

MSMED PLAN 2017–2022

ANNUAL REPORT 2021



MSMED

COUNCIL

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MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT PLAN 2017-2022

January – December 2021 Accomplishment Report

The Micro, Small and Medium Enterprise (MSME) Development Plan 2017-2022 (MSMEDP), which serves as the sectoral plan for the growth and advancement of the MSME sector, was developed in consultation with various stakeholders from the private sector, academia, 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 10-Point Agenda for Development presented by President Rodrigo 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.

The Plan envisions "more globally competitive MSMEs that are regionally integrated, resilient, sustainable and innovative thereby performing as key drivers of inclusive Philippine economic growth." It has identified three (3) focus areas, namely: business environment, business capacity, and business opportunities with the following five (5) strategic goals: (1) improved business climate; (2) improved access to finance; (3) enhanced management and labor capacities; (4) improved access to technology and innovation; and, (5) improved access to market.

On 04 April 2018, President Rodrigo Roa Duterte signed Executive Order No. 50¹ approving the MSME Development Plan 2017-2022 which will serve as the blueprint for integration and collaboration of relevant government and private sector institutions for MSME development. The executive order directs concerned government agencies and instrumentalities, including government-owned or -controlled corporations (GOCC) and local government units (LGU) to adopt and implement the Plan.

The MSME Development Council (MSMEDC), through the Department of Trade and Industry (DTI) – Bureau of SME Development (BSMED) as the MSMEDC Secretariat, has been continuously coordinating and collaborating with other agencies to put forward improved and innovative MSME initiatives encapsulated in the Plan to build more sustainable and smarter Filipino entrepreneurs.

¹ Executive Order No. 50: <https://www.dti.gov.ph/negosyo/msme-resources/msmed-plan/>

ENTREPRENEURIAL RECOVERY AND RESILIENCE

Considered the economic lifeblood of the country, MSMEs accounting for more than 99% of registered businesses and provide 60% of jobs, have been put to test by the negative effects of the coronavirus disease (COVID-19) pandemic in 2020.

For the past two years, the Community Quarantine (CQ) measures imposed in the country in response to the COVID-19 pandemic have forced businesses to either temporarily cease operations or operate at limited capacity due to limited movement of persons to mitigate the transmission of the virus.

The DTI has conducted a series of surveys² to see how the quarantine measures affected local businesses. These surveys also serve as an internal mechanism to assist in policy formulation and program development.

MSMEs' Business Operations Affected by COVID-19

SURVEY PERIODS (ROUND)	FULL	PARTIAL	STOPPED
04 JUN 2020 – 17 JUN 2020 (1 st)	19.8%	52.5%	27.7%
19 JUL 2020 – 07 AUG 2020 (2 nd)	22.6%	59.7%	17.7%
08 SEP 2020 – 21 SEP 2020 (3 rd)	47.2%	47.2%	5.5%
22 OCT 2020 – 04 NOV 2020 (4 th)	54.7%	40.5%	4.8%
28 JAN 2021 – 10 FEB 2021 (5 th)	56.4%	39.3%	4.3%
16 APR 2021 – 30 APR 2021 (6 th)	53.0%	43.1%	3.8%
27 MAY 2021 – 09 JUN 2021 (7 th)	58.6%	38.5%	2.9%
16 SEP 2021 – 30 SEP 2021 (8 th)	40.4%	52.7%	6.9%
15 OCT 2021 – 30 OCT 2021 (9 th)	45.6%	48.5%	5.9%
15 NOV 2021 – 30 NOV 2021 (10 th)	51.5%	44.3%	4.2%
15 DEC 2021 – 30 DEC 2021 (11 th)	64.3%	31.4%	4.3%

Source: DTI's Impact Assessment Surveys of COVID-19 on the MSME Sector

Based on their responses from the ten surveys, businesses are slowly opening their operation, from 19.8% for the period 04 June 2020 – 17 June 2020 to 64.3% for the period 15-30 December 2021.

The survey reports also highlighted that from 27.7% of those businesses which have closed or stopped their businesses, they are now decreased to 4.3% after 15 December 2021. It's a good number showing that our MSMEs are slowly coping to recover from the effects of the COVID-19 pandemic.

² Note: The results of the survey do not represent the entire MSME population. As such, analysis of such data should be handled with caution.

In terms of assistance needed by MSMEs that have stopped operations, financing was most needed, with marketing assistance usually coming in second. Other assistance includes compliance with government regulations, technology upgrading, and skills/management training.

PRESIDENT DUTERTE HIGHLIGHTS THE VITAL ROLE OF MSMEs IN REVIVING THE ECONOMY DURING THE NATIONAL MSME WEEK 2021

The government's focus and efforts to support the growth and development of micro, small, and medium enterprises (MSMEs) in making them smarter entrepreneurs have remained at the front and center of the economic agenda of the Duterte administration.

"This event (National MSME Week 2021) is an opportune time to highlight the role of the MSMEs in reviving our economy amidst the pandemic. Be assured of the government's continued support for your efforts as we boost our economic recovery" said President Rodrigo Duterte during the virtual conduct of the National MSME Week (NMW) 2021 on 02-06 August 2021 via Zoom online platform and Facebook Live.

The NMW 2021 was organized by the MSME Development Council (MSMEDC), through the Department of Trade and Industry (DTI), in cooperation with the Philippine Trade and Training Center (PTTC). The event offered a free 5-day virtual experience featuring various perspectives and insights on topics to help MSMEs transition towards a "better normal" future.

Showing no signs of slowing down, the DTI, together with entrepreneurship champions in the government and private sector, continue to provide full cycle support for the country's economic heroes and new hope in reviving the economy – the MSMEs.

"Despite the challenges of the COVID-19 pandemic, we continue to provide services for MSMEs. This is what we call the government's 360-degree support programs for MSMEs, following our 7Ms Framework—from Mindset to Mastery (of entrepreneurial concepts and principles), to Mentorship, Machines, Money, Models of Negosyo and Market or giving MSMEs the continuous market access. Thus, we have witnessed how the MSMEs have continued to grow as a sector," said DTI Secretary Ramon Lopez in his opening message during the NMW 2021.

With the theme, *"Makabagong MSMEs, Bagong Pag-asa Laban sa Pandemya,"* the week-long online activities of the NMW 2021 discussed the Duterte Administration's accomplishments for MSMEs in pursuit of the 2017-2022 MSME Development Plan's five strategic goals all covering initiatives to improve in the business climate, access to finance, management and labor capacities, access to technology and innovation, and market access.



National MSME Week 2021. VIP Speakers are (first row) President Rodrigo Duterte, (second row, L-R) DTI Secretary Ramon Lopez, and the Presidential Adviser for Entrepreneurship Mr. Jose Ma. Concepcion III. Other speakers (third and fourth row, L-R) include MSMEDC Committee on Business Climate Chair, DTI Digital Philippines Assistant Secretary Jean Pacheco, MSMEDC Committee on Access to Finance, represented by Small Business Corporation-Planning and Policy Management Group Vice President Angelito Acupan, MSMEDC Committee on Management and Labor Capacities Chair, DTI-ROG Undersecretary Blesila Lantayona, MSMEDC Committee on Technology and Innovation Chair, DTI-CIG Undersecretary Rafaelita Aldaba, and MSMEDC Committee on Access to Market Chair, DTI-TPG Assistant Secretary Rosvi Gaetos.

DATE	TOPIC AND SPEAKER
Day 1 02 August 2021	<p>BUSINESS CLIMATE REPORT: Reducing Uncertainty and Restoring Business Confidence</p> <p><i>MSMEDC Committee on Business Climate Chair, DTI Digital Philippines Assistant Secretary Jean Pacheco</i></p>
Day 2 03 August 2021	<p>ACCESS TO FINANCE REPORT: Innovative Digital Finance and Inclusion for Recovery</p> <p><i>MSMEDC Committee on Access to Finance Chair, President and CEO of Small Business Corporation Luna Cacanando, represented by Planning and Policy Management Group Vice President Angelito Acupan</i></p>

Day 3 04 August 2021	MANAGEMENT AND LABOR CAPACITIES REPORT: Innovation and Essential Skills for Post-Pandemic Recovery <i>MSMEDC Committee on Management and Labor Capacities Chair, DTI-ROG Undersecretary Blesila Lantayona</i>
Day 4 05 August 2021	TECHNOLOGY AND INNOVATION REPORT: Emerging innovation Ecosystems in the Post-Pandemic Future <i>MSMEDC Committee on Technology and Innovation Chair, DTI-CIG Undersecretary Rafaelita Aldaba</i>
Day 5 06 August 2021	ACCESS TO MARKET REPORT: Facilitating MSME digitalization and integration in global markets <i>MSMEDC Committee on Access to Market Chair, DTI-TPG Assistant Secretary Rosvi Gaetos</i>

Day 1 highlighted the current policies and programs in place to build an enabling business environment conducive to MSME development. Following the business climate report was an Audio-Visual Presentation (AVP) capturing both the government and private sector initiatives in supporting business continuity and building their resilience. Among the development partners of the government who showed their support to MSMEs during the first day of 2021 NMW were the United Nations Development Programme (UNDP) Philippines, the International Labour Organization (ILO), and Globe Business. Globe Business also sponsored a raffle where five (5) winners each day throughout the event were given PhP300 through GCash. An inspiring video of Globe Business, entitled "Saludo SMEs", honoring the resilience and strength of local entrepreneurs was likewise played to celebrate MSMEs as economic heroes and allies of the government in promoting entrepreneurship in the country that fosters sustainable inclusive growth.

Day 2 focused on the report on innovative digital finance and inclusion for recovery to truly build an inclusive financial system for MSMEs. An AVP featuring available financing programs for MSMEs was presented to encourage MSMEs to take advantage of these programs to ensure business continuity and improve business operations. Among the development partners of the government who showed their support to MSMEs during the second day of 2021 NMW include PhilGuarantee, LBP, DBP, MFIs, and First Circle.

Day 3 highlighted the need to strengthen the innovation ecosystem for MSMEs to be more competitive and resilient. The report on innovation and essential skills for post-pandemic

recovery was followed by an AVP showcasing the government and private sector initiatives for continued capacity building to pivot and scale up enterprises.

Day 4 featured the report on technology and innovation, including the initiatives of development partners from the private sector for helping MSMEs embrace the new normal through disruptive innovations that transform the ways their products and services are delivered. Among the partners who shared information on their digital solutions for MSMEs is Globe Business, the business-to-business arm of Globe Telecom.

Lastly, Day 5 emphasized the importance of facilitating enterprise digitalization for MSMEs to access domestic and global markets. An AVP showcasing initiatives of private sector partners, such as the SM Retail and Globe Business, for facilitating MSME digitalization was played after the report of the MSMED Council Committee on Access to Market.

The NMW 2021 also highlighted the launch of the *Tatak Matatag na Negosyo* (Sustainable Stores Movement), a partnership of 14 private sector organizations, businesses, and the government on sustainable stores movement, particularly targeting assistance to micro-stores (i.e. sari-sari, carinderia, small bakeries, and stalls) in enhancing their entrepreneurial capacities, improving their access to finance and market. This was followed by the launching of Coca-Cola's Coffee Table Book entitled "5x20 Women and Coca-Cola: A Program of Sustainability, A Decade of Empowerment" in celebration of the ten-year-long global initiative to empower more than six million women entrepreneurs across 100 countries.

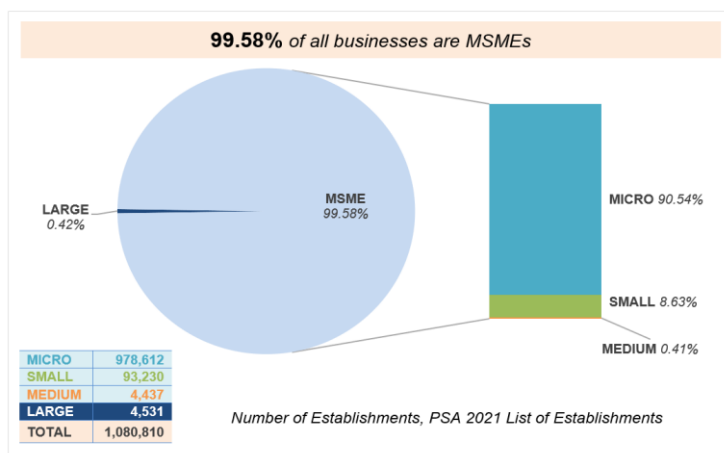
The event was graced by MSMEDC Chair and DTI Secretary Lopez who delivered the opening remarks, Presidential Adviser for Entrepreneurship, Mr. Jose Ma. Concepcion III who presented the private sector report, and President Roa Rodrigo Duterte who gave a message of support for the Filipino MSMEs.

Other NMW 2021 side activities include webinars conducted by the PTTC and the OTOP National Virtual Trade Fair 2021. The PTTC Webinars offered various topics on Upskilling and Re-skilling: Accessing Online Learning Platforms; Building Resilient MSMEs through Financial Inclusion; 3R for HR: Recharge, Recalibrate, Reset; Improving Access to Technology and Innovation of Food Business Operations; and Launching of the Philippine Skills Framework for Business Development. The OTOP National Virtual Trade Fair 2021 on the other hand is an online marketing opportunity to showcase OTOP products from all regions nationwide.

With more than 12,900 Facebook live views and more than 1,500 participants in Zoom, the event served as an avenue to better help MSMEs become empowered, enabled, and competitive, especially at a time when business conditions, technology and innovation have seen great changes.

MSME SECTOR PERFORMANCE IN 2021

The MSME sector has recorded a total of 1,076,279 enterprises (99.58%) and generated a total employment of 5,461,731 (64.67%) according to the 2021 List of Establishments (LE) from the Philippine Statistics Authority (PSA).³



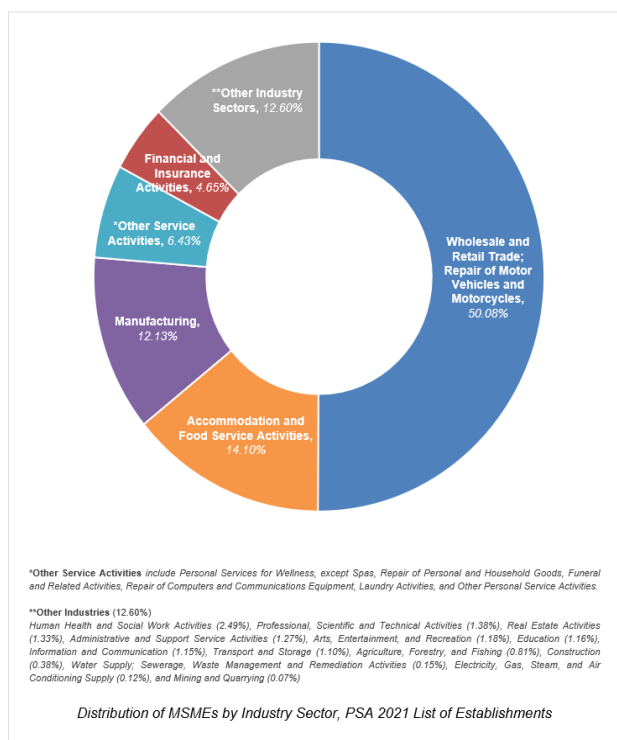
Micro enterprises constitute 90.54% (978,612) of total MSME establishments, followed by small enterprises at 8.63% (93,230) and medium enterprises at 0.41% (4,437).

The majority of the MSMEs can be found in the National Capital Region (NCR) with 198,652

(18.46%) business establishments, Region 4-A (CALABARZON) with 159,377 (14.81%), Region 3 (Central Luzon) with 137,677 (12.79%), Region 7 (Central Visayas) with 77,698 (7.22%), and Region 6 (Western Visayas) with 73,515 (6.83%). These top five (5) locations accounted for about 60.11% of the total number of MSME establishments in the country. The regional concentration of MSMEs is largely associated with economic activity and population size.

In terms of employment, the micro-enterprises produced the biggest share (32.46%) closely followed by small enterprises (25.08%) while medium enterprises were far behind at 7.12%.

The top five (5) industry sectors according to the number of MSMEs in 2021 were: (1) Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (539,006); (2) Accommodation and Food Service Activities (151,748); (3) Manufacturing (130,573); (4) Other Service Activities (69,254); and (5) Financial and Insurance Activities (50,089). These industries accounted for about 87.40% of the total number of MSME establishments.



³ [MSME Statistics from the Philippine Statistics Authority \(PSA\)](#)

The MSMED Plan has brought more MSME programs and policies to focus on bringing back the vibrant entrepreneurial journey of many Filipinos and adapting to the new normal future.

The report is presented based on the MSMED Plan Strategic Goals as follows: (1) Business Climate, (2) Access to Finance, (3) Management and Labor Capacities, (4) Technology and Innovation, and (5) Access to Market.

BUSINESS CLIMATE (*Government Mindset*)

(MSMEDP 2017-2022 Strategic Goal 1: Improved Business Climate)

Despite the unprecedented challenges brought by the COVID-19 pandemic, the overall business climate in the country has seen significant improvement to pursue a business-conducive environment at national and local levels to make it easier for MSMEs to start and grow their enterprises.

MSMED PLAN VISION	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth	
FOCUS AREA	BUSINESS ENVIRONMENT	
STRATEGIC GOAL 1	IMPROVED BUSINESS CLIMATE	
STRATEGY	To simplify, standardize, and harmonize MSME-related rules and regulations at national and local levels that will encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, and trade deals, etc.	
ACTION AGENDA		
<u>Action Agenda on GOVERNMENT MINDSET:</u>		
Pursue a change in mindset for the entire governance to facilitate ease of doing business		
PRIORITY ACTION ITEMS		
Expedite delivery of MSME assistance services to support New Businesses	Remove restrictions and regulatory burden, provide incentives and promote job-creating investments to support Existing Businesses	Foster in all government entities a convergence mindset that recognizes the centrality of MSME development in achieving dynamic and inclusive economies
<ul style="list-style-type: none">Expand number of and strengthen Negosyo CentersCap/Standardize business registration and other fees imposed by LGUs on MSMEsEstablish online business registration systemDisseminate info on requirements for starting a business	<ul style="list-style-type: none">Review various clearances, permits, etc. on overlaps, redundancies, necessityStrictly implement the BMBE LawInstitutionalize support to Inclusive Business Models under the IPPCreate an incentive program to enable technology transferEnhance incentives for innovation; knowledge-based creative, green industries, and manufacturingImplement the Ease of Doing Business Law	<ul style="list-style-type: none">Conduct study on moving toward an effective apex MSME agency/office addressing the full range of MSME concerns and requirementsStrengthen the MSMED Council's structure, mandate and functionsPromote productive agglomerations and clusters enhancementStrengthen the Philippines as the regional hub for start-upsStrengthen local economic development

Other details can be found in the Action Plan of the MSMED Plan 2017-2022 matrix under Strategic Goal 1: Improved Business Climate.

