formalize role of industry organizations and coops in the credit evaluation	Agencies to determine content of the financial literacy programs							
process	Decentralize literacy sessions down to LGU and community level							
	Strengthen engagement of LGUs and communities in financial literacy+ capacity-building efforts (Stronger financial literacy component in our basic education centers)							
Areas of complementation with other agencies:	her agencies:							

SYSTEMS STANDARDIZATION								
				түр	TYPES OF MEASURES	NEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
#3. CC2 to formulate and issue standardized content for MSME capacity building on financial	Agencies to determine content of the financial literacy programs							
literacy, planning, record- keeping and management	Decentralize literacy sessions down to LGU and community level							
	Strengthen engagement of LGUs and communities in financial literacy+capacity-building efforts (Stronger financial literacy component in our basic education centers)							
Areas of complementation with other agencies:	agencies:							
Challenges to implementation:								

				ТҮРЕ	TYPES OF MEASURES	EASU	RES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Technology Knowledge Sharing	Information	Infrastructure
#4. Use technology/fintech to improve credit delivery to MSMEs	Digitalize financial literacy channels with educational videos and guides							
Areas of complementation with other agencies	idencies:					Ę	ŝ	

Infrastructure **TYPES OF MEASURES** Information Technology Knowledge Sharing Harmonization of policies Human Capacity Building Laws Responsible Agency/ies Timelines Programs, Activities, and Projects Areas of complementation with other agencies: literacy+capacity building efforts Strengthen engagement of LGUs and communities in financial **Priority Action Items** Challenges to implementation: #5.

				Ì	TVDES OF MEASURES	ALAC	DEC	
						INIEAS	OKES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	of policies Human Capacity	Knowledge Sharing Harmonization	Information Technology	Infrastructure
#6. Generate/assemble/share knowledge on innovative	Definition of innovative financing (anything beyond bank loans)							
financing	Map/assess policies & programs; share/facilitate access to green technologies; take stock of peer country experience					-		
<u> </u>	Bring forward external finance eg. Green climate fund							
<u>.</u>	Secured transactions reform movables finance ongoing with IFC							
	Centralized movables registry							
	Single ownership corporation (Legal reform bill in progress)							
	Addressing 5/6 through P3							
	Importance of developing ecosystem for startups and social enterprises							
Areas of complementation with other agencies Joint financing local and international first loss Guarantees Blended Finance 	gencies:							
 Challenges to implementation: SB Corporation to play as an apex MSI P10 billion. 	llenges to implementation: SB Corporation to play as an apex MSME source of financing (e.g., P3 Bill and the Magna Carta for MSMEs raising the capitalization of SB Corporation to P10 billion.	or MSMEs raisi	ng the capital	ization	of SB C	orpora	ation t	0

Action Items on Policy Issues								
POLICY DEVELOPMENT								
				TYPES	TYPES OF MEASURES	AEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
#7. Strengthen/reform institutional structure and mechanisms for MSME finance ³ a. Consolidate MSME financing mechanisms in a	MOA with DTI and other agencies (PARTNER DBP-DTI)							
single fund administered by one entity (e.g., SB Corp) b. Formalize role of industry organizations &	Reward program for best practices to cooperatives/SME borrowers							
coops in the credit evaluation process c. Provide an appropriate regulatory framework to govern development banks and other financial institutions addressing MSME financial requirements.	Conduct review of government policies on development banks and other financial institutions addressing MSME financial requirements.							
 Areas of complementation with other agencies: Risk based lending- BSP circulate 855 Go Negosyo mentors Linking/Collaboration with MSME organizations 						-	-	
 Challenges to implementation: Speed of dissemination and scalability of solutions Only duly registered financial institutions are allow Repayment difficulties 	solutions are allowed to lend. A license is required.							

3 ASEAN 2017 MSME Development Summit, Manila Call to Action : 7Ms to MSME Development "On Money Access" 2.2

				ТҮР	TYPES OF MEASURES	MEAS	URE	10
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
#8. Policy and institutional reforms to ease	Seed stage funding for start ups							
constraints impinging on FIs' responsiveness to MSMEs financing	Promote crowd funding & ICO vehicles to raise funds with appropriate polices							
2000	Co-investment matching with government							
Secured Transactions Bill;	Pursue Secured Transaction Bill							
Amendments to RA 9501, BSP	Pursue amendments of RA 9501							
Law	Review relevant BSP Law on development banks/MSME financing institutions							
Areas of complementation with other agencies:	es:							
Challenges to implementation:								
				ТҮР	TYPES OF MEASURES	MEAS	URE	10
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
 #9. Manage/minimize/spread risks Strengthen guarantee schemes; co- investment fund 								
Areas of complementation with other agencies:	es:							
Challenges to implementation:								

				ž	TYPES OF MEASURES	: MEA	NSUR	ES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	of policies Human Capacity	Knowledge Sharing Harmonization	Technology	Information	Infrastructure
#10. Establish fund facilities									
 Start-up financing fund; co-investment fund; Islamic finance 									
Areas of complementation with other agencies:								-	
Challenges to implementation:									
				ΤYI	TYPES OF MEASURES	MEA	SUR	ES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	of policies Human Capacity	Knowledge Sharing Harmonization	Technology	Information	Infrastructure
#11. Incentives & recognition									
 Tax exemption for start-ups, angel investors; reward innovative sustainable solutions 									

Areas of complementation with other agencies:

(Validated/Updated by the Clus	(Validated/Updated by the Cluster Committee on Enhanced Management and Labor Capacities during the Action Planning Workshop on 23 March 2018)
Strategic Goal 3	ENHANCED MANAGEMENT AND LABOR CAPACITIES A competent and capable management and labor force working together in an atmosphere of mutual trust and respect towards greater productivity and competitiveness for the MSMEs. In all industries, a core determinant of economic success is human capital development. Enterprises and organizations of all sizes need to focus on human capital because a clear understanding of and investing in it can lead to success. There should be enough and appropriate skills development resources made available to enhance human management and labor capacities. In order to achieve this strategic goal, the following strategies and action plans will be implemented:
STRATEGIES	Expand and strengthen human resource capacity of MSMEs through optimal application of a combination of mentoring, group training, field outreach, and online training complemented with practicum and learning by doing approach. Improve knowledge on human capacity using purposive data collection covering gender and other parameters.
PROPOSED ANCHOR PROGRAMS	Nationwide campaign for entrepreneurship education for workers and entrepreneurs Pursue an advocacy and capability building program for all government agencies and all instrumentalities to participate in helping MSMEs thrive
KEY ISSUES IDENTIFIED:	 Lack and/or limited access of data/information/awareness Addressing culture and gender differences Quantity and quality of Mentors/Trainors Grassroot program of AMEN/QBO Limited manpower to implement and advocate productivity programs (large number of SME's in NCR) Lack of common understanding on meaning of social enterprise Lack of recognition of the impact of hazards of climate change Weak industry-academe linkages Limited documentation of best practices Lack of database from LGUs/DILG

Priority Action Items P								
				TYPES OF MEASURES	OF M	INSE	RES	
	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information	
1. Promote youth entrepreneurship: Prepare tools for i lintegrate entrepreneurship: Integrate entrepreneurship: Prepare tools for i education system values and skills in the educational system spanning all education system values and system spanning all levels ⁴ ; Hasten the implementation of the Youth Entrepreneurship Act ⁵ Entrepreneurship Act ⁵ - MSMEDC, promote y (Sec. 9, RA No) Prepare tools for implementation of the Youth entrepreneurship Act ⁵ - The DTI and the responsible entreprene policies and y, RA No) Prepreneurship Act ⁵ - The DTI and the responsible entreprene policies and y, RA No) 7, RA No Prepare for in a positive to be supple in a positive to be a positiv	 Prepare tools for integration of entrepreneurship in the education system a. <i>Implement RA No. 10679, Youth Entrepreneurship Act</i> MSMEDC & DTI to craft a National Program to promote youth entrepreneurship development (Sec. 9, RA 10679, Youth Entrepreneurship Act); The DTI and the MSMED Council shall be responsible for integrating youth entrepreneurship promotion into the national policies and programs in support of MSMED. (Sec. 7, RA No. 10679) Mandate Department of Education to design the K+12 curriculum to instill entrepreneurship values at an early age, and entrepreneurship skills once in a position to put Entrepreneurship and Financial Literacy Program. (Sec. 4, RA No. 10679)⁷ 	2018	DTI / NYC					1

7 DepEd may consider items mentioned in the drafting (e.g., FGD of stakeholders, curriculum mapping & integrating creativity/creative problem solving, skills training, pedagogical retooling- K- grade 3; Grad 4-6; Grade 7-10; Grade 11-12, training for teachers & government offices, apprenticeship, entrepreneurship values in doing 4 ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Mindset, Mastery and Mentoring" Deliverable 1.1 6 ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Mindset, Mastery and Mentorin g" Action 1.1 5 ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Mindset, Mastery and Mentoring" Action 1.1 business, Teach skills like welding, painting, cooking, dressmaking in senior high school

Action 1: Encourage and promote entrepreneurship and equal opportunities for all including women and youth

	DepEd UP-ISSI				
	2018				
 Capacity building grants for entities teaching entrepreneurship (Sec.7, RA No. 10679) Project grants and loans to young entrepreneurs (Sec. 7, RA 10679) 	b. Develop/improve materials on entrepreneurship education	Make process and content responsive to actual needs: Translate business jargon that will make it easy to understand by the youth - DepEd has commissioned UPISSI to prepare publication on entrepreneurship for Senior high schools	Education Entrepreneurship Committee to study and standardize all current programs of schools and institutions on entrepreneurship and financial literacy (Sec. 5, RA 10679)	c. Establish/reconfigure institutions to be responsive to needs ⁸	 d. Incentivize Entrepreneur Development PCCI Young Entrepreneurship Award PCCI Bida Awards PCCI Innovation Award Others

institutions; 3) conducting entrepreneurship training for teachers and government personnel; 4) Social preparation activities (livelihood issue analysis, entrepreneurship/ 8 These may include: 1) youth organization search not only through graduation; 2) partnership with learning organizations and identifying government accredited employment training/leadership training, hiring model teachers; conduct of trainors training

Areas of complementation with other agencies:

- coordination with local agencies to localize content of courses and information
 - holistic, responsive, multi-stakeholders approach
 - collaboration/seamless government

- Lack of data
- education is not about schooling (developing relationships)
 - Lack of Awareness

				TYPE	TYPES OF MEASURES	EASU	RES	1
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information	Infrastructura
 Providing facilities, support system to encourage entrepreneurship: Establish vocational training and 	Build incubation center for senior high school graduates	2019	TESDA, NYC, DTI, LGUs					
counseling centers for micro enterprises, women, and youth in	Create youth entrepreneurship council							
collaboration with the private sector ⁹	Create a youth organization search/award body funded by the government							
	Institutionalization of the LYDO, thru implementation of the reformed SK and create cetenr for middle skills training for women like fashion design, arts and crafts, culinary arts, hairdressing, etc							
	Establish Philippine arts center to promote entrepreneurship in creative industry like film making, video garmes, etc							
Areas of complementation with other agencies	encies:			ę				
Challenges to implementation:								