Expedite delivery of MSME assistance services to support New Businesses

DTI continues to make business name registration convenient. In line with DTI's efforts to promote ease of doing business in the country and encourage entrepreneurs to start their success stories by registering their business names, the DTI continued implementing measures to reduce business name (BN) registration processing time. In 2021, the number of business names registered was 867,647. Gross registration revenues amounted to PHP483.1 million for 2021 of which 73% (PHP351.1M) were received online using different digital payment partners. The increase in business names registered is largely attributable to the end-to-end business name registration process launched by the DTI in September 2019 and the increase in online payment options.

Gearing towards more efficient business registration with the Central Business Portal.

To benefit the small and medium industries which are mostly sole proprietorships, the DTI is geared towards the integration of the agency's Business Name Registration System (BNRS) with the Central Business Portal (CBP). This is in line with the department's commitment to the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 or Republic Act 11032. The integration aims to facilitate and ensure that sole proprietors can complete the entire business registration process from Business Name Registration to BIR's Taxpayer Identification Number (TIN) and Certificate of Registration (CoR), Social Security Agencies' Employer's Registration Number (ERN), and Local Government Units' Business/Mayor's Permit.

The CBP serves as a single platform for all business-related registration services, it aims to promote effective service delivery and transparency in the government by streamlining the registration of businesses, renewal of permits, and other activities through online transactions. This online one-stop shop will help make business transactions easier, faster, and more convenient for aspiring entrepreneurs.

Over 900,000 clients are assisted by Negosyo Centers.

In 2021, the DTI established 166 new Negosyo Centers (NCs) nationwide. The newly established NCs exceeded the target of 121, bringing the total number of NCs to 1,327 with a total of 907,737 clients assisted, among which 430,089 are MSMEs.



The DTI also launched the Negosyo Center Online Portal (NCOP) to strengthen the delivery and widen the reach of our services to MSMEs. The portal has a real-time live chat feature manned by business counselors nationwide, with

around 364 inquiries addressed since launch. Mentors in various fields are also available in the portal, ready to provide their expertise to the public for free.

The NCOP has 451 linkages to Local Government Units (LGUs), providing MSMEs easy access to the online processing of business permits. The Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), Bureau of Internal Revenue (BIR), and other social agencies such as the Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), and Home Development Mutual Fund (or Pag-IBIG Fund) are linked as well for easier maneuvering of the clients. The portal also has 175 learning materials that MSMEs can access and would-be entrepreneurs at any time. It also contains a monitoring and evaluation form that can be used by clients to track the growth of their businesses. As of December 2021, 719 members have already registered, with 301 creating their business profiles.

DTI also upgraded the Client Profile Monitoring System to develop a fully automated/cloud-based MSME database system. It efficiently captures the profile of all DTI-assisted clients and monitors the assistance provided and the performance of the various DTI programs and services for MSMEs.

Over 47 million cloth face masks were produced to help families under the 4Ps program.

DTI spearheaded the Libreng Mask Para Sa Masa Project to produce and distribute 47 million locally manufactured cloth face masks categorized as non-medical grade, reusable, and washable. The project's beneficiaries are the families under the Pantawid Pamilyang Pilipino Program (4Ps), particularly in areas with high COVID-19 cases. The targeted participants in the manufacture or production of face masks are various MSMEs from different regions referred by DTI, TESDA scholars, cooperatives, LGUs, and other groups. Large enterprises may also be engaged to address any gaps in supply, increase production scale, and immediately meet the required distribution targets.

By October 28, 2021, 47,047,788 pieces, or 100% of the 47 million cloth face masks target, have already been produced and delivered by the participant consolidators. A total of 47,717,078 masks have been distributed to NCR, CAR, Regions I, II, III, IV-A, VI, VII, VIII, IX, and XI. The distributed total includes the donations from Temasek Foundation. DTI also spread an additional 266,000 pieces of masks to typhoon and calamity-stricken areas and 100,000 pieces of face masks for persons caught in violation of health protocols by PNP.

Remove restrictions and regulatory burden, provide incentives and promote job-creating investments to support Existing Businesses

BMBE registration. The NC registered 53,217 Barangay Micro Business Enterprises (BMBEs) to avail of the benefits under RA 9178 or the BMBE Act of 2002. It encourages the formation

and growth of BMBEs (or the micro-enterprises) by granting them incentives and other benefits. Major incentives that BMBEs will receive under the BMBEs Act of 2002 (R.A. No. 9178, as amended by R.A. No. 10644) include the following:

- Income tax exemption from income arising from the operations of the enterprise;
- Exemption from the coverage of the minimum wage law (BMBE employees will, however, still receive the usual social security and health care benefits);
- Priority to a special window set up specifically for the financing requirements of BMBEs; and,
- Technology transfer, production and management training, and marketing assistance programs for BMBE beneficiaries.

A BMBE Online Registration System (BMBE-ONLINE) to automate the BMBE registration process is also being developed. It is imperative that with the said system, BMBE registration would already be integrated with the BNRS so that applicants will be able to apply, from end to end, via the internet. The BMBE-ONLINE shall also provide features available 24/7 to address ad hoc queries, monitor individual accounts through dashboards, and generate analytics for more convenient and faster processing.

Minimum health protocols ensured Safety Seals were issued. The DTI monitored 18,543 establishments from January 1 to December 31, 2021, to ensure compliance with minimum health and safety protocols. The majority of the monitored establishments are retailers (46%), followed by food establishments (20%) and barbershops and salons (14%).



On April 23, 2021, the Safety Seal Certification Program was launched. It is an inter-agency effort of the DTI, Department of Labor and Employment (DOLE), Department of Tourism (DOT), Department of Health (DOH), and the Department of the Interior and Local Government (DILG) that aims to assure the public of establishments' compliance with minimum public health standards and encourage the adoption of the StaySafe.ph and other government-recognized digital contact tracing application to strengthen the contact tracing initiative of the government so that the economy may be safely reopened.

Businesses under the DTI jurisdiction include supermarkets, groceries, convenience stores, membership shopping clubs, construction supply or hardware stores, logistics service providers, barbershops and salons, and service and repair shops. The Safety Seal issued shall be conspicuously displayed at all entrance points of the business establishment according to the prescribed dimensions.

As of December 31, 2021, the DTI has approved 4,960 Safety Seal applications. Of this number, 35% were either groceries, supermarkets, or membership shopping clubs. It was followed by convenience stores (17%), barbershops and salons (15%), and construction/hardware stores (14%). The Safety Seal is valid for six (6) months from the date of issuance and is renewable, subject to continued compliance with the eligibility requirements set forth.

Accelerating COVID-19 response with domestic production of Molnupiravir and vaccine.

The DTI-BOI approved the application for registration of Lloyd Laboratories, Inc. as a local producer of Molnupiravir – an oral antiviral treatment for COVID-19.

With a potential cost of PhP 24 million and an annual capacity of one million 400-mg capsules of Molnupiravir, the project is expected to start production in January 2022. The project was approved upon complying with the qualification requirements for “All Qualified Activities Relating to the Fight against the COVID-19 Pandemic - Essential Goods,” listing the 2020 IPP as the transitional Strategic Investment Priorities Plan (SIPP), stipulated under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Law. Lloyd Laboratories acquired a direct technology transfer of Molnupiravir production from Optimus Pharma, a prominent pharmaceutical organization in India.

The venture could decrease the price of Molnupiravir. The Suggested Retail Price (SRP) of the locally made Molnupiravir is PhP 65 per pill, much lower than its imported counterpart, which sells around PHP 100 to PHP 150 per pill, affording COVID-19 patients around PHP 35 to PHP 85 in savings per pill.

Meanwhile, the DTI-BOI is already coordinating with eight (8) local companies interested in manufacturing vaccines locally. Most of these companies are in discussions with potential foreign manufacturers and technology providers from Korea, Taiwan, India, China, and possibly Australia and USA.

Foster in all government entities a convergence mindset that recognizes the centrality of MSME development in achieving dynamic and inclusive economies

E-Commerce Philippines 2022 Roadmap Launched: BastaE-Commerce MADALI. As a follow-through of the Philippine e-Commerce Roadmap 2016-2020, the DTI launched the Philippine E-Commerce 2022 Roadmap, which aims to increase the contribution of e-commerce to economic growth and improve the number of digitally skilled workers and e-commerce enterprises, and empower online consumers. The framework focuses on speed,

security, and structure to further increase sales through its 20 strategies and 22 action agenda. Its strategic initiatives were consolidated from the insights and recommendations of stakeholders, government agencies, and e-commerce players, while rooted in the premise that digitalization is both an innovation and a driver of growth. The Roadmap 2022 message is simple: “Basta e-Commerce, MADALI.”

It envisions making e-commerce synonymous with easy commerce by improving Market Access, Digitalization, and Logistics Integration. Through the new roadmap, the potential of technology and digital platforms will be maximized as tools in boosting the economy of the country as MSMEs bounce back from the challenges brought about by the COVID-19 pandemic.

CREATE IRR signed. DTI and DOF signed the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act’s Implementing Rules and Regulations (IRR) last 21 June 2021. The CREATE Act is the most extensive fiscal stimulus package for businesses in the country’s history, providing private enterprises with more than PhP 1 trillion worth of tax relief over the next ten (10) years with a significant cut on the tax rate for corporations. Micro, small and medium enterprises (MSMEs) will be the biggest beneficiaries of CREATE with the corporate income tax (CIT) rate reduction, from 30% to 20%. Large corporations also enjoy an immediate reduction in the corporate income tax rate from 30% to 25%.

The law also provides other forms of tax relief which are part of a package of economic recovery measures implemented by the government to address the varying needs and concerns of the business sector brought about by the ongoing COVID-19 pandemic.

CREATE also provides a generous and flexible tax incentive system that is performance-based, time-bound, targeted, and transparent. These principles have been unanimously recognized by stakeholders during hearings and consultations. The tax incentives system under CREATE balances the interests of all stakeholders while remaining faithful to the fundamental principles and mindful of the country’s fiscal challenges.

ACCESS TO FINANCE (*Money*)

(MSMEDP 2017-2022 Strategic Goal 2: Improved Access to Finance)

In order to boost Filipinos' entrepreneurial spirit while the country faces the challenges brought by the COVID-19 pandemic, the government rolled out various initiatives and programs to make financing available through loans, guarantees, and other fiscal measures.

MSMED PLAN VISION	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth	
FOCUS AREA	BUSINESS ENVIRONMENT	
STRATEGIC GOAL 2	IMPROVED ACCESS TO FINANCE	
STRATEGY	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.	
ACTION AGENDA		
<u>Action Agenda on MONEY:</u> Addressing operational and policy issues concerning access to finance of MSMEs		
PRIORITY ACTION ITEMS		
Undertake Capacity Building programs	Implement Systems Standardization issues	Review and address Policy Development concerns
<ul style="list-style-type: none">• Rationalize the knowledge base and ensure wide dissemination of relevant information• Ease MSMEs' compliance with financing requirements/train MSMEs• Generate and share knowledge on innovative financing• Formalize role of industry organizations and coops in the credit evaluation process	<ul style="list-style-type: none">• Formulate and issue standardized content for MSME capacity building on financial literacy, planning, record-keeping and management• Use technology/fintech to improve credit delivery to MSMEs• Strengthen engagement of LGUs and communities in financial literacy and capacity-building efforts• Generate and share knowledge on innovative financing	<ul style="list-style-type: none">• Strengthen/reform institutional structure and mechanisms for MSME finance• Policy and institutional reforms to ease constraints impinging on FIs' responsiveness to MSMEs' financing needs• Manage/minimize/spread risks• Establish fund facilities• Incentives and recognition

Other details can be found in the Action Plan of the MSMED Plan 2017-2022 matrix under Strategic Goal 2: Improved Access to Finance.

Undertake Capacity Building programs

DTI continues accessible and cheap loans, helping over 226,000 MSMEs. Since 2017, the Pondo sa Pagbabago at Pag-Asenso (P3) has been providing accessible and cheap loans with minimal approval requirements to numerous underprivileged MSMEs. An interest rate of 2 to

2.5% serves as a preferred alternative to the 20% interest rate of the infamous 5-6 lending scheme that has burdened microentrepreneurs and Filipino families.

In 2021, the P3 Program was given funding of Php1 billion through the 2021 General Appropriations Act (GAA). The majority of the P3 Program portfolio is lent out via wholesale lending partners (83.9%) with the remaining (16.1%) through direct retail lending to microenterprises including other special programs.

With the cumulative Php6.0 billion on-lending funds (exclusive of mobilization fund allocation) downloaded to SBCorp under the P3 Program, a total of Php9.77 billion has been released to 240,539 distinct microenterprises as of year-end 2021.

Approved loans over PhP 6.16 billion through the Bayanihan CARES Program to benefit 37,000 borrowers.

The DTI, through the Small Business Corporation (SB Corp.), rolled out the COVID-19 Assistance to Restart Enterprises (CARES) Program in 2020 to pump prime recovery and rehabilitation of MSMEs affected by the pandemic. The CARES Program provided financing assistance through interest-free loans. As of December 31, 2021, the SB Corp. approved PhP 6.16B loans for 37,224 borrowers.



Under the CARES, the CARES for Tourism Rehabilitation and Vitalization of Enterprises and Livelihood (CARES for TRAVEL) and the Helping the Economy Recover through OFW Enterprise Start-ups (HEROES) programs were also created to benefit the tourism sector, and displaced, repatriated, or returning Overseas Filipino Workers (OFWs), respectively. Through these programs, PhP 264.92 million worth of loans have been approved for 557 applicants under CARES for TRAVEL and PhP 49.02 million for 867 applicants under the HEROES program.

Apart from these two programs, new loan packages under CARES were also rolled out by SB Corp. First is the 13th Month Pay Loan, which seeks to aid businesses in providing 13th-month pay to their workers and has thus far approved PhP 107.04 million for 580 applicants. Then the Sustaining Trade Access to Primary Food and Link to Enterprises (STAPLES) loan product for MSMEs in the retail food market's value chain, which already approved PhP 1.90 million for 14 applicants.

PhP 250 million was allocated to the Philippine Startup Venture Fund. On the 19th of November 2021, the DTI, National Development Company (NDC), and QBO Innovation Hub inaugurated the Startup Venture Fund (SVF) as the closing activity of the 2021 Philippine

Startup Week. The NDC, an attached agency of DTI, allocated PhP 250 million or USD 5 million venture funds in the Seed to Series B stage for innovative startups.

As part of the events, a virtual pitch contest entitled Venture Pilipinas: The Startup Venture Fund Pitch was conducted and was participated by ten startups. The participants had the opportunity to pitch their business models, be mentored by a renowned panel of venture capitalists, be invested, and be awarded the SVF's Choice Award. Ultimately, NDC General Manager Ma. Lourdes Rebuena awarded an amount of PhP 100,000 to Agro-Digital PH as the winner.

Boosting the development of cooperatives with CDA digital platforms. In response to the changing times and the challenges brought about by the COVID-19 pandemic, the Cooperative Development Authority (CDA), an attached agency of the DTI, has accelerated its operations to meet the demands and provide excellent support to its stakeholders through digital transformation, specifically its frontline services.

With CDA's streamlining efforts and intensified monitoring and coordination, the digital channels brought in 12,494 Certificates of Compliance issued to cooperatives, 7,022 cooperatives compliant with a joint administrative order, 12,813 cooperatives inspected, and 38 cooperatives examined.

Special Assistance for Recovery and Alleviation. This CDA program is designed to provide much-needed assistance to micro cooperatives to get back again cooperatives' capacity to deliver quality services to their members, positively impacting their business performance and operations despite the devastation due to Typhoon Odette which struck the country last December 2021. It has assisted 150 cooperatives by providing financial assistance for a total of PhP10 million.

Koop Kapatid Program. The CDA's Koop Kapatid program was crafted to establish formal and effective linkages among cooperatives for mutual economic advantage to improve efficiency in the management of the cooperative enterprise. It is being implemented through the identification and signing of an accord between a "Big Brother" and a "Small Brother" cooperative to assist in accelerating the development of the micro and small and non-compliant cooperatives. A "Big Brother" cooperative must be a compliant cooperative and belong to either the medium or large category.

In 2021, a total of 416 partnerships were built where 416 small brother cooperatives were helped by 210 big brother cooperatives. 80% of the partnership involved Coaching, Mentoring, and Training; 10% for financial assistance; and 10% for office equipment assistance.

Financial Education. The BSP has partnered with the DTI and two (2) networks of microfinance non-government organizations to facilitate information sharing and greater access to finance for MSMEs served by DTI Negosyo Centers (NCs). One of the BSP's tasks under this partnership is to assist in capacitating NCs to deliver financial education sessions as part of the DTI's broader capacity-building program for MSMEs.

One track of the partnership is content development. Based on technical discussions, there was an agreement to focus the content of learning tools on topics related to digital financial services, in line with DTI's banner programs promoting e-commerce. Primers/learning tools development is ongoing and expected to be shared within the year to DTI, for distribution to more than 1,000 NCs around the country, to benefit their MSME clients.

The other track of the partnership is on the conduct of financial education learning sessions and training of trainers (TOT). The BSP, in coordination with DTI, conducted financial education webinars on 07 and 12 October 2020 for 600 participants comprised of DTI personnel, NC Business Councilors, and selected MSMEs from various regions. A Training of Trainers (TOT) for 1,204 NC Business Councilors and a personal financial management webinar for DTI employees nationwide will be conducted within Q3 2021.

Credit Guarantee for Smaller Banks and Microfinance Institutions. Credit guarantee is an indispensable tool to encourage banks to continue lending to MSMEs amid the pandemic. The BSP is therefore intensifying its engagement with the Philippine Guarantee Corporation (PGC) to identify interventions to support the financial institutions, including microfinance NGOs, in serving their target clients primarily belonging to the MSME sector. This is in light of the increasing demand for microfinance by MSMEs while MFIs themselves are experiencing challenges in accessing funds from banks that they could lend out to their MSME clients.

The BSP and PGC have had technical-level discussions on possible policy actions, to wit: 1) the creation of a dedicated loan guarantee program for microfinance institutions (MFIs) and 2) subsidizing the surety fees of all loans endorsed through the CSF. These measures aim to broaden support for the microfinance and MSME sectors which are severely affected by the COVID-19 pandemic. Following the technical discussions, the BSP transmitted its policy proposals to PGC through its letter dated 6 August 2021.

Microfinance. Microfinance is an important source of credit for the entrepreneurial poor who are unable to borrow from traditional banks due to the lack of collateral, inadequate business documents, and other constraints. Through uncollateralized loans with simple requirements, fast processing, and frequent amortization, microfinance has become a viable alternative to '5-6' lending in serving the financing needs of low-income Filipinos.

The BSP continues to promote and monitor microfinance in the banking sector which has grown significantly over the years – from 119 banks offering microfinance to over 360,000 borrowers with total microfinance loans amounting to PhP 2.6 billion in 2002 (the baseline), there are now 149 banks serving almost 2.0 million borrowers with a total microfinance loan portfolio of PhP 26.6 billion as of Q4 2020.

Sulong Saka Program (High-Value Crops Financing). This program of the Landbank of the Philippines (LBP) aims to provide credit assistance to farmers cultivating high-value crops such as banana, cacao, coffee, oil palm, rubber, and vegetables, among others, and for various qualified stakeholders to support their production, processing, marketing, and other agribusiness projects. This program has a total cumulative loan release of PhP27,382.65 million to 1,188 borrowers as of 31 December 2021.

Empowering Barangays in Remote Areas through Credit and Enterprises (EMBRACE). A credit program designed to assist potential borrowers in unserved areas in line with the government's thrust for financial inclusion and in pursuit of the LBP's mandate. It aims to mainstream the target clients to the regular lending window of the LBP. As of 31 December 2021, the program has a total cumulative release of PhP27.405 million to 67 borrowers.

Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST). Through HARVEST, LBP aims to support the peacebuilding efforts and economic growth in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and other conflict-affected areas in Mindanao by providing credit and technical assistance to farmers' organizations and cooperatives, partner financial institutions (PFIs) and small and medium enterprises (SMEs). In 2021, the program has a total cumulative release of PhP1,651.38 million to a total of 22 borrowers.

Implement Systems Standardization issues

Standardization of Business Loan Application Form (SBLAF). The SBLAF aims to introduce the adoption of a standard business loan application document in the banking industry to make the loan application process more streamlined and borrower-friendly, particularly for small enterprises.

The technical working group (TWG) on the SBLAF has been established to oversee the development and implementation of the project, with the BSP-Financial Inclusion Office (FIO) acting as TWG Secretariat.⁸ To date, the Technical Working Group (TWG) updated the SBLAF document to reflect the comments received from both lenders and borrowers during the focus group discussions (FGDs) in Q2 2021. As such, a separate standard loan application form template has been developed for the two main groups of business loan borrowers: 1)

Individual, Sole-Proprietorship, and One-Person Corporation; and 2) Cooperative, Partnership, and Corporation. The forms will be subjected to pilot adoption by voluntary participating banks within Q3-Q4 2021 to generate feedback and insights on the acceptability, efficiency, and implications of using the standard forms. This will inform the finalization of the SBLAF and its guidelines for adoption prior to wide-scale implementation in the banking industry. The target is Q2 2022.

QR Ph. It is the national QR code standard that allows a quick and safe method to pay, transfer to and receive funds from other bank and e-money accounts in the country. The first use case of QR Ph is the Person-to-Person (P2P) facility which was introduced in November 2019 to enable digital fund transfers between individual users. As of June 2021, there are 21 participants that offer QR Ph P2P payment services to their clients.

While the adoption of the P2P facility has started gaining traction among individual users, the BSP and the payment services industry launched the QR Ph P2M in April 2021 to promote merchant acceptance of digital payments and boost the digitalization of small businesses. With the use of QR technology, small merchants are presented with a simpler and more affordable payment facility as compared to the costly point-of-sale terminals. This initiative is envisioned to bring broad and wide-ranging benefits to both consumers and small businesses, thereby accelerating the adoption of digital payments in the country.

Relaxation of capital standards. This pertains to the temporary reduction in the credit risk weight of MSME loans. The credit risk weight of loans granted to MSMEs that are in current status was reduced to 50% from 75% (for diversified MSME portfolio with at least 500 borrowers over a number of industries) and 100% (non-diversified MSME portfolio), subject to review by the BSP by end-December 2021. The reduced credit risk weight frees up bank capital requirements for MSME lending.

It also covers the assignment of zero percent risk weight for MSME loans that are covered by guarantees under the Philippine Guarantee Corporation (PhilGuarantee), Agricultural Guarantee Fund Pool (AGFP), and Agricultural Credit Policy Council (ACPC). This will encourage banks to lend to small farmers and fisherfolk.

The BSP also deferred implementation of the applicable revised risk-based capital framework for one year – 01 January 2023 instead of 01 January 2022. This applies to stand-alone thrift banks (TBs), rural banks, and cooperative banks (R/CBs), thereby enabling them to focus on supporting their rural community-based clients.

Flexibility in liquidity-related standards. This refers to the recognition of new loans to MSMEs as a mode of alternative compliance with banks' reserve requirements against deposit liabilities and deposit substitutes. Reduction of the minimum liquidity requirement (MLR) for

stand-alone TBs and R/CBs from 20% to 16% until 31 December 2020, unless otherwise revoked by the BSP.

Adoption of credit-related relief measures. The BSP has extended the period of relief on the reporting of past due and non-performing loans (NPL) of borrowers affected by the COVID-19 to 31 December 2021 from the original timeline of 8 March 2020. Staggered booking of allowance for credit losses for all types of credits is also extended to individuals and borrowers affected by the COVID-19 pandemic as of 8 March 2020, for a maximum period of five (5) years.

The setting of ceilings on credit card transactions effective 3 November 2020, subject to review every 6 months. The ceilings imposed include a maximum interest rate or finance charge of 24% per annum or a monthly interest rate of up to 2% on a cardholder's unpaid outstanding credit card balance, a monthly add-on rate of up to 1% per month for credit card installment loans, and maximum processing fee of PhP 200 per transaction on the availment of credit card cash advances.

Supported the MSMEs through the CSF. In line with R.A. No. 10744 series 2015, the BSP continues to provide capacity building for CSF. In 2020, the BSP conducted five (5) webinars for the CSFs. Topics ranged from managing liquidity, governance and management, legal concepts on sureties, credit appraisal, and monitoring, and loan collection and debt management, all of which are meant to help the CSFs address challenges brought about by the pandemic.

From January to April 2021, the BSP conducted four (4) webinars that discussed developments relating to digital payments and the new economy such as financial inclusion in the new economy, data privacy, DTI programs to enable MSMEs, and the Philippine Identification System (PhilSys).⁶ The BSP also has procured training services of SAS Management, Inc. to facilitate five (5) online training for CSF cooperatives, member-cooperatives, and its MSME members. To date, four (4) webinars on Entrepreneurship, Risk Management, Board Governance, and Credit Appraisal and Monitoring have been facilitated by SAS. Towards the end of this year, the BSP will also be conducting webinars on e-commerce, digital payments, and financial consumer protection, among others.

A total of 55 CSFs have been established nationwide since the launch of the program in 2008, 23 of which have already been registered as CSF Cooperatives with the Cooperative Development Authority (CDA). With data from a survey conducted by the BSP, an estimate of PhP 7 billion in cumulative loans was released to more than 17,500 beneficiaries as of December 2020.

Agriculture Value Chain Finance (AVCF). The AVCF Pilot Project is a joint initiative of the BSP and Asian Development Bank (ADB) to support the development of AVCF to facilitate the financial inclusion of small farmers and agri-businesses, as well as support and catalyze the growth of export-oriented agri-value chains.

The project aims to build the capacity of participating pilot banks (3 thrift banks, 2 rural banks, and 1 coop bank) to use the AVCF approach in their credit evaluation process for agriculture-related lending activities. Lessons and feedback from this initiative will be used to come up with an AVCF Toolkit and Training Program which will be disseminated to other banks for their reference in adopting the AVCF approach.

At present, the ADB consultant continues to provide training and mentoring sessions to loan officers and credit analysts of participating pilot banks, particularly on AVCF mapping and analysis and packaging of loan facility proposals. Coordination and discussions with the Agricultural Credit Policy Council (ACPC) on available lending facilities for identified actors in the value chain are also underway. Additionally, two (2) pilot banks have already endorsed their loan facility proposals to ACPC, while other banks are in the process of developing and/or finalizing their loan proposals.

Supply Chain Finance (SCF) Market Development Study. The BSP is supporting the conduct of a comprehensive SCF Market Development Study by a development partner to promote SCF as an innovative financing approach for MSMEs by leveraging their receivables and inventory flows, as well as supply chain relationships. The outcomes and recommendations of the Study will inform strategic interventions, including possible regulatory issuances, to promote SCF.

The BSP's development partner has been conducting a series of focus group meetings for the Study since June 2021. This aimed at gathering insights and perspectives on SCF development in the country. The target participants include banks and non-bank lenders, relevant government agencies, and fintech providers with knowledge of the current SCF market environment, opportunities, and challenges.

Review and address Policy Development concerns

R.A. No. 9501, Section 15: Mandatory Allocation of Credit Resources for MSMEs.

Passed into law in 2008, Republic Act No. 9501 prescribes that banks must set aside 8% of their total loanable funds for micro and small firms while 2% should be allotted for medium-sized lenders, with the goal of boosting MSMEs by handing them credit for production and expansion.

Following the effectivity of the mandatory credit lapsed on 16 June 2018, the BSP issued a memorandum to all banks covering the extension of submission of compliance reports and enjoining banks to continue submitting their quarterly exposures to MSMEs. The BSP thus continues to monitor the exposures of the banking industry to MSMEs.

The BSP continues to monitor compliance with the Magna Carta for MSME. Credit allocation to MSMEs has been on a downward trend, with accomplishments as follows:

- 2017: 3.32% (MSEs) and 5.03% (MEs)
- 2018: 3.12% (MSEs) and 4.55% (MEs)
- 2019: 2.80% (MSEs) and 4.30% (MEs)
- 2020: 2.21% (MSEs) and 3.50% (MEs)
- 2021: 2.08% (MSEs) and 3.33% (MEs)

With the lapse of the mandatory credit provision in the Magna Carta, the share of MSME loans in the banking total portfolio continued to decline – as has been also the case even during the 10-year implementation. This highlights the need to address inherent risks and challenges in MSME financing through strategic interventions beyond mandatory credit. In this regard, the BSP is undertaking and supporting initiatives in coordination with the industry and development partners. These include the development of the Credit Risk Database (CRD), the adoption of a standard business loan application forms, the conduct of the national MSME demand-side survey, and a study to develop a supply chain financing market in the country.

Beyond these initiatives, the BSP also introduced temporary regulatory relief measures and advocated for the passage of R.A. No. 11523 or the Financial Institutions Strategic Transfer (FIST) Act to ensure the sustained ability of banks to lend to the MSME sector through and beyond the pandemic.

Credit Risk Database (CRD). Credit Risk Database (CRD). The CRD project is a joint initiative of the BSP and the Japan International Cooperation Agency (JICA) under a Technical Cooperation Program between the Government of the Philippines and Japan. The project aims to improve access to credit for small and medium enterprises (SMEs) by promoting collateral-free and risk-based lending through the use of statistical scoring models that assess the capacity of SMEs to repay their loans.

The key project deliverables are the large-scale database of anonymized financial, non-financial, and default-related data of SMEs submitted by pioneer participating banks, and the statistical scoring model to determine the probability of default of an average SME borrower in a particular group of similar attributes. By providing banks with a robust underwriting tool, the CRD is envisioned to be a critical credit information infrastructure that will help address banks' limited understanding of the risk profile of SME borrowers which contributes to high dependence on collateral, high loan pricing, and outright rejection of loan application.

The Philippines is the first country to adopt the CRD outside Japan, where it has proven to be successful in facilitating SME finance. The CRD project implementation started in April 2020. A Joint Coordinating Committee (JCC) has been established to facilitate inter-organizational coordination toward the achievement of project deliverables, with representatives from relevant government agencies, industry associations, and JICA as Committee Members. Data collection in all pioneer participating banks – 20 banks to date – is expected to be completed in October 2021, which will then prompt the start of the credit scoring model development in the same month.^{4,5} The Project Implementation Team (PIT) is currently developing a concrete framework for the sustainable operation of the CRD which is one of the project's main deliverables. It has already conducted several brainstorming sessions to prepare its preliminary view on the CRD permanent operating body. The target is to complete the project implementation in March 2023.

Amendment of RA No. 10000 (Agri-Agra Credit of 2009). The BSP actively supports the amendment of RA 10000 which aims to strengthen rural development by providing for a holistic approach that takes into account the broader agricultural financing ecosystem and rural community development requirements. In line with this goal, the amendment includes programs and projects that are envisioned to address not only the financial requirements of agricultural workers, including agri-based MSMEs but also their need for the necessary infrastructure to support their growth and development.

The amendment also entails the creation of a special fund to support the capacity and institutional building programs for agricultural workers, their households, and their enterprises, associations, and organizations. To date, the substitute bill for the proposed amendments has already been submitted to the Senate Committee on Agriculture, Food and Agrarian Reform.

Warehouse Receipts Bill. The BSP, with support from the FISC members, endorsed the passage of the Warehouse Receipts (WR) Bill which aims to modernize the century-old WRL and make it more responsive to the development needs of the agriculture and MSME sector, particularly for improved access to credit. The proposed legislation will promote the use of warehouse receipts as an acceptable and credible collateral that can be offered by farmers, agri-businesses, and other MSMEs to secure bank financing.

It will also support the development of a supply chain financing and an e-commerce market in the country. The proposed legislation is aligned with the Administration's 10-point socioeconomic agenda, particularly on the promotion of rural and value chain development toward increasing agricultural and rural enterprise productivity and the BSP's strategic focus on increasing access to finance by the MSME and agriculture sectors.

MSME Demand-side Survey. In support of the National Strategy for Financial Inclusion (NSFI), the ADB is conducting a national MSME Demand-Side Survey that will generate new insights and more granular data on MSME access to finance, with a particular focus on women entrepreneurs.

In February 2021, ADB informed the BSP of its engagement with Frankfurt School and Kadence as the consulting firms for the Survey.¹⁰ To support the successful conduct of the Survey, the BSP is closely coordinating with the ADB and its consultants, as well as with partner agencies including the Department of Trade and Industry (DTI), the Philippine Statistics Authority (PSA), and the Philippine Commission on Women (PCW).¹¹ As of Q3 2021, FGDs have been conducted while the questionnaire and data collection method are being finalized.

MANAGEMENT AND LABOR CAPACITIES

(Entrepreneurial Mindset, Mastery, Mentoring)

(MSMEDP 2017-2022 Strategic Goal 3: Enhanced Management and Labor Capacities)

The effects of the COVID-19 pandemic may be able to hinder some of the usual, normal business activities of many entrepreneurs but this didn't stop our MSMEs from learning and training themselves to establish a more competent, innovative, and capable management and labor force working together in an atmosphere of mutual trust and respect towards greater productivity and competitiveness.

MSMED PLAN VISION	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth	
FOCUS AREA	BUSINESS CAPACITY	
STRATEGIC GOAL 3	ENHANCED MANAGEMENT AND LABOR CAPACITIES	
STRATEGY	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 a practicum and learning-by-doing approach. Improve knowledge of human capacity using purposive data collection covering gender and other parameters.	
ACTION AGENDA		
<p><u>Action Agenda on ENTREPRENEURIAL MINDSET, MASTERY and MENTORING:</u></p> <p>Expand and deepen support for entrepreneurship education by changing entrepreneurial mindset and developing mastery through mentoring</p>		
PRIORITY ACTION ITEMS		
Encourage and promote entrepreneurship and equal opportunities for all including women and youth	Promote New Business Models	Information and Communication Advocacy
<ul style="list-style-type: none">• Promote youth entrepreneurship: Integrate entrepreneurship values and skills in the educational system spanning all levels; Hasten the implementation of the Youth Entrepreneurship Act• Providing facilities, and support system to encourage entrepreneurship: Establish vocational training and counseling centers for micro-enterprises, women, and youth in collaboration with the private sector• Provide comprehensive capacity-building programs for the advancement of women entrepreneurs• Provide access to expert advice from local mentors: Enhance the mentoring programs for MSMEs• Provide access to international experts: Support ABAC’s ASEAN Mentorship for Entrepreneurs Network initiative (AMEN)	<ul style="list-style-type: none">• Gather, compile, organize, and disseminate information on available business models that may be employed by start-up MSMEs• Develop, promote and monitor productivity measures• Promote social enterprises that highlight community-based approaches to enterprise development• Establish an Innovators Program to identify, accredit, certify and mobilize innovators who could foster and mentor MSMEs under a well-organized and monitored system.	<ul style="list-style-type: none">• Strengthen and intensify advocacy on information and communication campaigns on programs and policies related to human resource development and other related topics

Other details can be found in the Action Plan of the MSMED Plan 2017-2022 matrix under Strategic Goal 3: Enhanced Management and Labor Capacities.

Encourage and promote entrepreneurship and equal opportunities for all including women and youth

More than 1,700 mentees graduated from KMME-MME Online. DTI continued the implementation of Kapatid Mentor ME (KMME) - Money Market Encounter (MME) in digitized form to propel micro and small enterprises. It will assist them to survive and recover from the unprecedented setbacks that have confronted businesses of all types and sizes, especially in the previous year.



Through the KMME-MME Online, in partnership with the Philippine Center for Entrepreneurship / Go Negosyo, DTI provided coaching and mentoring on various business concepts to 1,828 mentees from the 37 batches launched in 101 provinces and cities. Of these selected mentees, 1,736 have already completed the ten modules of the KMME.

Developing Filipino youth's entrepreneurial skills. With the end goal of improving national development, DTI's Youth Entrepreneurship Program (YEP) continued to offer the youth sector with a comprehensive package of interventions despite the limitations brought about by the pandemic.

Through the program, a total of 46,297 youth beneficiaries were assisted in the development of their entrepreneurial skills in 2021. It also engaged 667 local cooperators and established 39 youth organizations.

Capacitating MSMEs to doing E-Commerce. In line with DTI's efforts to promote e-commerce to MSMEs, the department was able to assist 190,116 online entrepreneurs, capacitating them to be more equipped with knowledge through these online platforms:

- **Reboot Package for Online Enterprises** assisted MSMEs in rapidly shifting their businesses from offline to online during the pandemic. Onboarding fees of MSMEs to Lazada and Shopee were also waived through Reboot. In addition, access to loans, discounts from logistics/delivery partners, free three-month internet subscriptions, and online training called “CTRL + Biz: Reboot Now!” were provided to MSME participants.
- The highly successful **CTRL + Biz: Reboot Now!** Training program taught MSMEs the basics of e-commerce and how to take advantage of the digital space. The program ran six (6) online conference/webinar series, including three (3) special editions. The special editions covered tourism, logistics, Facebook, and digital marketing. A total of 43,363 participants attended the series.
- The DTI ran the **CTRL + Biz Reboot Now! Phase 2.0** (Entrepreneurial/ Negosyo Skills Pathway) to promote the upskilling of MSMEs and help them identify the right strategies to build their products, brands, and market their business. DTI also conducted Digital tools and/or technology to improve and increase sales performance under a Management Certification Program wherein participants who completed their tracks received credits.
- **Go Digital ASEAN** was launched to equip micro and small enterprises and underemployed youth, particularly those in rural and isolated areas, with crucial digital skills and tools, expand economic opportunities across the ASEAN Member States, and minimize the negative impact of the COVID-19 crisis.
- **Connecting Women to Digital Economy (CWEDE)** project equips and expands the Filipina entrepreneurs’ market through integrated digital marketing training on online storefronts, implementing digital marketing promotions, and leveraging digital payments to access markets. This capacitated 436 women, entrepreneurs, and mentors through a 90-day Integrated Digital Marketing Training Program
- **ETAAS ang Pinay MSMEs Program** aims to empower Filipina entrepreneurs to access markets by equipping them with knowledge, tools, and skills to become effective online sellers. The program generated PhP 36 million in sales.