⁹ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal E, E-2-1, no. 2

				TYPES	TYPES OF MEASURES	EASUR	E
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information
 Provide comprehensive capacity- building programs for advancement/growth of women entrepreneurs 	Promote women entrepreneurs to move up the value chain through capacity building, market access, branding and packaging ¹⁰		PCW				
	Targeted initiatives for women and youth: Learning session to women and youth on market trends on global trends						
	GREAT Women Initiative						
	LSFAT Community Workshop						
	Small Business Counselors course for Negosyo Center						
	DepEd Capability building for entrepreneurship teachers						
Areas of complementation with other agencies: PYEA activities involve women and family 	jencies: d family					•	
Stocktaking of women initiatives and programs	and programs						
Challenges to implementation:							
 Addressing culture & gender differences. Domestic role of women conflict business goals 	erences. ousiness goals						
Peer pressure and parental pressure discourage entrep	ire discourage entrep						

10 ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal E, E-2-2, no. 2

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				ТҮРЕ	TYPES OF MEASURES	EASU	RES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Technology Knowledge Sharing	Information	Infrastructure
 Provide access to expert advice from local mentors: Enhance the mentoring programs 	KMME (Go Negosyo, DTI)		PCE / DTI					
for MSMEs	KAMME (Go Negosyo, DA)							
	Collaboration with private sector (e.g., Bayan Academy)					·		
	Prototype SEEDSY (4Peak Ecosystem)							
	Support MSMEs which allow youth to work with them during summer							
	Kalyenegosyo							
Areas of complementation with other agencies: Identifying experts 								
Challenges to implementation:								
 quality and quantity 								

				ТҮР	TYPES OF MEASURES	MEAS	URES	-
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
 Provide access to international experts: Support ABAC's ASEAN Mentorship for Entrepreneurs Network initiative (AMEN), 	AMEN Mentor's pool/AMEN Partner organizations							
aimed to facilitate scaling-up of micro and small enterprises via active mentorship ¹¹	Adopt the experience in previous ASEAN Mentorship							
	Grassroot program of AMEN/QBO							
Areas of complementation with other agencies: identify experts needed	ö							i.

Challenges to implementation:

Grassroot program of AMEN/QBO

¹¹ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Mindset, Mastery and Mentoring" Deliverable 1.3

Action 2: Promote New Business Models								
				ТҮРВ	TYPES OF MEASURES	MEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
6. Gather, compile, organize, and disseminate information on available business models	Entrepreneurs playbook/guide		DTI					
that may be employed by start-up MSMEs, e.g., in an ASEAN MSME Starter Kit Map ¹²	Negosyo Centers							
	Rich sources: PCCI BIDA awards, PCCI Innovation Awards, PCCI young entrepreneurship awards							
	Legal Guide for Effective Employers by ECOP							<u> </u>
	ECOP Corporate Compensation Survey							
Areas of complementation with other agencies Participating in collection and review of th 	f complementation with other agencies: Participating in collection and review of the business models and the instructional materials							

- Challenges to implementation:
- lack and accessibility of Negosyo Centers •

				TYPE	TYPES OF MEASURES	EASL	JRES	1
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
7. Enhance/develop, promote and monitor productivity measures	Enhanced MSME Capacity Productivity toolbox 		DOLE / TESDA					
	Productivity based incentive scheme							
Areas of complementation with other agencies: Identify, develop, and promote productivity tools, programs for MSMEs 	es: ivity tools, programs for MSMEs							

Challenges to implementation:

Imited manpower to implement and advocate productivity programs (large number of SME's in NCR)

				TVDE	TVDES OF MEASUBES	AFASI	IDEC
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Infrastructure Information Technology
8. Promote social enterprises that highlight community-based	Creation of database of community of based social entrepreneurs		DLSU				
approaches to enterprise	Documentation of best practices on social entrepreneurship						
development ¹³	PCCI-DA ASPIRE Program						
	DepEd Technical Assistance on Entrepreneurship Implementation				-		
	Formation Program on SF for					29 <u></u>	
	Strengthen SSF awareness/optimize use						
	DOLE Integrate livelihood program (sustainable livelihood framework						
	Prototype SEEDSY (4Peak Ecosystem)						
	"LIFE" – Learning Innovation of Family Entrepreneurs						
	Youth- Family community based entrepreneurship programs						
 Areas of complementation with other agencies: developing learning organizations compos sector based enterprise development, e.g. expand membership of MSMED Council to 	f complementation with other agencies: developing learning organizations composed of neighbourhood institutions (DEPED, CHED, TESDA, DTI) sector based enterprise development, e.g. tourism related sector with DOT expand membership of MSMED Council to include social enterprises	SDA, DTI)					
 Challenges to implementation: mindset of dependency lack of common understanding on me No entity to spearhead or orchestrate 	ges to implementation: mindset of dependency lack of common understanding on meaning of social enterprise No entity to spearhead or orchestrate						
in in providence of the second s							

13 ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Models of Business" Deliverable 5.2

				ТУРІ	TYPES OF MEASURES	JEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
 Promote social enterprises that highlight community-based approaches to enterprise 	MSME Climate and Disaster Resilience							
development ¹⁴	Green Economic Development				-			
 Areas of complementation with other agencies: LGU & National government support for disaster resiliency widen availability of geo hazard maps 	saster resiliency							
 Challenges to implementation: lack of recognition of the impact of hazards of climate change mitigation lack of information 	s of climate change							

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¹⁴ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Models of Business" Deliverable 5.2

				TYPES OF MEASURES	OF ME	ASURI	ន
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Information Technology Knowledge	Infrastructure
10) Establish an Innovators Program to identify, accredit, certify and mobilize innovators who	Technology business incubation for innovators		DOST				
could foster and mentor MSMEs under a well-organized and monitored system.	Incubation program for social enterprises						
Incentives may be considered for innovators in the form of tax breaks, business promotion	Campaign/awareness						
opportunities, and a recognition or awards system ¹⁵	Importance/application of research methods						
	Tax Incentives Policies/programs / BIR and DOF should be invited						
	Forum on entrepreneurship capability training for technology and livelihood education						
 Areas of complementation with other agencies: linkage with academe (e.g. Sigasig, UP ISSI, Deped) institutional innovation paradigm learning organization - DOST 	Deped) organization - DOST						
Challenges to implementation:Role of the academe in innovation. Weak ir	industry-academe linkage (upscaling of efforts)						