Safe Management Program was developed to capacitate COVID-affected businesses. As the COVID-19 pandemic continues to threaten businesses in the country, DTI has partnered with Thames International to develop the Safe Management Program for MSMEs. The program unravels best practices in business establishments’ safety management. It provides practical frameworks that entrepreneurs can adopt and integrate as they gradually reopen their businesses.

It also aimed to enhance their preparedness and response to a pandemic situation that can be a basis for a business continuity plan. The training program is composed of five modules, namely (a) Updates on COVID-19 and its variants and essential information on the vaccines available and their importance on business operations; (b) Perspectives from ILO and Singapore's experience on Safe Business Management; (c) Safe management measures in different industries; (d) 4Ks to pandemic preparedness and response: Philippine setting; and (e) Business continuity plan for the MSMEs.

PTTC exceeds targets in conducting quality training for MSMEs. Philippine Trade Training Center-Global MSME Academy (PTTC-GMEA) is in a continuous and strengthened effort to help businesses recover from the COVID-19 aftermath. Through an MOU with the ASEAN Member states' secretariat, The Academy is overseen by the ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises (ACCMSME) and jointly administered by the Philippine Department of Trade and Industry through the Bureau of Small and Medium Enterprise Development (DTI-BSMED) and Philippine Trade Training Center-Global MSME Academy (PTTC-GMEA), and the US-ASEAN Business Council Institute (US-ABCI).

As of December 2021 since its launch in 2016, the Academy has curated more than 90 learning materials for MSMEs on the 7 Business Functions from 20 contributing companies and organizations. There are 9,552 registered users from the ASEAN Member States, where 52% (4,894) are from the Philippines. Also, the Academy has generated 461,099 Website visits.

ASCEND Program. This is a PTTC's Training Pathway Program for MSMEs accessing the Domestic and International Markets. PTTC's Training Programs cover Business Function Skills for Business Management, Product (Quality) Management, Sales and Marketing, Accounting and Finance, and Human Resources. Customized courses are available for specific sectors like processed food, IT-BPM (Animation, Film, and Game Development), lifestyle (wearables and furniture), and Tourism Services.

This 2021, the PTTC-GMEA has implemented 761 virtual training sessions, exceeding its annual target by 21 percent, and with an almost 50 percent increase compared to last year. Attended by 40,533 individual participants, a 150% accomplishment rate versus the 2021 target of 27,054. Under this, 4,907 unique MSMEs were assisted, 140% accomplishment versus its target of 3,500; and with 3,193 aspiring entrepreneurs/start-ups across the country.

The abovementioned success cannot be completed without the 100% satisfaction rate given by PTTC-GMEA valued clients. Backed up by intensified virtual presence and marketing communication strategies, it has reached 2,882,400 social media engagements via website visits, Facebook likes/shares, Twitter, and Instagram.

Upskilling the Printing Industry Workforce Program. The PTTC-GMEA was commissioned by the Philippine Board of Investments in partnership with the Philippine Center for Print Excellence Foundation in reskilling and retooling the Philippine Printing Industry Sector through the use of available machines and set-up of PTTC's DIGIFAB Shared Service Facility.

Through the UPWORK program, a series of focus group discussions and data analysis were conducted in 2021 for the creation of a training pathway that was later developed in 2022.

GREAT Women Project continues to empower women microentrepreneurs amidst the pandemic. The Gender-Responsive Economic Actions for the Transformation of Women (GREAT Women) Project is a governance and capacity development project that aims to promote and support a gender-responsive enabling environment for women's economic empowerment, particularly those in microenterprises. The Project Management Office (PMO) and the regional implementing partners have been very responsive to the changing needs of the Women Micro Enterprises/Entrepreneurs (WMEs) as they muddle through the effects of not only the pandemic but also of other disasters.

In 2021, the review and revision of partners' work and financial plans highlighted the need to prioritize resources or interventions identified by WMEs in the PCW-led study on the Immediate Effects of COVID-19. Due to the pandemic, the Project Management Office (PMO) conducted a study on the immediate effects of COVID-19 on women micro enterprises (WMEs). The top seven (7) interventions noted by the WMEs in the study were: 1) access to financing, working capital, or loans, 2) trade fairs and other market matching activities, 3) product assessment and development, 4) e-Commerce training, 5) marketing and branding workshops, 6) access to support groups, and 7) access to affordable food certification services. Programming for the project shifted to address these identified interventions.

As outlined in the various work and financial plans of partners, work packages were improved and added to hasten the recovery of the WMEs such as focusing on workshops or learning Sessions on Information and Communications Technology (ICT) applications, its processes and tools for online marketing; mentoring or capacity development for WMEs on online selling, increasing its digital foot traffic, phone photography, captioning, online communication etiquette, etc.; focusing on the conduct of empowering space sessions seminars, trainings, and mentoring to address emotional or psychosocial needs and GAD-related awareness of WMEs and their workforce; and, focusing on workshops and orientation on green or environmentally sustainable practices.

Partners amplified the following provisions as part of their responses to assist WMEs on their road to recovery:

1. *Provision of Semi-Expendable Equipment.* Based on the PCW-PMO's monitoring, 206 or 315 of the 831 enrolled WMEs were assisted with semi-expendable equipment from

April to September 2021. There are two types of equipment provided to the WMEs: communication and production equipment. Regional partners provided communication equipment to assist WMEs in attending online webinars, marketing products online, communicating with suppliers and buyers, and improving their online visibility. On the other hand, 85 WMEs received production equipment from various partners. The provision aims to help WMEs increase their production, sales, and market reach. Partners conducted a series of assessments to determine the appropriate equipment for the WMEs. Twenty-five (25) WMEs received multiple pieces of equipment while the other seventy-three (73) WMEs received one (1) piece of equipment. Storage boxes/organizers were given as inclusions to various multiple pieces of equipment. Fifteen (15) WMEs received storage boxes/organizers. Sealing machines and stainless tables came next with 14 WME recipients. Meanwhile, 12 WMEs received burner or gas stoves; 9 WMEs received coffee equipment ranging from grinders, pulverizers, and percolators; and 8 WMEs also received food processors.

2. *Assistance with Online Marketing.* Based on the previous outcome monitoring, 281 WMEs used online marketing platforms to sell their products. The number of WMEs was 142% higher than the 116 WMEs who reported reaching the same institutional market based on their baseline data. The goal of the PCW-PMO is to increase the number of WMEs further as e-commerce platforms are becoming the go-to platforms for consumers.
3. *Support to Trade Fairs and Hauling Services.* Trade fairs and hauling services were also integrated into the project's 18-month work and financial plan as WMEs find these helpful interventions for their recovery. Including the project reach last semester, the total project reach is at 126. Implementing partners were able to assist 71 WMEs with approximate sales of Php2.5 million. DTI Region III and DA Region III collaborated to organize two face-to-face trade fairs in Bataan from 24-26 June 2021, and Nueva Ecija on 22-28 July 2021. Ten (10) WMEs joined the fairs and secured estimated total sales of Php318,646.00. The WMEs assisted were also linked to partner malls and stores and connected with DA's KADIWA ni Ani at Kita Project. Meanwhile, DTI CAR was able to assist 16 WMEs with hauling provisions and trade fair registrations. They assisted in processing the participation fees of five (5) WMEs for the Layad di Cordillera Trade Fair at the Porta Vaga Mall in Baguio City from March to June 2021. 11 WMEs also availed hauling service assistance under DTI CAR. Three (3) of these 11 WMEs are coffee producers and were aided in transporting coffee beans to Manila. Kibungan Arabica Coffee Growers MPC, La Trinidad Arabica Coffee Producers Association, and Tuba Benguet Coffee WEE Mid-Year Report (FY 2021-2022) | 35 Growers Association were able to transport 420 kilograms of coffee products translating to Php342,523.56 sales. Similarly, Watzy Antiques and Furniture also received hauling assistance on three 12-seater dining sets and 120 units of wood tiles, amounting to Php660,000.00 in sales. Regional partners see the value of trade fairs and hauling services for WMEs. DA VI, DA VII, and SEDP also have ongoing activities under the work package.

4. *Empowering Spaces.* Another critical response to the needs of the WMEs is the provision of empowering spaces sessions which vary from mentoring or training catering to emotional or psychosocial needs and GAD-related awareness of WMEs and their workforce. All implementing agencies were able to provide a total of 343 services. The partners mentioned limited internet, no devices, no mobile signal, and no electricity, WMEs attended the same seminar, issues on info dissemination, and few responses from WMEs as reasons for not meeting the targets. For the period, implementing partners continued to reach out and provide an avenue for WMEs to learn and listen to the experiences of their fellow entrepreneurs. The work package aims to provide psychosocial interventions resulting in 75% of WMEs reporting a very high level of confidence to manage and address personal and enterprise challenges brought about by the pandemic. Based on the recent outcome monitoring, the level of confidence of WMEs increased from 640 WMEs (77%) in 2019 to 699 WMEs (84%) in 2020. The cumulative count of WMEs who reported a very high confidence level is at 784 or 94% of the 831 enrolled WMEs.

As part of sustaining the gains of the project, PCW-PMO and the implementing partners are exhausting all ways to come up with plans and initiatives moving forward. Some of the initiatives being adopted and explored were 1) replication of the Regional Development Council (RDC) Region II's Resolutions on supporting WEE-enrolled WMEs' products, 2) proposed integration of the Regional Technical Working Group (RTWG) to the Regional Gender and Development Committee (RGADC), 3) connecting WMEs to organizations, and exploration of e-commerce interventions, and 4) transition of the PCW-PMO to PCW SCD.

For the issuance of RDC resolutions, four regions with RTWG adopted the RDC Region II's Resolutions supporting WMEs at the RGADC level. These are the RGADCs of CAR, Region V, Region VII, and Region XI and who agreed to lobby for the passing of the resolution at the RDC. Including Region II, 5 or 56% of the 9 regions with RTWG successfully lobbied for the issuance of regional resolutions supporting WEE and its enrolled WMEs. Some of the highlights of the resolutions include the provision of further technical assistance of DTI, DOST, and DA to the WMEs even after the completion of the project; encouraging government offices to give due consideration to WMEs as suppliers for locally produced food and as suppliers for tokens and promotional or souvenir items; and distribution of a list of food and non-food items from the regions' WMEs that the public can access.

Promote New Business Models

Going grassroots: DTI reaches 5,761 barangays through the Livelihood Seeding Program-Negosyo Serbisyo sa Barangay. The Livelihood Seeding Program: Negosyo Serbisyo sa Barangay (LSP-NSB), a program of the DTI, allows a broader reach of business

development assistance, bringing government services closer to the people. Mainly the services of Negosyo Centers are predominantly located in the city and municipal centers through partnerships between relevant LGUs and DTI regional and provincial offices. Through the Barangay Development Councils (BDCs), the DTI helps capacitate barangay personnel to provide basic business advisory or information dissemination services to MSMEs in the locality.

The DTI has also extended the program to MSMEs affected by natural and human-induced calamities, health disasters, and those belonging to vulnerable communities. In 2021, LSP-NSB covered 5,935 barangays, providing 365,637 individuals with training or information on various livelihood opportunities. We have likewise assisted 80,179 MSMEs and provided 33,451 livelihood kits.



Bangon Marawi livelihood kits commitment completed. The DTI supported the recovery of those gravely affected by the Marawi siege through the “Bangon Marawi” initiative. The project includes providing livelihood starter kits, marketing assistance, and interest-free loans. The 50,090 committed livelihood kits already provided to internally displaced person (IDP) beneficiaries include sewing, baking, sari-sari store, bigasan, popcorn making, and e-loading. Aside from delivering livelihood kits, DTI also completed the provision of 30 pedicabs, 18 power tools, and eight mobile rice mills to various IDP groups and associations. We likewise established the Bangon Marawi Product Store and pop-up stores where IDP beneficiaries can showcase their products and other products from Marawi.

Over 1,200 Agrarian Reform communities were reached. DTI’s Comprehensive Agrarian Reform Program (CARP) agenda which encourages entrepreneurship in the agrarian society, resulted in the development of 274 new MSMEs, generating PhP 899.87 million in investments, PhP 2 billion in sales, and 86,860 jobs in 2021. Furthermore, 16,901 farmers including small landowners and 1,927 MSMEs were assisted in 1,244 agrarian reform communities.

Greening Economic Development Program. To sustain the Green Economic Development (GED) initiatives after the ProGED project which is a joint undertaking of the Department of Trade and Industry-Regional Operations Group (DTI-ROG) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, a three-year project from 2013-2016, aimed at improving the competitiveness of micro, small, and medium enterprises (MSMEs) by making their operations environment-friendly and climate-smart, DTI-ROs/POs continued the implementation and monitoring of activities to ensure adoption of GED, under the three lines of intervention, namely: 1) Information and Awareness on GED; 2) Green Service Facilitation and Matchmaking; and, 3) Green Framework Conditions. In 2021, more than 350 greening sensitization/learning events were conducted, benefitting 9,622 MSMEs, LGUs and other stakeholders. The DTI has also conducted 46 matchmaking events between MSMEs and green service providers and/or green technology suppliers. A total of 2,029 MSMEs have greened their operations.

BEST BOOTCAMP: Development and Implementation of Capacity Building Programs Geared Towards MSMEs Recovery and Resiliency. The DTI-Regional Operations Group (ROG), through the Bureau of Small and Medium Enterprise Development, collaborated with the PTTC-GMEA to implement Building an Entrepreneurial Society of Tomorrow (BEST) Bootcamp and Building Back Better Business (B4). This is an integrated training program that offers two pathways, which address the needs of two different segments. The first pathway is called Accept, Adapt & Act to become an aspiring entrepreneur otherwise known as 3A BEST Aspiring Entrepreneurs. It seeks to introduce the concept of entrepreneurial development /planning in early-stage ventures. The second pathway is called Resilience, Recovery, and Rebuild in times of pandemic otherwise known as 3R BEST Bootcamp. It seeks to introduce the concept of entrepreneurial realignment, pivots and balanced planning in running existing business ventures.

On the other hand, the Building Back Better Business (B4) is a capacity-building program that focused on innovation and digitalization of business function aspects of a business such as Operations, Finance, Human Resources, and Marketing which aims to assist MSMEs recovery and reconfiguring their business on their way to recovery from this pandemic.

In 2021, the Building an Entrepreneurial Society of Tomorrow Bootcamp: Accept, Adapt, and Act" (BEST Bootcamp: 3A) Program had 160 scholars, where 54 of them are recital passers and livelihood kit recipients. On the other hand, the Resilience, Recovery, and Rebuild in times of Pandemic (3R BEST Bootcamp) Program had 246 scholars where 71 of them are recital passers and livelihood kit recipients. For the B4: Building Back Better Business, there are a total of 5,669 registered participants.

DTI assisted thousands of special clients through entrepreneurial interventions. As part of DTI's commitment to ensure economic opportunities among those at the bottom of the pyramid and in the countryside, various forms of assistance have been provided to indigenous peoples (IP), Overseas Filipino Workers (OFWs), Inter-agency Committee on Anti-Illegal Drugs (ICAD) beneficiaries, and KIA/WIA. Through the Strike Team for Indigenous People Project, DTI has assisted 2,250 IPs from 988 tribal groups and organizations through business seminars, marketing assistance, brand level-up, shared service facilities (SSFs), P3 loans, and facilitation of business name registration. As a result of DTI assistance, IP beneficiaries can develop and improve their products such as coffee, beadworks and accessories, abaca, bamboo, basket, rattan, coco sugar, and handicrafts, among others. These products have been exposed to marketing through the various local and international fairs and DTI marketing platforms.

Furthermore, DTI assisted 3,639 OFWs through business consultancy, attendance in seminars/webinars, NCs, and the provision of loans. DTI also assisted 167 ICAD beneficiaries by providing entrepreneurial skills training and seminars, and business registration, among others. Other recipients include 1,761 from the Enhanced Comprehensive Local Integration Program (ECLIP) and 122 KIA/WIA beneficiaries of the Comprehensive Social Benefits Program (CSBP).

Philippine Skills Framework (PSFw). This provides a basis for the sectors/ industries in the development of training courses. The PSFw presents industry-aligned skills and competencies for certain job roles in a particular occupation. Starting in 2020, the PTTC-GMEA has developed 325 learning documents, comprising career tracks, skills maps, and technical skills competencies that will bring a competitive edge to our industry sectors. These learning documents are the very essential parts of the completed first-ever PSF for Supply Chain and Logistics launched in June 2021, alongside, PSF on Business Development and Operations Management (for contextualization and validation).

With this success, it has also started the PSFs for Digital Animation and Game Development and will continue to lead the implementation of developing the PSFs for other priority industries. These are on top of the 16 training needs assessment conducted among MSMEs, 76 training designs and 54 modules developed in-house.

More than a million Filipinos finish TESDA training. In 2021, TESDA recorded over 1,240,099 enrollees and 1,157,189 graduates in various technical and vocational education and training (TVET) qualifications. To guarantee middle-level skilled workers' productivity, quality, and global competitiveness, TESDA ensures that TVET graduates are assessed and certified. A total of 634,799 workers were subjected to competency assessment, of which 583,987 were able to get certified.

The beneficiaries of various TESDA scholarship pieces of training are composed of IPs, small business owners, the unemployed, out-of-school youth, persons with disabilities (PWD), persons deprived of liberty (PDL), women, rebel returnees, drug dependents, and OFWs. TESDA registered 17,301 programs in tourism, agriculture and fishery, electrical and electronics, construction, social and community development, and other services, with the participation of 4,543 accredited TVET institutions nationwide.

With an increased number of beneficiaries of skills training programs through scholarships, more and more Filipinos have been empowered to find jobs or livelihoods after. Being engaged in productive endeavors after training, these individuals will be able to help augment their family income and contribute to the country's economy.

Start and Improve Your Business (SIYB) manuals uploaded to the TESDA Online Program (TOP) platform. Developed by the International Labour Organization (ILO), the SIYB program is a management-training program with a focus on starting and improving small businesses as a strategy for creating more and better employment for women and men, particularly in emerging economies. With an estimated outreach in over 100 countries, it is one of the world's largest programs in this field.

The program has four inter-related packages – Generate Your Business Idea (GYB), Start Your Business (SYB), Improve Your Business (IYB) and Expand Your Business (EYB). In 2021, a total of 16,076 enrolled in the program.

iSTAR (Innovative and Digitalized Sari-sari Store Training and Access to Resources) Program of TESDA. In partnership with Coca-Cola Philippines, TESDA conducts the iSTAR program which consists of 80% online self-paced learning sessions and 20% face-to-face coaching sessions. Completers of the modules will have the option to proceed to have access to business coaching, resources, and peer mentoring. It breaks physical, geographical, and financial boundaries to become more responsive in today's challenging times, leveraging the power offered by digital learning tools.

This program aims to provide access to men and women participants on basic entrepreneurial and conceptual skills on micro-retailing, to assert the principle of gender equality and inclusiveness, and to provide access to resources through partner micro-financing institutions. To date, 14,496 have completed the program out of 20,095 enrollees.

Promoting MSME productivity through DOLE-NWPC's Productivity Toolbox. The Productivity Toolbox features various productivity training programs and technical assistance from the National Wages and Productivity Commission (NWPC) to improve the capability and motivation of MSMEs to adopt productivity technologies for continuous improvement toward enterprise development and growth. In 2021, a total of 14,172 MSMEs with 15,066 participants

benefited from the various productivity training and technical assistance programs under the Productivity Toolbox. Of these, 2,197 MSMEs that were trained have successfully implemented their productivity improvement programs (PIPs) / Action Plans.

MSMEs program beneficiaries who demonstrated good productivity improvement practices and programs and have successfully survived the adverse effects of the pandemic on their businesses were recognized during the 2021 Productivity Olympics Awarding Ceremonies with the theme “Bounce Back Better”. A total of 148 MSMEs were declared regional winners from the industry, service, and agribusiness sectors, 30 of whom were named national finalists. Of the finalists, 9 were conferred as National Winners and 4 were given Special Citations.

Also, NWPC provided technical assistance to 1,000 establishments on designing/formulation of productivity/performance-based incentive schemes, wherein 149 (out of 1000) have successfully installed the incentive scheme, and 114 documented their respective installations. Furthermore, NWPC conducted free 9 Productivity Learning Sessions in webinar form to 513 participants from 330 firms.

In pursuit of addressing the capacity-building requirements of the industry to cushion the adverse effects of the pandemic, NWPC has developed 4 new training modules and upgraded 4 webinar modules. These are:

New:

- Improving Productivity of Domestic Work
- Work Ethics
- Productive Career Choice
- Brand Reputation in the Virtual World

Upgraded:

- ISTIV Values for a Smarter and Productive Workforce
- Stock Control (ISTIV Bayanihan)
- Basic Bookkeeping (ISTIV Bayanihan)
- Business Continuity and Resiliency Planning

At present, 5 training modules are currently being upgraded into webinar form (both content and platform):

- Succeeding in Business in Times of Crisis (ISTIV)
- Retail and Visual Merchandising in the New Normal
- Costing and Pricing (ISTIV-Bayanihan)
- Lean Management
- Marketing Productivity

And creating 2 e-Learning modules on Eight (8) Waste of LM and Retail and Visual Merchandising.

TECHNOLOGY AND INNOVATION (*Machines, Models of Business*)

(MSMEDP 2017-2022 Strategic Goal 4: Improved Access to Technology and Innovation)

The need for a heightened focus on technology and innovation competitiveness of MSMEs was further highlighted when COVID-19 entered the country. The strengthened innovation ecosystem in the country allowed for the quick pivoting of the government-private sector's response to the pandemic.

MSMED PLAN VISION	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth		
FOCUS AREA	BUSINESS CAPACITY		
STRATEGIC GOAL 4	IMPROVED ACCESS TO TECHNOLOGY AND INNOVATION		
STRATEGY	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.		
ACTION AGENDA			
<u>Action Agenda on MACHINE and MODELS OF NEGOSYO:</u>			
Fulfill the need for a more intensified information campaign and technology-matchmaking activities			
PRIORITY ACTION ITEMS			
Expand facilities that MSMEs can share	Promote greening and technology enabling MSMEs	Develop internationally harmonized industry performance standards/ promote Philippine National Standards (PNS) by NGAs and its adoption by MSMEs	Promote commercialization of technology and build capabilities to foster industry clustering
<ul style="list-style-type: none">Mapping of technology and innovation initiatives nationwideEstablishment of new facilitiesStrengthen academic support to MSMEs and institutionalize programs that will allow universities to share their facilities with MSMEs	<ul style="list-style-type: none">Promote greening and technology enabling of MSMEsMake green business attractive, faithfully enforce environmental laws and regulationsIdentify role in implementing Green Jobs LawFoster Social Enterprise development, Green Business Models, and Franchises	<ul style="list-style-type: none">Developing programs to improve standards and establish quality infrastructure for MSMEsStrengthen/reform institutional structures especially for improved coordination, collaboration and funding supportAddress infrastructure constraints to improve technology and innovation in MSMEsStrengthen the monitoring and compliance system on quality standards in accordance with the ASEAN Standards and Conformance Strategic Action Plan	<ul style="list-style-type: none">Foster MSME Clustering and Integration into value chainsStrengthen information dissemination on various government’s technology and innovation initiatives for MSMEs and other technology match-making activities

Other details can be found in the Action Plan of the MSMED Plan 2017-2022 matrix under Strategic Goal 4: Improved Access to Technology and Innovation.

Improving Competitiveness: DTI Increases the productivity of MSMEs through Shared Service Facilities. DTI continues to establish Shared Service Facilities to increase productivity and improve the competitiveness of MSMEs within the priority industry clusters by providing machinery, equipment, tools, systems, accessories, and other auxiliary items under shared system MSMEs and other SSF users. Of the total 3,157 SSFs established across the country as of December 2021, 364 SSFs worth PHP 325.27 million were established in 2021. These SSFs have served 34,168 MSMEs and 32,679 other users and generated 42,885 jobs.



More FabLabs were upgraded and established in universities and colleges. The DTI led the establishment of eight new Fabrication Laboratories (FabLabs) in six state universities and two private universities and colleges, amounting to PHP 56.10 million. In addition, eight existing FabLabs have been upgraded in seven state universities and a private university and college, amounting to PhP16.95 million in eight regions and BARMM.

These FabLabs are small-scale workshops offering digital fabrication, generally equipped with an array of flexible computer-controlled tools that cover several different length scales and various materials. There are now 41 FabLabs as of December 31, 2021, with an overall total cost of PHP 389.87 million. These FabLabs have also developed 84,745 prototypes and adopted 10,222 innovative solutions to address community challenges.



TechTools Site Developed for MSMEs. To immediately address the disruption of MSME operations at the early part of the implementation of containment measures for COVID-19, the Bureau of Small and Medium Enterprise Development (BSMED) developed the website, *"TechTools for MSMEs: Reinvent Your Business during COVID-19 Crisis"*.



It was launched in April 2020 through Google Site and was transferred to the DTI website in June 2020 as part of the COVID-19 Resources. This site provides information to MSMEs on the different technology tools, applications, platforms, and resources available in coping with the challenges and disruptions brought by the community quarantine. As of 2021, the site has more than 73,000 page views. The top subpages with the highest page views include e-Payment, e-Commerce, useful articles for MSMEs during COVID-19, e-learning, Digital Marketing, Logistics, and Webinars/Videos. These online resources are available at <https://www.dti.gov.ph/covid19/tech-tools/>.

PHP 2.64 billion in investments were generated in priority industry clusters. As a result of various initiatives in promoting and fostering industry development nationwide, the eight national priority industry clusters which are predominantly agro-based industries (bamboo, cacao, coffee, high-value coconut, palm oil, processed fruits and nuts, rubber, and wearables and home styles) had contributed significant outcome in terms of bottomline indicators.

For 2021, the DTI was able to generate 142,200 jobs, PhP 2.64 billion in investments, USD 314.48 million in export value, and PhP 8.95 billion in domestic sales. It assisted a total of 62,429 MSMEs, facilitated PhP 277 million amount of loans, and conducted 3,305 trainings benefitting 51,252 MSMEs. As chair of the Coconut Enterprise Development Committee, DTI now performs oversight functions in terms of market, research, and promotion for the entire coconut product range.

Industry Clustering is an effective strategy towards inclusive growth. It provides answers to key questions, such as how micro and small enterprises can co-exist with medium and large enterprises, and how the same micro and small enterprises can contribute to the production and manufacturing of end-products that cater to the global market.

More Regional Inclusive Innovation Centers were established in the countryside. Among the agency's key initiatives is connecting and integrating the innovation and entrepreneurial ecosystem of the country through the Regional Inclusive Innovation Centers (RIICs). These RIICs are a network of innovation agents collaborating to commercialize market-oriented research toward the region's competitiveness. It aims to generate better employment opportunities, more entrepreneurial activities, and sustainable economic prosperity in the

country's regions. These innovation agents include industries, universities, government agencies, LGUs, startups, MSMEs, R&D laboratories, S&T parks, incubators, FabLabs, and investors, among many other agents in the ecosystem.

Through the RIICs, DTI can build the local innovation ecosystem that would emerge innovation, research commercialization, new products, new services, and new business models. RIICs also address industry and societal issues—thereby generating better employment opportunities, more entrepreneurial activities, and sustainable economic prosperity in the country's regions. In 2021, eight RIICs were established in the following areas: Cagayan Valley, Central Luzon, CALABARZON, Bicol, Cebu, Zamboanga, Cagayan de Oro, and Davao. Through these RIICs, DTI has assisted over 100 MSMEs in collaboration with more than 20 higher education institutions and initiated over 80 industry-academe R&D projects.



Pivot Embrace Technology: DTI launches PET Project to aid displaced individuals. The DTI launched the Pivot Embrace Technology (PET Project) Component 2 to aid displaced individuals seeking employment or wishing to adopt alternative careers in the e-commerce sector. The PET Project was a pilot project before upscaling, with the primary goal to provide work. It aims to directly benefit Filipinos, particularly students and those unemployed due to COVID-19, and business owners and their respective employees who need upskilling. In partnership with Informatics – Xplore Philippines Incorporated, the DTI promotes e-commerce and offers technical and financial assistance certification programs through Government Financial Institutions (GFIs) to entrepreneurs, employees, and freelancers, especially internet retail and digital financial services, digital media, and ride-hailing.

Moreover, the PET2 Project anchors itself to one of the action agendas of the E-Commerce Philippines 2022 Roadmap, precisely agenda 18, “Develop a cadre of digital skill workers to support the growing e-commerce sector.”

The DTI assisted the participants, also called PET scholars, in acquiring new learning and training opportunities through these three introductory courses: social media marketing, virtual assistant, and graphic design; and three advanced courses: data science, full-stack web development, and Python/Java. This initiative would allow them to use and leverage technology for their businesses and employment. One thousand participants were onboarded with the project, with 23,434-course titles accessed, 456,075 instructional contents completed, and 36,531 learning hours.

Push Start (Business Skills Training Programs for Tech Startups). Launched in 2021, Push Start is another Training Pathways Program for Tech Startups. It is two-pronged. One, the courses are intended to enhance the business skills of MSMEs developing Tech solutions and the other is assisting interested individuals in developing tech solutions for the MSMEs’ Business Functions. The tech solutions shall be offered to MSMEs to improve operational efficiency and productivity through C transformation.

The objectives of the program are the following:

1. Generate Tech Startups MSMEs for the business operation of MSMEs in the priority sectors;
2. Assist Tech Startups business through entrepreneurship training;
3. Mentor and coach Startups entrepreneurs in the real world of business until they are ready to operate on their own;
4. Provide physical spaces that they can use as temporary offices and facilities such as internet connectivity and desktop computer units; and utilities;
5. Provide a venue for pitching their projects to potential MSME Users;
6. Match Startups Entrepreneurs with Accelerators and possible investor-partners; matching corporate strategic partners

In 2021, 12 training modules were developed, 7 Training Sessions were conducted, and 25 Pilot Incubatees were assisted.

IPOPHL makes PH the sole developing country in the Top 10 Global IP Office Innovation Ranking. The Intellectual Property Office of the Philippines (IPOPHL) jumped to 9th place in the World Trademark Review’s (WTR) 2021 IP Office Innovation Ranking from 24th in the previous year, making the Philippines the only developing country to have an IP office in the top 10 out of 60 offices ranked worldwide.

At the start of the local community quarantine, IPOPHL fast-tracked its tools and protocols to allow services online, such as end-to-end registration, mediation, filing of IP violation

complaints, and other official actions. IPOPHL also launched its Business Intelligence v2.0 online platform, incorporating cutting-edge machine learning to improve its big data analytics capabilities. The attached agency has also been assisting MSMEs with its Juan for the World trademark incentive package, Patent Cooperation Treaty (PCT) Filing Assistance Program, and Juana Make a Mark program.

In 2021, IPOPHL conducted 264 IP Awareness webinars. With increased digitalization, improved services, and a wider reach of IP education campaigns online, IP filings reached a total of 767 with 81 Patent Search Reports that included COVID-related medicines.

33 Manufacturers participate in EMPOWER PH. Enhanced Local Manufacturing Platform (EMPOWER PH) is a digital tool by the United Nations Development Programme (UNDP) in the Philippines, in partnership with DTI, as part of the COVID-19 pandemic response. The platform aims to enhance the production of protective wear by connecting manufacturers, suppliers, users, and beneficiaries while ensuring that the protective wear is safe to use and meets product quality standards. All products shown on the platform have undergone vetting. This means product samples were made with design guidance by experts and tested in terms of quality, durability, permeability, breathability, and materials used. The platform is not a direct procurement site; instead, it is a place for businesses and individuals to post, find, and connect with others who can be of service. As of 2021, 33 manufacturers are on the platform, together with seven material suppliers and 82 buyers.



Shifting towards the supply of essential products through Repurposing Manufacturing.

The DTI-BOI implemented the Manufacturing Repurposing Program calling for several garments, textiles, and electronics manufacturing firms to re-purpose and produce PPE, medical-grade coveralls, isolation gowns, and face masks as ventilators and infrared thermometers.

Local manufacturers were encouraged to take advantage of opportunities to supply critical/essential products and services needed in the fight against the COVID-19 pandemic. In 2021, the country's capacity increased tenfold for medical face masks at 61.09 million pieces per month. In addition, several garment manufacturing firms have already started domestic production of medical-grade coveralls, isolation, and medical gowns, with a production

capacity totaling 8.73 million pieces per month. Meanwhile, the production of ventilators is now at 5,000 pieces per month. Several major local companies also re-purposed their facilities to produce rubbing alcohol to meet the demand further; currently, they produce at least 1.453 million liters of disinfectants per month.

Small Enterprise Technology Upgrade Program. SETUP aims to upgrade technological capabilities and improve the productivity and efficiency of micro, small and medium enterprises (MSMEs). SETUP provides technological interventions such as innovation funds, technology transfer, and commercialization assistance, consultancy, packaging assistance, technology trainings, and laboratory and testing services to empower MSMEs to innovate, move up the technology scale and become more competitive.

In 2021, a total of 809 MSMEs received innovation-enabling fund (iFund) support amounting to a total of PhP866M to upgrade their technological capability, and improve productivity in their operations, and competitiveness of products. The firms assisted have generated a total of 8,235 jobs. Another 6-month moratorium on refund rental was granted for SETUP-assisted MSMEs.

Food Innovation Center (FIC). These FICs serve as a hub for innovations, research and development, and technical support services for the value-adding of fresh produce and the development of processed foods in the regions. Each FIC provides the opportunity for local food manufacturers to improve and develop products using the four locally designed and fabricated food processing equipment: (1) vacuum fryer, (2) spray dryer, (3) freeze dryer, and (4) water retort. In 2021, the operation of the 17 Regional FICs established were maintained. Sustainability plans were charted for each FICs.

One-stop Laboratory Services for Global Competitiveness (OneLab) Network. Networking of the science and technology laboratories into a Onelab Network enables clients to submit their samples to any location. The One-stop Laboratory Services for Global Competitiveness (Onelab) project integrates DOST and non-DOST laboratories through an IT-based Referral System which allows for the seamless handling of samples from receiving, referral, transport, and analysis to the prompt delivery of calibration and testing reports, no matter where the customers are in the Philippines and other parts of the world. In 2021, the 23 laboratories of DOST received 168,140 samples for analysis and provided 258,952 testing and calibration services to 30,426 firms and 105,941 customers. A total of PhP159M fees were collected from the services delivered for the whole year.

The OneLab Network includes 23 laboratories of DOST and 34 non-DOST laboratories, including eight (8) international member laboratories as follow: Intertek Thailand, SGS Thailand, Intertek Vietnam, Malayan Testing Laboratories (Malaysia), Australian Food

Microbiology (Australia), Codina Farms (Australia), Geoscience Testing Laboratory (UAE) and the International Rice Research Institute.

A total of 52 DOST Provincial S&T Centers (PSTCs) wherein 37 PSTCs were able to sustain the task of receiving and referring samples to their respective Regional Offices.

OneExpert. To improve the overall performance of MSMEs, government-subsidized consultancy services are provided to MSMEs to help them improve their operations and intelligently exploit their resources to make them even more competitive. The program, dubbed One Expert, brings the services of accredited experts located anywhere in the Philippines to clients that need S&T assistance. This is to improve access to experts and technologies, particularly for people living outside of major urban centers.

As of 2021, the portal already has a total of 888 registered experts from different institutions all over the Philippines with 4,246 registered clients. In 2021, it has generated 143,237 website visits, 50,752 online users, and 158 queries received and responded to.

Technology Business Incubation (TBI) Program. Technology Business Incubation (TBI) Program are common service facilities for main SME industries where DOST rents/sells equipment/utilities until the new firms are able to establish their own. This program is designed to nurture and accelerate the establishment and growth of technology-based startups through the provision of business and mentoring support, offered both in the incubator and through the network of key players in the industry.

The DOST Sectoral Councils, namely Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD) and Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARRD), have supported the establishment of 48 TBIs in the country.

In 2021, DOST-PCIEERD has established 32 industry-based TBIs strategically located in different regions. There were 851 startups incubated with 236 graduates creating 4,050 jobs. DOST-PCIEERD also generated a total of PhP623M in revenues from startups.

In addition, the DOST-PCAARRD reached 16 Agri-Aqua TBIs (ATBIs) established, supported, and operationalized nationwide. It has produced 30 graduates and is now supporting 302 incubatees which paved the way for the creation of 1,603 jobs. DOST-PCAARRD has also registered with SEC the ATBI Program under the official name Agri-Aqua Business Incubation Network of the Philippines Inc. (AABINPhil, Inc.). It also developed the Real-Time Monitoring System (RTMS) for ATBI Program.