Action 3: Information and Communication Adv	ocacy							
				Τ	TYPES OF MEASURES	MEA	SURI	S
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	policies Human Capacity	Knowledge Sharing Harmonization of	Information Technology	Infrastructure
11) Strengthen Information Communication and Advocacy	Robust up to date data on enterprises							
	Development of Online Portal for Entrepreneurs		DTI					
	Access to Credit Local government campaign/ awareness							
 Areas of complementation with other agencies: tap PIA/ PCOO LGU's wider sharing of databases 								
Challenges to implementation:								
quality of trainors								
 presence of facilities/assistance centers 								
 purpose of gathering access to data info 								
 problem on government connectivity documentation of best practices lack of database from LGU's/ DILG 								

(Validated/Updated by the Cluster Committee on A	(Validated/Updated by the Cluster Committee on Access to Technology and Innovation during the Action Planning Workshop on 07 May 2018)
Strategic Goal 4	IMPROVED ACCESS TO TECHNOLOGY AND INNOVATION Improved innovation and technological competitiveness of MSMEs to transform and create new business models and enterprises with strengthened innovation ecosystem to make innovative technologies, sustainable and resilient practices affordable, cost-effective, and accessible to all MSMEs. In order to achieve this strategic goal, the following strategies and action plans will be implemented:
STRATEGIES	Support the development of linkages between MSMEs and large corporations; develop more inclusive business models and social enterprises; establish domestic economic zones for MSMEs; make innovative technologies as well as sustainable and resilient practices more affordable, cost-effective, and accessible to MSMEs across all regions in the country.
PROPOSED ANCHOR PROGRAMS	Information dissemination/communication on various government T&J MSME Initiatives Undertake advocacy and information campaign and further strengthen/reform institutional structures especially for improved coordination, collaboration and funding support
KEY ISSUES IDENTIFIED:	 Insufficient financial investment on R&D activities Insufficient information regarding on-going and future research and technology activities Lack of capability to evaluate alternative technologies Lack of technical knowledge on how to shift to more advanced technology Inadequate mechanisms for technology transfer Inadequate mechanisms for technology transfer Inability of entrepreneurs due to their perception that there is no need for them to adopt new technology Inability of entrepreneurs to meet requirements in availing credit and other forms of government assistance

				TYPES	TYPES OF MEASURES	SURE	s
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Knowledge Sharing Harmonization of policies	Information Technology	Infrastructure
 Strengthen information dissemination/ communication on various govt T&I MSME Initiatives/Technology match- making activities Widen the reach of the Shared Services Facilities (SSF) program to expand MSME awareness, access, and utilization; and closely link or unify it with DOST's Small Enterprise Technology Upgrading Program (SETUP) to maximize impact on MSME productivity¹⁶ 	Conduct stocktake and develop, promote, monitor programs on Technology and innovation and promote: - SEF of DTI - SSF of DTI - Co-working spaces (e.g, QBO, Ideaspace, JP Morgan, DICT, etc.) and replicate in the regions Productivity toolbox - Productivity toolbox - Setup 2.0 - Machine Bldg Program - Fab Labs - Creation of the Aerospace industry - Creation of the Aerospace industry PACK! PINAS, SSF Summit)						
Areas of complementation with other agencies - SSF/SETUP not well connected - infra/telecoms concerns, esp internet Challenges to implementation: - Linking with membership based orgs	Igencies: Thet orgs	_		_	-	_	
- DOST assistance to complement OTOP	DIOP						

¹⁶ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Machines" Action 3.3

				TYPES	TYPES OF MEASURES	SURE	s
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Knowledge Sharing Harmonization of policies	Information Technology	Infrastructure
 Strengthen/reform institutional structures especially for improved coordination, collaboration and funding support 	Create mechanism to harmonize, simplify, monitor all programs across government agencies and its development partners to increase utilization of government programs. ¹⁷ This may include: - identifying a dedicated secretariat to do the coordination - Developing online platform for information exchange that would include resources for training, creating communities, etc./Negosyo Center collaboration portal/web-based platform for MSMEs to access information						
	Sharing Info/Comm/Navigation (Comm – knowing whats' happening, knowing who knows what; Access to Technical Advice – mentoring)						
	Establish Innovations Hubs ideally near universities or industry clusters, where innovators and MSMEs can gather and incubate new ideas while utilizing shared facilities of DOST, DTI, UP, DICT, and the like ¹⁸						
	Facilitate the creation of collaboration among SMEs, large enterprises and academia ¹⁹						

¹⁷ Coordination should not be too formal, and the challenge is how to navigate the network of available resources and programs, as it potentially is a powerful tool for

MSMEs. ¹⁸ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Machines" Action 3.1 ¹⁹ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-3-3, no. 1

	LGUs, local chambers of commerce and civil society groups to	×	×
	jointly and proactively help in identifying machine needs, consolidating machine programs, and matching them with local MSMEs ²⁰		
	Promote among fis the development of financial facility for GFIs the acquisition of machineries and equipment.		×
	Share best practices on appropriate technology adoption among MSMEs to support higher production capability in focused industries ²¹		
	Develop capacity building programmes on intellectual property rights awareness ²²		
	Strengthen technology transfer centers for innovation commercialization ²³		
3. Address infra constraints	Internet connectivity		
	Quality and standards infrastructures		
 Areas of complementation with other agencies: One Lab DOST – Inc membership of testing FIC- capacity of equipment for prototyping Institutional coordination mechanism at al 	f complementation with other agencies: One Lab DOST – Inc membership of testing & calib labs FIC- capacity of equipment for prototyping/market testing only Institutional coordination mechanism at all levels		
 Challenges to implementation: DTI-TESDA-DOST-CHED Dedicated expertise to drive innovation Link TESDA green tech center with GGGI Mind zumba 	ges to implementation: DTI-TESDA-DOST-CHED Dedicated expertise to drive innovation and set goals Link TESDA green tech center with GGGI Mind zumba		