Technology Innovation for Commercialization (TECHNICOM). The TECHNICOM program was created as an intervention to address pre-commercialization gaps through financial grants and technical assistance. The TECHNICOM which has been implemented by the DOST-TAPI since 2013 aims to stimulate technological innovation strengthen capacities in pursuing pre-commercialization activities, increase private sector adoption and commercialization of government-initiated research and development (R&D) outputs, and maximize benefits from government investments in R&D activities.

In 2021, the program launched the very first episode of Unboxed: Tech stories from the inside. A total of 4 episodes were conducted and broadcasted on the TeknoLlohiya Facebook Page. Teknow Times, a magazine to increase awareness about the TECHNICOM Program and its initiatives was also developed and launched. An online signing ceremony of the Memorandum of Agreement (MOA between the City Government of Cagayan de Oro and the Ateneo de Manila University for the adoption of a component of the eHATID LGU technology was held. The adoption aims to improve the existing health-related information management system of the locality and allow the CDO LGU to make informed decisions based on factual data-driven reports.

Intellectual Property Rights Assistance Program (IPRAP) assisted technology generators and inventors in securing IP protection. This Program was devised through E.O. No. 128 creating TAPI as reinforced by R.A. No. 7459 otherwise known as the “Inventors and Invention Incentives Act”. Assistance coverage provides advisory, technical, and financial services in securing intellectual property (IP) protection from the Intellectual Property Office of the Philippines (IPOPHL). The IPRAP offers a holistic package of assistance for a patent, utility model, industrial design, copyright, and trademark applications for private individual inventors, various institutions, and researchers with privately-funded projects. It also encourages creative research and inventive activities and investments in research and development by securing the protection of appropriate IP rights and interests related to their inventions and facilitating technology transfer.

In 2021, the IPR assistance program has facilitated the filings of 449 IP protection composed of patents, and registrations in the IPOPHL, and 344 were prosecuted. The DOST-TAPI in-house agents were tapped for IP protection particularly in drafting, preparing, and filing responses to official actions of the IPOPHL,

Moreover, prior art searches were conducted to check the novelty of 175 technologies received from the public and private RDIs, and inventors before patent or utility model registration filing. The program provided consultancy and advisory services to 339 client inventors concerning IP and inventions.

DOST-Academe Technology-Based Enterprise Development (DATBED) Program. DOST-Academe Technology-Based Enterprise Development (DATBED) Program develops entrepreneurial competencies among students by providing financial assistance for the establishment of technology-based enterprises. In 2021, a total of eight (8) proposals were received and evaluated for possible implementation under the Program. Four (4) projects passed the series of evaluations and were approved for funding assistance amounting to PhP606,445.41.

Venture Financing Program (VFP) for emerging technologies. VFP accelerates the initial commercialization of new and emerging technologies developed by the S&T community by providing funding support for MSMEs to capacitate seed, start-up, and innovative projects. In 2021, the Program received and facilitated the evaluation of 63 project proposals from various clients. Out of these proposals, eight (8) requests were approved for funding assistance under the Program amounting to more than PhP18.6 million.

ACCESS TO MARKET (Market)

(MSMEDP 2017-2022 Strategic Goal 5: Improved Access to Market)

The onset of the COVID-19 pandemic in the country provided various gaps in MSMEs' business operations. The government provided various initiatives to fill those gaps and continue to support and strengthen MSMEs' roles in domestic, regional, and global markets. The ingenuity and creativity of MSMEs are their tickets to fully adapt to the new normal to continue being competitive in selling their products and services to existing and new markets, under a climate of fair, free, socially responsible, and environment-friendly trade practices.

MSMED PLAN VISION	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth			
FOCUS AREA	BUSINESS OPPORTUNITIES			
STRATEGIC GOAL 5	IMPROVED ACCESS TO MARKET			
STRATEGY	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 with market and buyer requirements (e.g., different legal, regulatory, and technical requirements) and provide access to marketing platforms including e-commerce.			
ACTION AGENDA				
<u>Action Agenda on MARKET:</u> Establish mechanisms to ease MSME compliance with regulatory and market standards, and widen the reach of market mainstreaming programs with deliberate, consistent, and long-term support to MSMEs such as Go Lokal!, and domestic and international trade fairs				
PRIORITY ACTION ITEMS				
Market Compliance	Market Incentive Scheme	Promotion of E-Commerce	PEDP Revalida	ASEAN/Global Value Chains
<ul style="list-style-type: none">Establish mechanisms to ease MSME compliance with regulatory and market standards	<ul style="list-style-type: none">Deliberate support for MSMEs' participation in international marketing events	<ul style="list-style-type: none">Encourage and promote the use of e-commerce platforms through education and trainingEstablish a secured e-payments system to facilitate wider e-commerce	<ul style="list-style-type: none">Review and strengthen the Philippine Export Development Plan (PEDP), with clear resource support for specific initiatives therein	<ul style="list-style-type: none">Widen the linkages of MSMEs to the ASEAN regional value chains through business matching support and better information systems, such as the ASEAN Trade RepositoryMaximize opportunities that expand access to existing and new markets presented by the ASEAN Economic Community and other preferential trading agreements
Greening MSMEs	Packaging	MSMEs in Government	Branding	Philippine Trade Development Plan for Domestic Market
<ul style="list-style-type: none">Promote and foster a green and circular economy	<ul style="list-style-type: none">Rationalize, institutionalize and/or strengthen packaging, labeling, and branding assistance to MSMEs	<ul style="list-style-type: none">Maximize MSME Participation in government procurement	<ul style="list-style-type: none">Branding	<ul style="list-style-type: none">Widen the reach (area and mode) of Go Lokal

Other details can be found in the Action Plan of the MSMED Plan 2017-2022 matrix under Strategic Goal 5: Improved Access to Market.

Go Lokal! expands digital presence. Since 2016, Go Lokal! Program has rolled out 154 stores nationwide with over 859 MSMEs endorsed to retail partners, 385 of which are already mainstreamed in various Go Lokal! outlets generating sales of more than Php 466 million. Aside from concept stores, pop-up stores, and in-store selling spaces, Go Lokal! is also now available in Carousell, LazMall, Shopee Mall, Shopinas, and UnionBank's GlobalLinker. The program has boarded 127 merchants as part of the DTI's initiative for the digital transformation of MSMEs. Eighty-two MSMEs are tagged as unique and counted singularly even when they have multiple presences in the different Go Lokal! online selling platforms. In 2019, the Go Lokal! Program also developed the Marahuyo, an extension brand and high-end spin-off of Go Lokal!



The program enters the next phase this 2021 by expanding into inline stores or commercial storefront retail spaces, which are usually reserved for big and popular brands. These are more permanent than the usual Go Lokal! pop-up stores in mall corridors. This new retail strategy hopes to create greater awareness for the Go Lokal brand while widening the access of Go Lokal-accredited MSMEs to more market segments.

Presently, the DTI has received standing offers for free inline spaces for Go Lokal retail stores at Ayala Malls Fairview Terraces, Ayala Malls Manila Bay, Ayala Malls The 30th, and Ayala UP Town Center, Eastwood Mall, Lucky Chinatown Mall, Newport Hotel, and Venice Grand Canal Mall.

#FlexPHridays boosts online engagement for Filipino products. As an upshot of the Buy Local Go Lokal, DTI Secretary Ramon Lopez introduced a new movement to amplify the call to support local businesses and entrepreneurs patronizing local products and services. Dubbed #FlexPHridays is a national advocacy drive that aims to further stimulate business confidence among Philippine MSMEs. The campaign leverages the rising “flex” culture online. Social media users share and showcase their purchases on their personal accounts or in different online communities spanning various industries to create consciousness and pride in buying locally. The campaign aims to make it a weekly Friday habit to inspire the purchase of local goods and express pride in supporting Filipino products.



The #FlexPHridays campaign welcomes all Filipino consumer goods and service industries, including but not limited to fashion and apparel, textiles, gift items, furniture, food and beverages, accessories and décor, houseware and fixtures, and technology. Participation of companies and personalities in this campaign allows the increase of brand visibility in the dynamic environment of the digital space.

OTOP Philippines established 29 new OTOH Hubs. The fiscal year 2021 posed challenges to DTI’s product development arm – the One Town, One Product (OTOP) Next Gen. Innovation, creativity, and opportunities in public-private partnerships arise whilst adapting to the physical challenges brought by the COVID-19 pandemic.

From the traditional Product Development sessions conducted physically, product development sessions have been remodeled with online and blended sessions as alternatives. In 2021, there were 215 product development sessions conducted physically, 177 Online, and 76 via blended sessions. From these sessions there were 7,612 products and designs developed, and 1,384 Brands Developed through OTOP assisting 7,722 MSMEs.

In 2021, there were 29 OTOP PH Hubs established, three (3) of which are either online/blended OTOP Hubs. From 2017 to 2021 there are already a total of 87 OTOP PH Hubs, but due to the pandemic thirteen (13) of which were temporarily closed. In 2021, the operational OTOP PH Hubs generated PHP 83,457,922.56 in sales and assisted 2,900 MSMEs.

Other market access through OTOP such as the conduct of trade fairs have also adapted online and blended modalities. There were a total of 469 trade fairs and 366 trade fairs conducted and participated through OTOP physically, 95 were conducted virtually or through online modalities, and there were 8 which were conducted and participated via blended modes. From these trade fairs, a total of PHP 291,527,528.33.

Promoting and adapting through the use of electronic commerce during the height of the pandemic, the OTOP Program Management Office partnered with PLDT Home Biz for the use of the Virtual Trade Expo for the conduct of the OTOP National Virtual Trade Fair 2021 (OTOP NVTF) during the MSME Week 2021 and PasaLove: Paskong OTOP Virtual Trade Fair 2021. This Public-Private Partnership between DTI and PLDT Home Biz assisted 365 MSMEs at OTOP NVTF, and 337 MSMEs at PasaLove 2021.

Capacity-building activities conducted by the OTOP Program Management also extensively used online platforms to conduct trainings and other capacity-building activities for MSMEs. A total of four (4) online capacity building/training were conducted by OTOP-PMO namely:

- TPOs' Competency Building in the Food Sector – participated by over 160 DTI Trade Promotion Officers
- OTOP Next Gen: MODA Manlilikha Advanced Designers' Course – with 120 student designers registered
- UPLIFT – participated by 390 MSMEs, OTOP Hub Operators, and DTI Personnel
- UPLIFT 2 and Executive Course – participated by over 221 MSMEs, OTOP Hub Operators, and DTI Personnel

Topics discussed during these trainings covered those topics related to the pandemic like management succession, social media, eCommerce, among others.

OTOP has also utilized its OTOP Philippines Facebook page to broadcast its weekly Livestream – Honing OTOP Philippines Enterprises or HOPE Stream featured 204 OTOPreneurs/MSMEs from all over the country with over 97,000 viewers as of December 31, 2022.

OneStore.ph. To help MSMEs expand their customer reach, increase brand awareness, save up on operational costs for opening new physical stores, and overcome geographical limitations, DOST established the oneStore.ph program, which promotes both “e” (electronic) and “m” (mobile)-commerce. It is an e-commerce platform to assist MSMEs market their products both locally and internationally. It helps DOST-assisted MSMEs widen the scope of their target market to deliver economic growth and increase business opportunities. It also provides customers with an effortless shopping experience and retailers with simple and direct access to one of the largest customer bases in the Philippines.

For January to December 2021, 1,180 products of MSMEs were uploaded in the oneStore.ph

application, generating PhP78.152M online and walk-in sales. There were 33 physical hubs established/maintained nationwide to serve as display areas of products of SETUP-assisted MSMEs.

159 MSMEs participated in 24 Bagsakan events. First launched following the postponement of the NFF last March 12, 2020, due to Proclamation No. 922, or the declaration of a state of a public health emergency, the Bagsakan Special Project seeks to extend support for local MSMEs affected by the ongoing COVID-19 pandemic. It started as a one-day event featuring a limited number of MSMEs from different regions who sell fresh produce and processed food products.

From helping mango growers of Guimaras sell their products in March 2020, the Bagsakan Special Project was strengthened as a commitment of the DTI in adherence to the “Bayanihan We Heal as One Act” to ensure the availability of food products and essential items while



helping MSMEs sell their products and support the economy during the pandemic.

This year, the BDTP conducted 42 Bagsakan events, which generated PhP 25.55 million in sales and assisted 159 MSMEs, farm groups, fruit growers, and social

cooperatives from 13 regions, including the NCR. Furthermore, 2021 marked a milestone for BDTP with the launching of the Online Grand Bagsakan in partnership with the DTI Region 2 and Mayani Philippines, a farm-to-table e-commerce platform. This initiative helped small-holder farmers, fruit growers, and cooperatives from the Cagayan Valley Region market to sell their products to buyers and consumers in the NCR and nearby provinces. Through the digital ordering and fulfillment system by Mayani.Ph. The Online Grand Bagsakan generated PhP 3 million in sales of at least 104.38 tons of fresh produce from Region 2 for the benefit of 1,200 Cagaynon farmers.

Another breakthrough for this year is the launch of the Sisidlan digital catalog, which also showcases the products of Bagsakan Special Project MSME participants. The Sisidlan catalog is a free e-magazine conveniently downloadable on desktop and mobile. It features total pages of product photos and updated contact information of MSMEs, including their online stores on various e-commerce platforms.

Virtual National Trade Fair generates PhP 8 million in sales. The Bureau of Domestic Trade Promotion (BDTP), in coordination with the DTI Regional Operations Group, mounted the first-ever Virtual National Trade Fair (VNTF) from January 27 to February 2. The event featured 111 MSMEs from 13 regions in a fully interactive and immersive virtual environment.

The VNTF generated PhP 8.96 million in sales, while sales after the event are coordinated with the regions. Among the top sellers were Jhaz Footwear (Region 4A) with PhP 2.7 million in sales, Crissander Enterprises (Region 7) with PhP 1.56 million in sales, Tumandok Craft Industries (Region 6) with PhP 1.52 million in sales, and Binuhat Arts and Crafts (CARAGA) with PhP 1.23 million sales. The initiative attracted 5,580 visitors and buyers, including 121 international visitors, mainly from the United States, Singapore, Hong Kong, UAE, Australia, South Africa, and Canada, representing major industries such as food and beverages, apparel, manufacturing, and hospitality.



The VNTF also featured ten workshops and learning sessions that focused on various stages of enhancing businesses. Speakers from the Intellectual Property Office of the Philippines (IPOPhil) and the Design Center of the Philippines (DCP) discussed the intellectual property and market trends in the post-COVID-19 era, respectively. Industry experts from Unilever Philippines, ECOLAB USA, Lazada, GCash, Mr. Speedy, and coaches Chikee Tan, Jerry Ilao, and Janette Toral tackled significant trends enabling entrepreneurs to improve their businesses. These sessions were well-attended, with 6,331 views on virtual conference halls and social media live streams. The webinars garnered generally positive feedback from the attendees, who remarked that the topics were interesting and helpful for those aspiring to start their own business ventures.

Overall, the VNTF achieved favorable feedback from exhibitors who claimed that the event generated leads for their business. The majority of the exhibitors also expect to join two to four VNTFs every year.

DTI conducts Hybrid National Food Fair. In 2021, the BDTP adopted the hybrid concept of a trade fair that combines the excitement of a traditional event with the advantages and flexibility of online events. The National Food Fair (NFF) aims to promote the best Philippine food products, sustain the livelihoods of MSMEs, farmers, and fruit growers; support the economy amid the pandemic; help accelerate the digital transformation of MSMEs; reduce the carbon footprint of events.

Online National Food Fair and Digital Promotions:

- **Online NFF on Shopee.Ph.** On May 10-16, 2021, the Online NFF partnership with Shopee featured 278 MSMEs, including those selling in the Go Lokal! Official Store. It showcased 3,500 products such as sweets, snacks, beverages, seasonings, staple foods, baking ingredients, breakfast items, and health products. The weeklong online event generated 2,900 online orders, equivalent to PHP 1.61 million in sales.
- **Online NFF on Mayani.Ph.** The BDTP organized four Online NFF events featuring fresh produce in cooperation with the DTI-led Integrated Natural Resources Environmental Management Project–Livelihood Enhancement Support 2 (INREMP-LES 2) and Mayani. Ph, a farm-to-table e-commerce platform. Buyers enjoyed discounted prices for fresh vegetables, fruits, upland crops, and artisanal products from the Cordillera Administrative Region. The Online NFF events from June to September 2021 generated PHP 513,000 in sales that helped farmer cooperatives and IP organizations.
- **Online NFF on Lazada.Ph.** The BDTP also mounted another Online NFF from August 8-12 in partnership with Lazada during the latter's 8.8 Love Local Sale, which featured 74 MSMEs. The products sold were processed food and beverages, Halal products, snacks, food packaging materials, condiments, and cooking ingredients. Highlights included Livestream cooking demonstrations conducted by Chef Oliver John Gomez. He graduated from the Center for Culinary Arts Manila, and Mukbang or Eating Sessions highlighted the food products of participating MSMEs.
- **Virtual Launching of the Hybrid NFF and the NFF Digital Mall on UnionBank GlobalLinker.** An important shift in the rollout of activities for the NFF primarily relied on the ongoing restrictions due to the COVID-19 pandemic. The rising number of infections from more pervasive COVID-19 variants kept the strictest quarantine in the NCR, which delayed mounting the physical fair. The BDTP thus organized the virtual launch of the Hybrid NFF and the NFF Digital Mall on September 17-26, which was live-streamed on BDTP's social media pages.

BDTP successfully mounted the Hybrid NFF Physical Show on October 15-24, 2021, at the Civic Drive, Carousel Court, and Expansion Hall of Festival Mall in Alabang, Muntinlupa City. The 10-day retail and order-taking event served as a culminating activity after the online events of the Hybrid NFF. It showcased a great selection of food products such as fresh and processed food, condiments and cooking ingredients, snacks, Halal food, fruit wines and beverages, coffee products, and delicacies from the regions. The NFF physical show featured 64 exhibitors with

213 MSMEs as virtual participants through the PINASarap Filipino Food Hub special setting. The event generated PhP 13.58 million in sales for the exhibitors.

DELIVER-e Project promotes new business models in agriculture.

Launched in December 2020, DELIVER-e is an inclusive, transparent, and integrated end-to-end e-commerce platform for agricultural and food products. As of 2021, a total of 42 farming cooperatives and 414,595 farmers were registered on the platform. The project helped 1,566 farmers, transacted PhP 29,311,469 worth of fresh produce, mobilized 257,913 kilos of agricultural goods, and served 7,363 customers. Likewise, onboarding and learning sessions are consistently conducted for cooperatives and farmers inviting them to join the platform.



Food Connect Program. The PTTC-GMEA, in partnership with the Food and Drug Administration, has developed a training program intended to aid food business operators with their mandatory regulatory requirements such as the License to Operate and Certificate of Product Registration. The program ensures compliance of MSMEs to at least 90% of their documentary requirements which the FDA honors in their application evaluation.