²⁰ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Machines" Action 3.2

²¹ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-2-2, no. 2 ²² ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-3-1, no. 3 ²³ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-3-1, no. 5

				ТҮР	TYPES OF MEASURES	EASU	RES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	Sharing Harmonization of policies Human Capacity	Technology Knowledge	Infrastructure Information	
4. Address infrastructure constraints to improved T&I in MSMEs e.g. weak internet								
Areas of complementation with other agencies:								

Challenges to implementation:

				ТҮРЕ	TYPES OF MEASURES	IEASU	JRES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
 Strengthen academic support to MSMEs/Academy industry linkages and institutionalize programmes that will allow universities to share their facilities with MSMEs²⁴ 	Incentives for universities to assist in the development of technology that is industry related and industry driven (e.g., commercialization of these projects)							
	Knowledge and Technology Transfer Offices (KTTO) Training Program (USAID STRIDE)							
	Establishment of patent libraries in universities							
Areas of complementation with other agencies								

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Challenges to implementation:

²⁴ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-3-3, no. 2

				TYPES	TYPES OF MEASURES	EASI	JRES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Technology Knowledge Sharing	Information	Infrastructure
 Promote greening and technology enabling of MSMEs 	Promote GGGI information resources on greening/BSMED's programs on GED							
	Delegate the NC and the DTI offices the mandate to create awareness of greening tech and opportunities for MSMEs					<u>.</u>		
	Enhance the Philippine packaging development program for MSMEs i.e. Packaging Summit					-		
	Conduct appropriate pre- and post-evaluation of SSF and other facilities							
	Continue implementation of programs like DOST SET UP							
Areas of complementation with other agencies:	cies:							
Challenges to implementation:								

				TYPES OF MEASURES	DF ME/	SURE	s
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	of policies Human Capacity Building Laws	Knowledge Sharing Harmonization	Information Technology	Infrastructure
 Foster MSME Clustering and Integration into value chains Foster wider MSME clustering to achieve economies of scale via clustering models such as co-ops, "corporatives," nucleus farming, and other MSME collective mechanisms²⁵ 	Foster clustering of agri-enterprises per town or province, incubate an effective business model for them, and help them integrate into value chains ²⁶						
Areas of complementation with other agencies							

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Challenges to implementation:

²⁵ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Models of Business" Deliverable 5.3 ²⁶ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Models of Business" Action 5.3

Priority Action Items				4		- ME	SUR	- ES
	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	of policies Iuman Capacity	Knowledge Sharing Harmonization	Information Technology	Infrastructure
Passage/implementation of laws on Pass standards and quality infrastructure	Passage of NQI Bill							
d a	Adoption of homegrown standards in the absence of international standards							
Imp Reduce compliance cost of s	Implementation of RA 1572- on the requirements of service shops							
Adv	Advocacy on the Madrid protocol/trademarks							
Esta (DO	Establishment of the National Metrology Labs (DOST & DTI)							
Ö	DOST's Lab & Metrology services							
Ö	DOST OneLab							
<u>LTT</u>	PTTCC Connect							
Pac	Packaging & Labelling Program							
GMP	0							

²⁷ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Markets" Action 4.2

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	HACCP
	Packaging (e.g., mandatory requirements on labels)
	Product registration with FDA
	Exemption of fees for testing for the MSMEs
200	Mechanism for MSME subsidy/grants/loans on compliance processes (to be referred to Cluster on Finance)
Areas of complementation with other agencies: limited labs in the region 	
massive advocacy to concerned stakeholders on pr Support for MSMEs to understand benefits &reqts	massive advocacy to concerned stakeholders on promulgated standards Support for MSMEs to understand benefits &reqts
too expensive/ complicated for MSMEs	MEs
 Challenges to implementation: Expand tesda program on free Nation Link OneLab with DTI Negosyo Center 	to implementation: Expand tesda program on free National assessment for technicians in MSMEs service stops Link OneLab with DTI Negosyo Center

					TYPES OF MEASURES	OF N	IEASI	JRES	
	Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
ი	Strengthen the monitoring and compliance system on quality standards in accordance with the ASEAN	Provide free access to PNS					-		
	Standards and Conformance Strategic Action $Plan^{28}$	Review of product regn fees & process							
	Develop/Advocate the development of Philippine brands (e.g., Philippine Mangoes, Philippine Tuna,	Review of PNS on priority products							
	Philippine Bangus) ²⁹ Promote commercialization of technology ³⁰ and	Client guide to standards imposed by the countries/markets						1- 1-	
	build capabilities to foster industry clustering 31	Know your customers and client guide							
		NC Brand Devt Program							
		Single Origin & Traceability							
		Establish geographical indication system							

²⁸ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Markets" Deliverable 4.2

²⁹ ASEAN 2017 MSME Development Summit, Manila Call to Action: 7Ms to MSME Development "On Markets" Action 4.2

³⁰ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-3-1

³¹ ASEAN Strategic Action Plan for SME Development 2016-2025: Strategic Goal A, A-2-2

Areas of complementation with other agencies:

- Assistance to aerospace MSMEs to attain AS9100 standards
 - Speed of processing
 - Country updates
- Cost of compliance
- Reduction of prod regn fees
 - Mandatory reqts in labels
- Use of tri-media "Konsyumer at Iba Pa" DZMM for the promotion of PNS
 - Poor industry participation

Challenges to implementation:

• DTI

				ТҮРВ	TYPES OF MEASURES	ASUR	ES
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information
10. Make green business attractive, faithfully enforce environmental laws and regulations	GIZ Green Growth Initiative						
	DOST Cleaner Prod Tech						
	Framework in Entrep Ecosystem						
	Gearing towards paperless ops					5	1 2
	Integration in SMERA						
	Another module for KMME						-
	Knowledge and advocacy sharing						
	Fastrack implementation of Green Jobs Act						
 Areas of complementation with other agencies: material minimization, waste maximization Waste material utilization (tech info) Green Jobs Law and DTI's role – business facilitation program for MSMEs Biz models for for GreenJobs 	n facilitation program for MSMEs						
 Challenges to implementation: -assessing co-benefits for SDE's -complementation role for DOLE, to assist in analyzing skills, trainir Greening MSMEs, assessment of readiness, correct data, advocacy 	to implementation: -assessing co-benefits for SDE's Complementation role for DOLE, to assist in analyzing skills, training needs for green tech Greening MSMEs, assessment of readiness, correct data, advocacy	÷					

				F	TYPES OF MEASURES	DF M	EASI	URE	10
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Laws	of policies Human Capacity Building	Sharing Harmonization	Knowledge	Information Technology	Infrastructure
11. Identify & play CC-T&I's role in implementing Green Jobs Law									
Areas of complementation with other agencies:									
Challenges to implementation:									

				F	TVPES OF MEASURES	MFA	SURF	v
Priority Action Items	Programs, Activities, and Projects 7	Timelines	Responsible Agency/ies	Building	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
12. Foster Social Enterprise development, Green Business	Co-branding, "crowdfunding", incubation delivery, via coop or brgy							
Models, and Franchises)	Restructure governance (MSMED – Learning Com Entrep Council)							
	ASEAN Online academy PITC online e-learning							
	Fast track implementation of Green Jobs ILaw and make MSMEs aware of incentives to green processes and products							
	POST10-Offered to include information in a platform (technology, productivity tools, academy, e.g., online courses, podcasts, livestreaming) and coaching							
	GIZ to provide its toolbox							
	Green Economy Philippines offers its website							
	Information on greening, technology, shared service facilities, etc.							
	Promotion of SMERA							
	Promotion of TESDA programs							
	Franchise as ready business models							
Areas of complementation with other agencies:Involvement of major companies and LGUs.	agencies: s and LGUs.		1					
Challenges to implementation:								

(Validated/Updated by the C	(Validated/Updated by the Cluster Committee on Access to Markets during the Action Planning Workshop on 08 May 2018)
Strategic Goal 5	IMPROVED ACCESS TO MARKET MSMEs are ready and able to penetrate as well as expand and strengthen their role in domestic, regional, and global markets. Access to markets is the sustained ability of MSMEs to be competitive in selling their products and services to existing and new markets, under a climate of fair, free and socially responsible and environment-friendly trade practices. In order to achieve this strategic goal, the following strategies and action plans will be implemented:
Strategies	Make available timely and relevant data to help MSMEs tap new business opportunities including linkages to local and global supply chains, improve support for ensuring compliance to market and buyer requirements (e.g., different legal, regulatory and technical requirements) and provide access to marketing platforms including e-commerce.
PROPOSED ANCHOR PROGRAMS	 MARKET COMPLIANCE Establish mechanisms to ease MSME compliance with regulatory and market standards (including development of a Market Compliance Program)
(To be vetted by the Chair/Cluster)	 MARKETING INCENTIVE SCHEME Widen reach of market mainstreaming programs including deliberate, consistent and long-term support for MSMEs' participation in market promotion activities, e.g., Go Lokal, domestic and international trade fairs, etc.)
KEY ISSUES IDENTIFIED:	 Limited access to market information Inability to scale up production and respond to volume demands Inconsistent quality standards due to low technology and/or lack of standards Difficulty meeting international standards and regulatory requirements Inferior transportation and communication infrastructure in the Philippines Lack of entrepreneurial mindset and skills among business owners MSMEs' aversion to taking risks due to limited capital Slow adoption of ecommerce and digital technology

1. Action Items on MARKET							
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	JO SEAL Human Capacity Building	Knowledge Sharing	Infrastructure Information Technology
Establish mechanisms to ease MSME	MSME Market Compliance Office/Program		DTI				
compliance with regulatory and market standards	Concerned agencies: Buyers: BDT, EMB, Industry associations, retailers, etc						
	Standards- FDA, BPS, etc. Trademarks- IPO						
	Product innovation – DOST, Packaging Centers, SSF Training – PTTC/MSME Global Academy						
	Preferential schedule of fees for MSMEs						
Areas of complementation with other agencies:	encies:						
Improve compliance of MSMEs three Assistance in registration and marke	Improve compliance of MSMEs through collaboration between EMB, Heinrich Foundation, BPS Assistance in registration and marketing of products developed by the Chamber of Herbal Industries, which now has a comprehensive roadmap for	S Justries, which n	ow has a comp	orehensi	ive ro	admaj	p for
the industry.							
Identify source, origin, and categori Support to patents and trademarks	Identify source, origin, and categorize target market for corresponding compliances Support to patents and trademarks like the Ma'I Initiative – a branding program developed by the BOI, coined after the name of the Philippines	/ the BOI, coine	d after the nam	ne of the	e Phili	pines	И
 before the Spaniards time. Support Technical assistance from DOST to I 	before the Spaniards time. Support is needed to make it a national seal, passing certain standards Technical assistance from DOST to help lower down cost of production of furniture industries in Pampanga. where maiority are still highly	ards in Pampanga. v	here maiority	are still	hiahh		
labor-intensive.		-	•		2		
Challenges to implementation:							
High cost of FDA fees of License to	High cost of FDA fees of License to Operate (LTO), Certificate of Product Registration (CPR)						
Delays in the issuance of LTO and CPR (e.g., 1-6 working days)	.PR (e.g., 1-6 working days)						
 Products are not socially compliant 	Products are not socially compliant (e.g., child labor, waste management, manufacturing processes, etc.)	esses, etc.)					
 Issues on product labeling. Product of MS 	of MSMEs labeling do not provide proof of their compliance to existing standards, etc.	nce to existing s	tandards, etc.				
No direct office dealing with compl	No direct office dealing with compliance concerns (e.g. PTIC provides training on product standards, BPS receives notifications on new regulations	ndards, BPS rec	eives notificatio	no suc	new re	egulati	ions
and standards imposed by the members of the WTO)	nbers of the WTO)						