The program assists MSMEs through a one-on-one consultation with industry experts and product testing evaluation on parameters such as moisture content, pH level, total soluble solids, and water activity. All tests are intended for product development and compliance with standards.

Since its launch in 2016 up to 2021, 333 MSMEs were enabled for international standards alignment where these MSMEs complied with FDA's documentary requirements. In 2021, Food Connect was able to conduct its first nationwide run for the Processed Fruits and Nuts Sector participated by 13 regions with 2 MSMEs per region. This program was implemented through DTI Region 10.

PH Creative Industry conducted; assessing contribution to the national economy. The Philippine creative industry sector is poised to become a key driver of Philippine trade in the coming years. The Philippines ranked first in creative services exports, 5th in total creative exports, and 10th in creative goods exports in the 2020 Global Innovation Index.

Among the country's total creative trade, 83.7% were attributed to service exports, of which 81.7% were IT and computer service exports. Design products were the main contributor to the country's creative goods exports, which accounted for 16.6% of the country's total trade

in 2019. This includes outputs coming from artisanal and professional industries.

To revitalize the creative industry, The DTI Competitiveness and Innovation Group (CIG) prepared and crafted programs to provide strategic direction for its development. A forum



was conducted to discuss the significant impact of the creative industry/sector and its vital role in our economy.

The event was attended by various luminaries from the Philippine Institute of Development Studies (PIDS) and the private sector. Together with Rep. Christopher De Venecia, Chairman of

the House Committee on Creative Industry and Performing Arts, which focuses on the significant impact of the creative industry/sector and its vital role in our economy.

Over US\$600 million in export sales was generated through signature events and overseas trade fairs.

The DTI, through the Center for International Trade Expositions and Missions (CITEM), has generated a total of \$632.266 million (a 4% increase from the previous year's US\$609.741M) in reported export sales (booked and under negotiation) for the participating exhibitors. This was achieved through the organization of Signature Events in Manila (FAME+, FAME Market Days, IFEX Digital Expo, IFEX Connect, CREATE Philippines) and the organization of Philippine participation in Overseas Trade Fairs (OTFs). This was done through participation in 11 OTFs in 13 countries/markets as follows:

- *Food Sector:* Gulfood Hybrid Trade Show Physical Event, 21-25 February, Online B2B, 14-16 March & 23-25 March; BIOFACH eSpecial (Online event 17-19 February & Online participation February-September); Foodex Online event, 9-12 March & Online participation 02-March – 08 October; 23 and 29 June B2B Marching Events in Japan; Food Philippines B2B to China 1st Leg & 2nd Leg (11 March & 3-4 August); LSA Online Subscription (20 September – 15 December); Saladplate (FHA) Online, May 2021-April 2022; IFEX Philippines Digital Expo Business Matching Activities in Japan & Taiwan (23-25 September), Korea & Beijing (28-30 September), Australia/New Zealand (18 October, MEA (26-28 October), Osaka (15-16 December);
- *Home, Fashion, and Lifestyle Sector:* 21-30 April FAME+ @Asian International Furniture Fair show (AIFFS)/Philconstruct, Online, (9-18 & 28-30 March); InaFashion SMESCO Online Expo; NY Now Digital Market, 3-4 August; Maison & Objet and More (MOM), Online, January – December; PHx Tokyo, 7-9 July.
- *Creative Industry Fair:* Creative Expo Taiwan, 21-25 April.
- *General Consumer/B2B Fairs:* China-ASEAN Expo (Nanning, China / 10-13 September); China International Import Expo (Shanghai, China / 5-10 November.)

These export promotion events provided global exposure to 1,541 local exhibitors (an 18% increase from last year's 1,310) and generated 11,985 trade inquiries from global buyers totaling 4,205.

Expo 2020 Dubai. In October 2021, the Expo 2020 Dubai officially opened with 191 participating countries, including the Philippines. By virtue of AO No. 17, the Philippines' participation was launched in December 2019 in a 3,163.25 sqm plot at the Sustainability District with the theme Bang-ko-ta, or Philippine Coral Reef. Bangkóta aligns with the theme of Expo 2020 – "Connecting Minds, Creating the Future" – with a riveting image of the Philippines and its people as truly global. It was conceptualized and actualized by Architect Royal Pineda of Budji+Royal Architecture+Design and independent curator Marian Pastor Roces, collaborating with Assistant Secretary Rosario Virginia Gaetos, who also serves as Alternate Commissioner General of the Philippine Organizing Committee (POC).



The Philippine Pavilion will remain operational and open for visitors until March 31, 2022. As of December 2021, there were 434,480 Philippine pavilion visits, translating to an average of 4,774 visitors per day. The Go Lokal! and Marahuyo Retail Shop feature contemporary and practical Philippine-made products designed and crafted by Philippine artists and entrepreneurs. Among the top-selling products are the Bangkota souvenir shirts, pandan fans, dried mangoes and pineapple, tote/canvas bags, purses/clutches, Common Room's "Daloy" collection, and the Marawi silk scarves which generated PhP 9 million in sales. Visitors also enjoyed authentic Philippine cuisine at the Mangrove Café, where Filipino chefs in the UAE's hospitality industry put together a traditional menu. It recorded PhP 22.4 million in total sales in 2021.

Inbound and Outbound Trade Missions. Inbound and Outbound Trade Missions open valuable leads for Philippine MSME exporters and provides opportunities for them to expand their market by introducing Philippine-made products and services directly to buyer and

investors worldwide. The DTI, through Export Marketing Bureau (EMB), has adopted the digital transformation of all its activities to align with the needs of the exporters in the new normal. For 2021, a total of US\$744.5 M in export sales was generated from 33 B2Bs. As of June 2022, a total of 37 B2Bs (24 Outbound, 13 Inbound) were conducted which generated a total of US\$438.87 M export Sales with 222 exporters assisted and 223 buyers met.

PH exports recover despite challenges in global trade. The country's total export sales reached USD 74.65 billion in 2021, growing by 14.5% compared to 2020. Electronic products remained the country's top export in 2021, which recorded a USD 42.5 billion valuation, or an 11.95% growth compared to 2020. Strong growths were also recorded in the export of other manufactured goods and other mineral products, which grew by 25.67% and 23.58%, respectively.

With manufacturing activity in China starting to pick up, the Chinese market, including Hong Kong, topped the list of the Philippines' export market in 2021, accounting for a 28.78% share of total exports. The USA and Japan followed closely at 15.48% and 14.37% shares. According to Sec. Lopez, the positive development is attributed to the decision of the Inter-Agency Task Force on the Management of Emerging Infectious Diseases (IATF) not to disrupt exporters' operations by allowing 100% capacity even during the Enhanced Community Quarantine (ECQ) and stricter alert levels. Thus, this boosted the sector's performance and allowed them to fulfill its commitments to the global market.

More than 1,600 exporters assisted in 2021. Since the pandemic started, the DTI-Export Marketing Bureau (EMB) has digitally transformed its key-internal and external work programs and processes. In 2021, 188 companies were enrolled in the Regional Interactive Platform for Philippine Exporters (RIPPLES) program, with 1,010 enrollees since 2016. The program intends to expand the supply base of internationally competitive Philippine export products and services by providing intensified, purposive, and practical assistance geared toward the internationalization of MSMEs and large corporations. Assistance includes capacity building on trends, business-to-business meetings between local suppliers and overseas buyers, and actively participating in policy review and implementation.

The DTI-EMB also assisted 1,656 unique MSME exporters through various services and programs such as Doing Business in Free Trade Areas (DBFTA), Philippine Export Competitiveness Program (PECP), and RIPPLES. Specifically, 27 webinars/info sessions/training were conducted and attended by more than 3,000 MSME- exporters. We supported 33 business-to-business (B2B) activities, generating an initial USD 744.55 million in export sales. The DTI-EMB continued to support the internationalization of startups by funding the Philippine delegation to the virtual startup event – Collision 2021, with 20 PH startups and five (5) startup enablers participating.

In support of the World Trade Organization's (WTO) collective initiative to remove trade barriers for women's economic empowerment and increase women's participation in international trade, DTI-EMB, as the national host institution, and the Philippine Trade and Investment Centre (PTIC)-Geneva has partnered with the International Trade Centre (ITC) to set up the SheTrades Philippine Hub and strengthen further our country's efforts in promoting women's economic empowerment. The SheTrades platform allows Philippine women entrepreneurs to network, sell products and services, and access e-learning programs and market tools to enhance their participation in international trade. According to the latest report of ITC, 88 women-owned businesses were registered in the SheTrades Philippines Hub; 476 participated in 10 SheTrades Activities in 2021, and 24 Philippine women entrepreneurs will have virtual exhibits at SheTrades Global through the SheTrades Philippines Hub.

Tradeline Philippines. The COVID-19 pandemic brought about many challenges to MSME exporters, especially in marketing their products and services to foreign buyers. Travel restrictions led to the cancellation of international trade fairs and business matching missions here and abroad. Thus, the DTI-EMB developed enhancements to the existing Tradeline Philippines system to help bridge the gap between PH exporters and foreign buyers.

The DTI-EMB has added new features on Tradeline that will enable MSME exporters to increase their online presence and explore new means of connecting with foreign buyers without additional cost:

- Supplier Microsites were added to the BM system so users (either registered buyers/the general public) can view the Supplier's product or service offerings, company information, and contact details. This feature will boost the supplier's online capability to attract foreign buyers
- B2B Meetings set by Buyer. This new feature allows the registered buyers to invite registered suppliers for a B2B Meeting. All B2B Meetings that are set in the system will send a notification email to both parties, instructing them to log-in to their accounts so they can respond to the B2B Meeting invitation.
- Events Panel. This panel can be accessed by both the general public, and the registered users. The public can only see the general events, posted by DTI-EMB, which are intended for them as the primary audience. While the registered users (supplier and buyer) can see the specific B2B events set by EMB and B2B events set by buyers. Registered users can only see these events if they are specifically invited by EMB or a buyer.
- EVA (Export Virtual Assistant) Chatbot was added to respond to Export-related queries
- 2,649 - Registered Enterprises on Tradeline in 2021

Philippine Export Competitiveness Program (PECP). This is one of EMB's major programs that seeks to boost the competitive stance of our domestic manufacturers and exporters through seminars, information sessions, and activities that give them insights on productivity,

innovation, and updates on export trade. In 2021, a total of 41 webinars and other activities were conducted, attended by more than 6,000 participants.

Halal Export Development and Promotion Program. This is a comprehensive program for the development and promotion of the Halal export industry. DTI, as chair of the Philippine Halal Board, provides the policy, regulatory, and coordinative structures, and mechanisms for the promotion and export of Philippine Halal products. In 2021, a total of 280 new Halal products were certified. To date, there were 8 webinars conducted with more than 7,000 participants. Continued upgrade and enhancement of the PH Halal Mobile Application, as well as 22 blended Halal trainings for MSMEs and ISO Standard for PH Halal Certifying Bodies, were also conducted.

European- Registered Exporter System (EU-REX) Registration – Philippine Campaign. The REX is the new system for self-certification of originating foods that the EU introduced for the purpose of its preferential trade arrangements. The DTI, through EMB, initiated a massive information campaign and handholding initiatives to guide PH exporters in their registration under the EU-REX. This includes a series of information sessions, trade advisories, and targeted email campaigns to PH exporters.

The DTI-EMB Market Officers provided handholding assistance through email and phone for inquiries and guidance on the procedures and requirements for exporters to register under the EU-REX System. To date, a total of 742 Philippine companies have registered with EU REX system. A total of 1,575 Philippine exporters to EU successfully advised of EU REX System Registration.

SheTrades Philippine Hub. This program primarily supports Philippine women entrepreneurs/MSMEs to access global markets through various initiatives, working with International Trade Centre (ITC) and its network. SheTrades (ST) initiative aims to connect 3 million women to the market and DTI serves as the national host institution and EMB as the focal bureau. To date, a total of 105 Women-Owned Businesses (WOBs) registered in the ST Philippine Hub, and 476 participants from the country participated in ST activities.

Onboarding of MSMEs in eCommerce Platforms thru eCFULFILL. The DTI-EMB partnered with eCFULFILL to onboard more MSMEs in global e-commerce platforms. eCFULFILL is a Philippine tech startup that provides access to global marketplaces like Amazon, eBay, and Etsy. To date, 81 Companies have Live Listings on Amazon, eBay, and Etsy. A total of 339 Total Product Live Listings on Amazon, eBay, and Etsy. It has generated a total sales of PHP 2.22M from August 2020 – June 2022.

EVALUABILITY ASSESSMENT OF MSME DEVELOPMENT PLAN AND PRIORITY PROGRAMS UNDER THE MSME DEVELOPMENT PLAN WITH A PROCESS EVALUATION OF GOVERNMENT SUPPORT

United Nations Development Programme / Asian Social Project Services, Inc. (ASPSI)

The Micro, Small and Medium Enterprise Development Plan (MSMEDP) 2017-2022 is the sectoral plan for the growth and advancement of the MSME sector. It aims to provide greater opportunities for entrepreneurs to start up, sustain, expand, internationalize their businesses, and become smarter entrepreneurs. As an integral part of the Philippine Development Plan (PDP) 2017-2022, the MSMEDP's vision is to achieve "more globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth."

In December 2019, the United Nations Development Program (UNDP) called for an Evaluability Assessment of the MSMEDP 2017-2022 in order to determine the evaluability of the MSMEDP and its programs and provide recommendations to enhance evaluability. Specifically, the assessment aimed to 1) assess the evaluability of the MSMEDP; 2) assess the evaluability of at least six flagship programs (originally five in the TOR) under the MSMEDP (implementation level); 3) determine the efficiency and effectiveness of government's processes to coordinate and facilitate the development, implementation, and monitoring and evaluation of the MSMEDP, including alignment of MSMEDP objectives with the PDP and its results matrix (i.e. oversight level); 4) assess the perception of MSMEs on the relevance and effectiveness of programs that cater to them; and 5) provide recommendations that will lead to the attainment of a business environment conducive to the success of the MSMEDP.

The evaluability assessment was cast against the UNDPs' Results-based Monitoring and Evaluation (RBME) framework and the National Evaluation Policy Framework (NEPF) Evaluability Checklist. The assessment utilized secondary data from available program documents and reports as well as primary data obtained thru a survey of MSME beneficiaries, key informant interviews (KIIs), and focus group discussions (FGDs) of program implementers from the Department of Trade and Industry (DTI), Department of Science and Technology (DOST), and the National Economic Development Authority (NEDA). The survey covered a total of 522 samples from programs implemented in the provinces of Ilocos Norte, Nueva Ecija, Laguna, Aklan, Cebu, Eastern Samar, Davao del Sur, Misamis Oriental, and Agusan del Norte.

The major findings of the evaluability assessment are as follows:

- A. On the evaluability of the MSMEDP and its component programs
 1. The MSMEDP and the six component programs are evaluable. The theory of change (TOC) and results framework (RF) are available (reconstructed), and plausible, the causal links between the MSMEDP with its component programs are

- valid and the indicators are clearly specified. The MSMEDP and its programs are fairly in-sync with the indicators and strategies in the MSMED/PDP results framework;
2. The M&E systems of MSMEDP and its component programs are fairly robust, albeit with plenty of room for improvement;
 3. There exists sufficient stakeholder demand for the evaluation of MSMEDP and its component programs; and
 4. The appropriate type of evaluation for each of the programs is either TOC-based performance evaluation or TOC- based impact assessment using a mixed-method approach.
- B. On the process assessment of the six component programs
1. There is enough empirical evidence to suggest that the MSMEDP and its component programs are relevant, effective, efficient, and sustainable; and
 2. Full-blown evaluation is warranted to demonstrate program success, as both the MSMEDP and PDP 2017-2022 draw closer to the end.

The assessment firmed that the MSMEDP and its programs are indeed evaluable given the reconstructed TOC and RF or impact pathways and that all six programs are relevant, effective, efficient, and sustainable. The assessment puts forward the following recommendations:

1. **The TOC narrative and RF established in this evaluability assessment should be adopted by the various program owners as the official TOC and RF for the programs.** All the component programs, except for the Negosyo Center did not have a TOC narrative and clear RF. Since the TOCs and RFs reconstructed by the assessment team were validated by the various program implementers, these should be officially adopted to serve as bases for future program evaluation.
2. **Officially harmonize the component program outcome indicators with the outcome indicators of MSMEDP.** The program outcomes and MSMEDP outcome indicators are generally in-sync. While the MSMEDP has specific and quantified outcome targets, the component programs do not have such targets, thus not clear how much of the MSMEDP targets are expected to come from the various programs.
3. **Establish the baseline and outcome targets of the component programs.** All the component programs do not have baseline and target values for the outcome indicators. These should be established as the programs will eventually be assessed covering the 2017- 2022 implementation period of the MSMEDP. The 2016 values of the outcome indicators should at least be established as the baseline.
4. **Address the limitations/gaps in the current M&E systems of the various programs.** The assessment concludes that the M&E systems of the component programs are robust with identified limitations or gaps. These include the need to promote the use of the KMME monitoring template and more regular submission of the story documentation sheet; the regular updating of the product and company information data of OTOP and organizing these in a data bank; including program

performance data in the monitoring of P3 and for the M&E unit established by SBC to start carrying out more vigorously its M&E function and to start upgrading the CPMS for greater capacity and faster processing speed.

5. **Initiate the preparation for the full-blown evaluation of the MSMEDP and its component programs.** The assessment also proposed the following action points: i) For Recommendation 1, request an issued resolution by the MSMED Council/Secretariat for the adoption of the constructed and validated TOCs for P3, KMME, SSF, SETUP, and OTOP; ii) For Recommendations 2 and 3, adopt the established log frame, linking the component PAPs' outcome indicators as contributory to main MSMEDP/PDP outcomes/goals on the succeeding cycle of the MSMED Plan and the Philippine Development Plan 2023-2028 Results Matrix; and iii) For Recommendation 4, harmonization and uniformity of monitoring template used, regular dates of submission, organize information in a data bank, vigorously carry out M&E, and upgrade monitoring systems.