2. Action Items on MARKET INCENTIVE SCHEM	T INCENTIVE SCHEME				
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	of policies Human Capacity Building Laws	San Contraction Technology Knowledge Sharing Harmonization of policies Human Capacity Building
Deliberate support for MSMEs participation in international marketing events	Manila Fame continuity plan Coconut roadshow to Europe with DTI, EMB & PCA Government support for international / export promos on sectoral basis Handhold committed exporters				
	CITEM – proper institutional character to receive subsidies Rebrand/repackage trade fairs & exhibitions into matchmaking biz events for possible budgeting				
	Market research (data analytics, market intelligence portal, etc.) Build world class expo & convention center				
 Areas of complementation with other agencies Relevant government and private organiz promote Philippine products and services Schedule local events/exhibitions conside (Develop) Market Intelligence Portal Build world-class export convention cente Provide Regional and sectoral support fur Provide Regional and sectoral support fur Challenges to implementation: Point person per industry group Lack of Budget Proper scheduling of local events/ exhibiti Equity govt/BSO Regional offices / LGUs lack of budget in Market research (data analytics, etc.) 	f complementation with other agencies: Relevant government and private organizations (DFA, DTI, BIR, etc.), support organizations, business chambers to have a certified framework to promote Philippine products and services Schedule local events/exhibitions considering international trade shows and events (Develop) Market Intelligence Portal Build world-class export convention center Provide Regional and sectoral support funds to PHILEXPORT projects ges to implementation: Point person per industry group Lack of Budget Proper scheduling of local events/ exhibitions, considering international trade shows and events Equity govt/BSO Regional offices / LGUs lack of budget in encouraging regional and provincial LGUs participation in trade fairs Market research (data analytics, etc.)	ness chambers in trade fairs	to have a cer	ified frame	vork to

3. Action Items on E-COMMERCE								
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Information Technology Knowledge Sharing Harmonization of policies Human Capacity Building	Knowledge Sharing	Information Technology	Infrastructure
Encourage and promote the use of e-commerce platforms through education and training	Education and Training Implement a national on boarding program for e-commerce (DTI in cooperation with DICT and all stakeholders) that covers parallel services such as distribution, payment, logistics, technology, security, etc.							
	Tiered education on ecommerce to MSMEs							
	Encourage MSMEs to become fully digital							
	Platforms/facilities Promote the development and utilization of e-commerce platforms to encourage expansion of MSMEs 32							
	DTI linking MSMEs to marketplaces							
	Info platform portal - Online showroom of Philippine products (e.g. SMERA OTOP)							
	Take advantage of zero-rated data			-				
	Reconfigure APEC MSME Marketplace as resource hub							

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Man K en Insti	
K en Insti	Manila FAME requirement of exhibitors' websites
Insti	K entrep online shop: K! Shop
	Institutional/regulations Create an Ecommerce Council
Econ	Ecommerce desk in Negosyo Centers
O2-a	e-commerce office to work with DTI field offices
MSN	Regulate the charges for ecommerce participation especially for MSMEs to make it affordable
 Areas of complementation with other agencies: DII DICT & all stakeholders 	jencies:
ecommerce council (DTI, DOST, DICT, DCOM, NGO, etc)	CT, DCOM, NGO, etc)
MSMEs to group themselves and launch t	aunch their own ecommerce
 Institutional – upgrade/strengtnen e-commerce of Tiered education / capacity building intervention 	institutional – upgrade/strengtnen e-commerce omice, link with DTL regional omices, create e-commerce council Tiered education / capacity building intervention
Provide online showrooms and platforms,	tforms, SMERA and OTOP (e.g. philgoods.ph)
Challenges to implementation:	
High cost of registration in Alibaba	
 Interconnectivity networking systems 	
 Pre-requisite expenses – payment portal, 	portal, logistics/ delivery
Lack of warehouse & logistics presence in the provinces	ence in the provinces
 Address infra issues 	
 Lack of data on MSMEs readiness to participate in ecommerce 	o participate in ecommerce
Logistics returns, shipping refunds	
Churn rate	
 Challenge on phishing & spoofing online sellers MSMEs' lack of awareness on the benefits of ecommerce 	online sellers senefits of ecommerce

TYPES OF MEASURES	Infrastructure Information Technology Knowledge Sharing Harmonization of policies Human Capacity Building Laws					o Centers will act as database gathering to narged for usage – under the hospices of	
	Timelines					, etc. Negosy – data not cl	
	Programs, Activities, and Projects	Create proper legal frame	National Retail Payment System PTTC training – security date payments on e-platform	Mindset change $\&$ enhance presence in e marketplace	Payment gateways should be supervised by companies themselves not DTI	f complementation with other agencies: DTI-CB can take charge of database problem with regards to training, product development, etc. Negosyo Centers will act as database gathering to support the tiering process for ease of categorization in training On the issue of weak infrastructure, the proposal on the usage of zero rated data was raised – data not charged for usage – under the hospices of the .gov and the .edu domains, for educational purposes	
	Priority Action Items	Establish a legal framework to secure e-payment systems / Establish secure	e-payments system to facilitate wider e-commerce33)			 Areas of complementation with other agencies: DTI-CB can take charge of database problem with regards to tra support the tiering process for ease of categorization in training On the issue of weak infrastructure, the proposal on the usage o the .gov and the .edu domains, for educational purposes 	 Challenges to implementation: Financial literacy Consumer protection Seamless access Coordination and harmonization Local paypal counterpart Hardware connectivity

4. Action Items on PEDP Revalida								
				ТҮРЕ	TYPES OF MEASURES	IEAS	JRES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
Review/enrich/strengthen the Phil Export Development Plan, with clear resource support for specific initiatives therein.	Identify implementable budgeted programs under the PEDP, request funding for new programs							
	Gather and disseminate info to PHILEXPORT members/ info program							
	Align other government and industry initiatives							
	Client guide							
	Holistic programs in export e.g. don't just export Philippine food, export Philippine cuisine							
	Regular revalida							
Areas of complementation with other agencies:	incies:							
Challenges to implementation:								

- Budget Supply chain challenges Quality control Meeting certain standards •

5. Action Items on ASEAN / GLOBAL VALUE CHAINS								
				TYPES OF MEASURES	OF M	EASU	RES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Technology Knowledge	Infrastructure Information	T-f
Widen the linkages of MSMEs to the ASEAN regional value chains through business matching support and better information systems, such as the ASEAN Trade	Business matching support; ASEAN Trade Repository							
Repository34 Maximize opportunities that expand access to existing	Business matching support; ASEAN Trade Repository							
and new markets presented by the ASEAN Economic Community and other preferential trading agreements	Structured matchmaking							
	ASEAN Single Window							1
 Areas of complementation with other agencies: Point person Relevant 						ę.		
 Challenges to implementation: Meeting ASEAN standards (i.e. Halal) Competitiveness of MSMEs 								

6. Action Items on GREENING OF MSMEs							
				TYPES	TYPES OF MEASURES	SURE	s
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Sharing Harmonization of policies	Information Technology Knowledge	Infrastructure
Promote and foster green and circular economy models	Institutionalize fair trade practices for green market requirements						
 Areas of complementation with other agencies: VCOP can invite GIZ & other enablers to regular member meetings 	: egular member meetings						
 Challenges to implementation: There are industries which contribute more 	e to pollution such as textiles. Methodologies to implement the circular and green economy models in	olement the cir	cular and greer	n econor	IV model	EI.	

'n these industries should be pursued by DTI, DOST, GGGI, etc.

7. Action Items on PACKAGING									
				ТҮР	TYPES OF MEASURES	F ME/	SUR	ES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building Laws	of policies Human Capacity	Sharing	Technology Knowledge	Infrastructure Information	
Rationalize, institutionalize and/or strengthen packaging, labeling and branding assistance	PackPinas & Pak Caravan								-
to MSMEs	Ma'I Initiative								1
Assist MSMEs to upgrade packaging and label design	Shared packaging services & Materials			2		é.			r
Engage packaging service providers and	Financing incentives for packaging								
MSMEs	DTI SSF in LuzViMin								1
	Offer assistance on packaging & labelling, product package compatibilities, lab testing for nutri facts								
 Areas of complementation with other agencies Align/ harmonize govt programs Creation of designated working group for Center of Excellence in Packaging – Univer 	ies: for converging ideas iversity of Iloilo								
 Challenges to implementation: Cost of Logistics for pacakaging in VisMin Lack of statistics/Data Strengthen market research initiatives Mandatory registration of trademark/brands with the IPO How to scale production of agri products and address sup 	din rands with the IPO cts and address supply issues								

8. Action Items on MSMEs IN GOVERNMENT								
				турес	TYPES OF MEASURES	IEAS	URES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Infrastructure Information Technology	Tefreetweetwee
Maximize MSME Participation in government procurement	Procurement of govt uniforms							
	PhilGEPS registration							
 Areas of complementation with other agencies: May consider the US government procurement law provision which requires MSME involvement in bid by companies for projects Implementation of mandatory procurement for SME 	rovision which requires MSME involvemen	nt in bid by co	mpanies for pro	ojects				
 Challenges to implementation: Tapping opportunities under the government procurement law – RA 9242, requiring for locally made fabric as uniforms for government employees. Issue on lack of supply for indigenous materials was mentioned Compliance of MSMEs to government requirements such as tax clearance 	ement law – RA 9242, requiring for locally mentioned such as tax clearance	/ made fabric a	as uniforms for	governir	nent ei	nploy	ees.	

9. Action Items on PHILIPPINE TRADE DEVELOPMENT PLAN FOR DOMESTIC MARKET	OPMENT PLAN FOR DOMESTIC MARKET							
				ТҮР	TYPES OF MEASURES	MEAS	URES	10
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Building	Harmonization of policies Human Capacity	Knowledge Sharing	Information Technology	Infrastructure
Widen the reach (area and mode) of Go Lokal	Brand Equity Development Program (One Brand, One Province)							
	Convenience store chains, hotels							
Areas of complementation with other agencies: Disseminate info to PHILEXPORT members	es: ers							
Challenges to implementation:								

10. Action Items on BRANDING								
				ТҮРЕ	TYPES OF MEASURES	MEAS	JRES	
Priority Action Items	Programs, Activities, and Projects	Timelines	Responsible Agency/ies	Human Capacity Building Laws	Harmonization of policies	Knowledge Sharing	Information Technology	Infrastructure
Branding	Provide list of Ka-Entrep members product lines for screening and participation							
	Information dissemination to be part of Go Lokal							
	Franchise of Go Lokal to provide more exposure for MSME products, expanding and widening reach as a market access mechanism; create Go Lokal regional branches; consolidation of OTOP and Tindahang Pinoy with Go Lokal; Go Lokal to be made accessible at the barangay level.							
Areas of complementation with other agencies:	other agencies:							
Challenges to implementation:								

Prepared by the:



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