For each of the component programs, the assessment outlines the following M&E recommendations:

Program	M&E Recommendations	Responsible Unit
KMME	<p>An annual KMME monitoring template should be utilized. (Note: Given the difficulty in gathering 100% survey responses, the response rate should be reported.)</p> <p>The Mentee Success Story Documentation Sheet should be consistently followed through for every KMME training session.</p> <p>Response rate should be reported. Data collected should be stored in electronic format/database.</p>	BSMED- ROG
P3	Include program performance data in the monitoring of P3 and for the M&E unit established by SBC to start carrying out its M&E function.	DTI, SBC
NC	Start upgrading the CPMS for greater capacity and faster processing speed.	DTI NC
SSF	Additional Manpower. Transform baseline data into an electronic database for easy retrieval.	DTI, PMO

OTOP	Periodically (e.g. quarterly/annually) cascade survey to update the company information sheet of OTOP beneficiaries. Response rate should be reported. Consolidate gathered OTOP information in a databank.	BSMED-ROG
SETUP	A nationwide database known as IMPRESSION (Information and Monitoring of Projects, Services, and S&T interventions) IT System was developed by DOST IV-A. It is a centralized tool for monitoring, documentation, and management of SETUP, Grants-in-Aid (GIA), and other DOST projects nationwide; could be used for M&E activities considering limited staff for technical and financial monitoring. DOST has already started streamlining the IMPRESSION IT System in the M & E system of its Regional Offices, hence the need for full implementation of IMPRESSION in all regions. Data on the financial performance of SETUP could be useful and of interest to policymakers who have supported SETUP through the years. An estimate of the return on investments (ROI) could be meaningful for future support to SETUP program variants.	DOST - SETUP, PSTC

Success stories of MSMEs as they navigate for innovative enterprises and business start-ups are truly inspiring, and worth documenting and sharing among other MSMEs. Results of these MSME narratives and entrepreneurial journeys coupled with results of the future independent and impartial evaluation of the MSMEDP 2017-2022 and its programs will be most useful in advocating for policies and budget support and sustaining national government commitment to advance MSMEs such as the proposed Pondo sa Pagbabago at Pag-asenso para sa Kaunlaran (P3) Act, the OTOP Bill, and the KMME policy agenda, among others.

In the future, with government support and MSMEs' willpower, it is hoped that MSMEs would be able to adapt to the challenges of the "new normal" business environment.

APPENDIX 1: MSME Development Plan 2017-2022 Framework

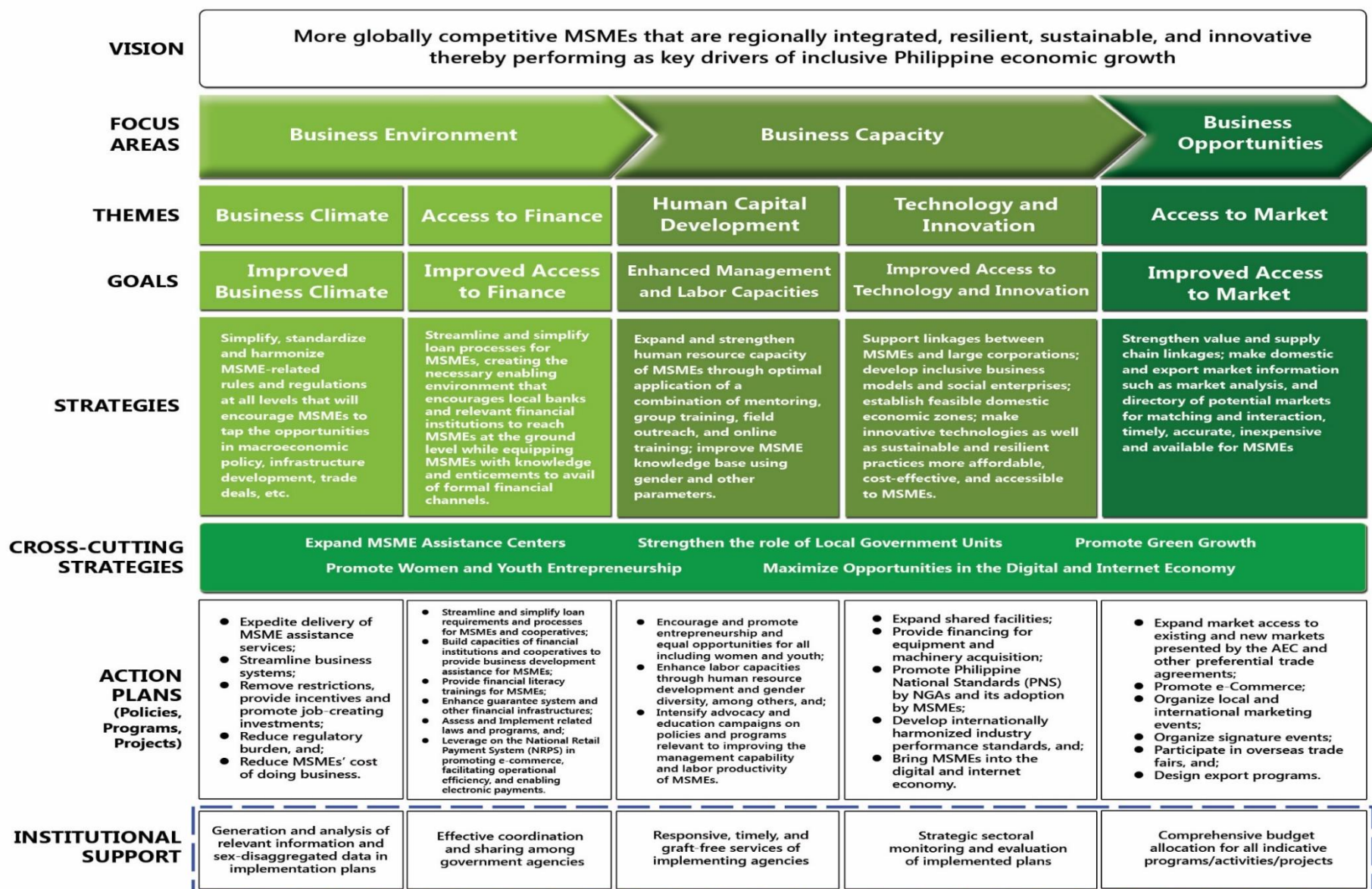


Table 1: MSMED Plan 2017-2022 Overall KPI

OVERALL INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENT					REMARKS
				2017	2018	2019	2020	2021	
Increase in employment of MSME	Total Employment (PSA)	4,879,179	8.284M	4,922,251	5,714,262	5,510,760	5,380,815	5,461,731	
Percentage increase in number of registered MSMEs	Number of Establishments (PSA)	911,768	1,094,122 (20% increase)	920,677	998,342	995,745	952,969	1,076,279	
	Number of registered Enterprises with LGUs* (LGUs / PBR)	---	---	1,370,258	1,336,415	1,493,572	1,710,337	2,337,750	
	Number of registered MSME corporations (SEC)	---	---	---	---	---	---	---	
Number of women entrepreneurs created	PSA, DTI, PCW	---	---	---	---	---	---	---	
Number of youth entrepreneurs created (15 to 30 years old)	PSA, DTI, NYC	---	---	---	---	---	---	---	
Proportion of small-scale industries (enterprises) in total value added increased	Value added Other proxy: Total Sales (DTI-CB / EODB Council)	35.7% ⁴	50-55%**	---	---	---	---	---	

**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.*

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

⁴ 2006 PSA data. Note that the 2013 and 2014 ASPBI manufacturing value added is 24.34% and 20.91%, respectively.

Table 2: MSMED Plan 2017-2022 Business Climate KPIs

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS					REMARKS
				2017	2018	2019	2020	2021	
No. of Negosyo Centers established	NC Report (NC-PMU)	438	350 ⁵	345	271	53	52	168	
No. of business assistance facilitated by the Negosyo Centers	NC Report (NC-PMU)	717,784	1,271,598 (10% increase yearly)	1,157,110 (61%)	1,475,148 (27%)	1,623,443 (10%)	1,315,221 (-19%)	1,342,739 (2%)	
Increased customer Satisfaction	NC Report (NC-PMU)	98.54%	90%	99.11%	99.75%	99.62%	99.76%	99.97%	
Number of Barangay Micro-Business Enterprises (BMBEs) ⁶ registered increased	Number of BMBEs Registered (NC-PMU)	1,807	60,000	14,547	12,197	29,905	40,982	46,112	
Number of LGUs with streamlined business permit and licensing systems (both new and renewal)	Number of LGUs (DILG-LGA / DTI-CB Reports)	1,422 LGUs	1,634 LGUs	1,216 (w/ BOSS) 381 (automated / computerized)	1,303 (w/ BOSS) 408 (automated / computerized)	1,389 (w/ BOSS) 475 (automated / computerized)	1,440 (w/ BOSS) 559 (automated / computerized)	1,473 (w/ BOSS) 610 (automated / computerized)	
	New Business	---	---	788	1,174	1,260	1,363	1,407	
	Business Renewal	---	---	868	1,171	1,280	1,361	1,402	
Number of agencies that have streamlined their processes	NCC / EODB Report (EODB Council / DTI-CB)	---	27	---	---	---	---	---	

⁵ 202 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.

⁶ BMBEs are enterprises with asset size of less than Php 3M

Table 3: MSMED Plan 2017-2022 Access to Finance KPIs

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS					REMARKS
				2017	2018	2019	2020	2021	
Percentage of SMEs with bank loans/line of credit	Small enterprises (World Bank Enterprise Survey ⁷)	22.6%	---	22.6% (2015 data)	22.6% (2015 data)	22.6% (2015 data)	22.6% (2015 data)	---	World Bank Enterprise Survey as cited in Financial Inclusion in the Philippines Dashboard of the BSP - https://www.bsp.gov.ph/Pages/MediaAndResearch/FinancialInclusionDashboard.aspx
	Medium enterprises (World Bank Enterprise Survey ⁸)	38.9%	---	38.9% (2015 data)	38.9% (2015 data)	38.9% (2015 data)	38.9% (2015 data)	---	
Percentage of SMEs with a checking or savings account	Small enterprises (World Bank Enterprise Survey ⁹)	90.9%	---	90.9% (2015 data)	90.9% (2015 data)	90.9% (2015 data)	90.9% (2015 data)	---	
	Medium enterprises (World Bank Enterprise Survey ¹⁰)	96.2%	---	96.2% (2015 data)	96.2% (2015 data)	96.2% (2015 data)	96.2% (2015 data)	---	
The proportion of microenterprises availing P3 and other microfinancing increased	Number of P3 borrowers (SB Corp)	2,500	19,000	30,199	47,612	67,084	51,221	60,802	Financial Inclusion in the
	Number of borrowers availing	1,686,152	---	1,956,276	1,986,683	2,410,677	1,996,657	1,978,394	

⁷ Baseline figures based on 2015 report; World Bank Enterprise Survey for the Philippines has been conducted in 2009 and 2015.

⁸ Baseline figures based on 2015 report; World Bank Enterprise Survey for the Philippines has been conducted in 2009 and 2015.

⁹ Baseline figures based on 2015 report; World Bank Enterprise Survey for the Philippines has been conducted in 2009 and 2015.

¹⁰ Baseline figures based on 2015 report; World Bank Enterprise Survey for the Philippines has been conducted in 2009 and 2015.

	from microfinance banks (BSP)								Philippines Dashboard of the BSP - https://www.bsp.gov.ph/Pages/MediaAndResearch/FinancialInclusionDashboard.aspx
No. of SMEs accessing funds thru Fintech	Fintech Association / CIC	---	---	---	---	---	---	---	
Percentage increase in the amount of loans availed by MSMEs	Amount of loans availed by MSMEs (BSP Reports)	PhP496.863B	---	PhP 537.6B	PhP578B	PhP589B	PhP488B	PhP470.1B	Financial Inclusion in the Philippines Dashboard of the BSP - https://www.bsp.gov.ph/Pages/MediaAndResearch/FinancialInclusionDashboard.aspx
Percentage of MSME loans to total business loans	Amount of loans availed by MSMEs (BSP Reports)	---	---	9.8%	9.2%	8.8%	8%	6.8%	
Number of MSMEs accepting digital payments		---	---	---	USD 7B digital payments made by businesses About 180,000 merchants can accept or pay digitally; however, acceptance is close to negligible among MSMEs, which form the large majority of all merchants.	USD 9B digital payments made by businesses	USD 11B digital payments made by businesses (as of 1 st quarter of 2020)	---	BSP Reports on State of Digital Payments in the Philippines (December 2019; 2019 Update and 2020 Preview)

SME loans granted through movable collateral	IFC-World Bank	---	---	---	---	---	---	---	
Number of special financing facilities (e.g. Micro Disaster Risk Insurance (MDRI) financing, green finance, financing for women entrepreneurs, startups)		2,065 microfinance NGOs 47 microinsurance providers	---	2,603 microfinance NGOs 45 microinsurance providers	2,861 microfinance NGOs 44 microinsurance providers	3,887 microfinance NGOs 44 microinsurance providers	4,450 microfinance NGOs 46 microinsurance providers	4,162 microfinance NGOs 51 microinsurance providers	Financial Inclusion in the Philippines Dashboard of the BSP - https://www.bsp.gov.ph/Pages/MediaAndResearch/FinancialInclusionDashboard.aspx

Table 4: MSMED Plan 2017-2022 Management and Labor Capacities KPIs

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS					REMARKS
				2017	2018	2019	2020	2021	
Percentage increase in MSME labor productivity	Reports from PSA (ASPBI), NWPC	-1.87%	---	11.22%	---	44.87%	14.48%	---	see footnotes for CPBI ¹¹
Percentage increase of trained MSME participants in government training	Reports from DTI, DOLE, NWPC, DOST, TESDA, UP-ISSI	55% of 402 respondents trained	100% of the enrolled WMEs provided with appropriate capacity dev't activity	76.56% of the enrolled WMEs were capacitated	141.88% of the actual enrolled WMEs were trained (this includes the unique entries from DOST, PTRI, DA, and PhilMech)	90.73% of the actual enrollees received capacity dev't activities	60.07% of the actual enrollees were provided with capacity dev't activities (reported figure was incomplete as there are still additional submissions of accomplishments)	65.7% of the actual enrollees were provided with capacity dev't activities (three partner agencies were not able to submit their reports)	Baseline Study for the Supporting Women's Economic Empowerment in the Philippines Project, 2017-2021 Annual Reports, and 2021 Mid-year Report
Labor force participation rate, female (% of female population ages 15+) in MSME enterprises	A survey conducted by PSA, DOLE	---	---	---	---	---	---	---	

¹¹ The CPBI was conducted in 2018 instead of the ASPBI. The indicator is currently being estimated from the results of the 2018 CPBI. This will be provided once available.

Notes:

- Labor productivity is computed based on the Total Value Added over the Total Employment (TE) of establishments with TE of 1 to 199.
- MSME classification based on total employment of establishments was considered in the survey design of the Annual Survey of Philippine Business and Industry (ASPBI) starting with the 2019 ASPBI. Previous ASPBI rounds utilized the size of establishments using total employment in computing for labor productivity.
- Baseline percentage decrease computed with respect to 2015 ASPBI.
- Percentage increase was computed with respect to 2016 ASPBI (baseline).

Sources: Philippine Statistics Authority

- 2015 Annual Survey of Philippine Business and Industry, Final Results
- 2016 Annual Survey of Philippine Business and Industry, Final Results
- 2017 Annual Survey of Philippine Business and Industry, Final Results
- 2019 Annual Survey of Philippine Business and Industry, Final Results
- 2020 Annual Survey of Philippine Business and Industry, Preliminary Results

Labor force participation rate for ages 15-30 (youth). Total (%)	Reports from PSA, DOLE	---	---	---	---	---	---	---	
Number of training programs provided to MSMEs (including women and youth)	Agency submissions under the MSMED Plan Monitoring Report, DTI-RGMS, PCW, NYC, DepEd	318	11,984	735	822	942	9,102	6,415	
Number of MSMEs (including women and youth) trained	Agency submissions under the MSMED Plan Monitoring Report	6,063	86,790	10,777	10,992	57,413	108,467	107,906	

Table 5: MSMED Plan 2017-2022 Technology and Innovation KPIs

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS					REMARKS
				2017	2018	2019	2020	2021	
Number of new and innovative common service facilities established	Number of SSFs	554	346	29	131	226	205	377	
	Number of FabLabs	9	---	1	5	10	6	8	
	Number of Food Innovation Centers	17	---	16	---	---	---	---	
	Number of SETUP	4,500	4,200	790	772	784	624	809	
Percentage increase of MSME investments in technology and innovation based on SETUP (iFund) report	Agency submissions under the MSMED Plan Report / DOST	PhP3.294B	PhP5B	PhP766M	PhP747M	PhP820M	PhP499M	---	
Percentage increase of MSME investments in technology and innovation – SSF Project	SSF Reports (SSF PMU Consolidated SSF reports based on DTI-ROs submitted monthly reports/ DTI)	PhP379.05M	PhP461.96M	PhP27.14M	PhP148.42M	PhP337.98M	PhP354.08M	PhP351.48M	

Table 6: MSMED Plan 2017-2022 Access to Market KPIs

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS					REMARKS
				2017	2018	2019	2020	2021	
Number and percentage of MSMEs participating in global value chains increased	Direct Exports (intermediate goods only)	---	---	---	---	---	---	---	
	Sales to exporters	---	---	---	---	---	---	---	
	Contract and Commission work done for others	---	---	---	---	---	---	---	
Amount and percentage increase in amount of domestic sales	Value of domestic sales (PSA/CDA/BIR)	PhP82.14B	---	---	---	---	---	---	
	Programs of agencies: - Trade Fairs, Go Lokal, Presence of SME products in retail outlets, etc	---	---	PhP109.93M (total sales from Trade Fairs) PhP13M (Go Lokal! Sales) PhP531.26M (OTOP)	PhP192.05M (Total Sales from Domestic Trade Fairs) PhP78.5M (Total Sales from Go Lokal! Sales) PhP819.50M (OTOP)	PhP194.37M (Total Sales from Domestic Trade Fairs) PhP204.46M (Total Sales from Go Lokal! Sales) PhP1,389.50M (OTOP)	PhP77.03M (Total Sales from Go Lokal! Sales) PhP356.7M (DC) PhP1,813.83M (OTOP) <i>All trade fairs were cancelled due to COVID-19 pandemic</i>	PhP24.66M (Total Sales from Domestic Trade Fairs) PhP56.26M (Total Sales from Go Lokal! Sales) PhP148M (DC) PhP2,150.38M (OTOP)	
Amount and percentage increase in amount of export sales	Value of export sales	US\$14.35B and (2.4%) GR	---	US\$17.18 B and +19.7% GR	US\$17.33 B and +0.9% GR	---	---	---	

	Number of MSMEs engaged in export sales	5,048	---	5,444	5,146	---	---	---	
Number of enterprises with online presence or participating in Marketplaces	(PSA (ASPBI) / EMB (Tradeline) / PHILEXPORT)	---	---	---	---	---	---	---	
	PBR (companies with websites)	---	---	---	---	---	---	---	
Percentage share of SMEs' contribution to national exports	PSA/BSP, EMB, BOI, PHILEXPORT	25%	---	25%	25%	---	---	---	
Percentage of SMEs with invetsment overseas	DTI FTSC/PITC, PFA, DA Attaches	---	---	---	---	---	---	---	

PREPARED BY:

