



Annual Report

MSMED Plan 2017–2022

2022

MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT PLAN 2017-2022

January – December 2022 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/>

DTI HIGHLIGHTS MSME RESILIENCE IN THE DIGITAL ECONOMY DURING THE NATIONAL MSME WEEK 2022

The Micro, Small and Medium Enterprise Development Council (MSMEDC), through the Department of Trade and Industry (DTI), in cooperation with the Philippine Trade and Training Center – Global MSME Academy (PTTC - GMEA), organized a 5-day virtual celebration of the National MSME Week 2022 (NMW 2022).

The week-long online activities of the NMW 2022, which were held on 11-15 July 2022 via Zoom and Facebook Livestream, is guided by the theme, *"RISE MSMEs in the Digital Economy: Resilient, Innovative, Sustainable, and Empowered"* which underscores MSME resilience and how the pandemic highlighted the vital role of e-commerce in their entrepreneurial journey.



It also featured how the government agencies and private sector are directing their efforts in steering the country towards a gradual and sustainable path to economic recovery.

"This year's celebration of the National MSME Week is an affirmation of the government's commitment to continue to help boost the Pinoy MSMEs to thrive and expand in an increasingly global and competitive e-commerce industry brought by the COVID-19 pandemic. We will continue to empower the MSMEs and maximize their strength to become more competent and resilient as they embrace

the opportunities and challenges the new and better normal," said DTI Regional Operations Group (ROG) Undersecretary Blesila A. Lantayona.

Online info sessions were organized daily to feature various programs and initiatives being implemented by government and private sectors in order to achieve the five (5) strategic goals of the MSME Development Plan 2017-2022 on Business Climate, Access to Finance, Management and Labor Capacities, Technology and Innovation, and Access to Markets.

Day 1 featured the Philippine Business Hub (PBH, formerly known as Central Business Portal), a single site for all the business-related information which aims to streamline the registration of business, renewal of permits and other activities through online transactions. Further discussion on the PBH was provided by Undersecretary Ernesto Perez, the OIC and Deputy

Director General for Operations of the Anti-Red Tape Authority (ARTA). The session also highlighted the Negosyo Central Online Portal, various e-commerce audio-visual presentations (AVP), and a teaser video about the upcoming launch of the Barangay Micro Business Enterprise (BMBE) Online Registration System or BMBE-ONLINE where microentrepreneurs may register or renew their BMBE Certificate of Authority (CA) online anytime, anywhere.

Day 2 highlighted a webinar entitled, Innovation and Business Models for MSMEs which is presented and discussed by Mr. Josiah Go, the Chairman and Chief Innovation Strategist of Mansmith and Fielders Inc. Mr. Go emphasized the 11 business models that should be identified and followed by MSMEs in order to innovate their business operations and be ready for any challenges that the entrepreneurs may face. This day also highlighted the Productivity Toolbox of the National Wages and Productivity Commission (NWPC) which provides training programs and technical assistance to improve the capability of enterprises and motivation them to adopt productivity technologies for continuous improvement toward enterprise development and growth.

On the third day of the NMW 2022, it featured the webinar conducted by Norde International Distributors and Accelerating Makers entitled Upscaling the Wearables Industry through Digital Fabrication (DigiFab). It presented the different digital fabrication technologies and how this support the design and product development of the wearables sector. With the changing global demands, finding fashion technology is essential in keeping the sector competitive.

Day 4 highlighted the new program of Small Business Corporation (SB Corp.), Resilient, Innovative and Sustainable Enterprises, Unleash your Powers (RISE UP), a loan program that aims to sustain the gains of MSMEs that have survived the past two years of crisis, by providing credit that have soft loan terms and can be easily accessed. This program includes three financing programs for MSMEs, namely, including RISE UP Multi-Purpose (for all MSMEs including existing current borrowers of SB Corp.), RISE UP Turismo Loan (for MSMEs engaged in tourism activities regardless of accreditation), and RISE UP Tindahan Loan (for owners of sari-sari and retail stores, dealers and distributors under the network of partner FMCGs or the Fast-Moving Consumer Goods).

Lastly, Day 5 emphasized the importance of facilitating digitalization for MSMEs to access domestic and global markets. It showcased the ASEAN Access, an online portal serving as a first port of call for ASEAN SMEs and other businesses for information on trade and other opportunities for market access in the region. It also provides businesses interested in the ASEAN region with support services necessary to penetrate new markets. The last day of NMW 2022 also featured the partnership between DTI and Pilipinas Shell Petroleum Corporation (PSPC) which aims to provide MSMEs and beneficiaries of the OTOP Program an additional

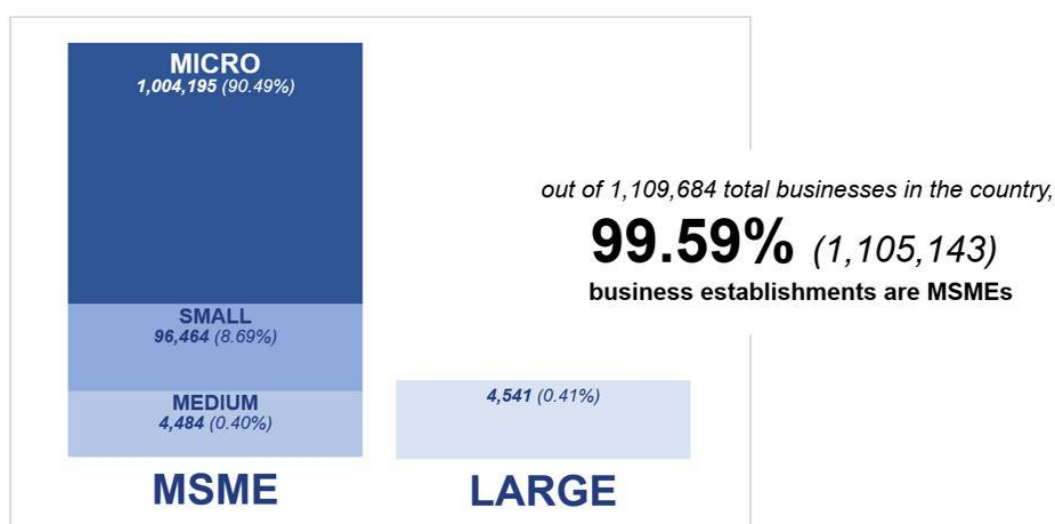
physical channel and market access platform where OTOP products may be sold on a day-to-day basis. OTOP products in Shell Mobility Stations was piloted in Shell Marilao, Bulacan in Central Luzon last May 2021. With more than 1,000 Shell mobility stations nationwide, it aims to extend the project to the areas of NCR, CDO, Davao, Cebu, Bulacan, Cavite, Laguna.

Pursuant to Magna Carta for MSMEs, the second week of July has been declared as National MSME Week in order to institute continuing awareness of the primacy of small business in nation-building and in people empowerment, and to celebrate and espouse the firm commitment of the State in the promotion, growth and development of small business.

More than 43,000 viewers online have participated and joined the discussion during the online celebration of the NMW 2022. To access the livestreamed videos, you may visit the DTI Philippines Facebook page.

MSME SECTOR PERFORMANCE IN 2022

The 2022 List of Establishments (LE) of the Philippine Statistics Authority (PSA)² recorded a total of 1,109,684 business enterprises operating in the country. Of these, 1,105,143 (99.59%) are MSMEs and 4,541 (0.41%) are large enterprises.



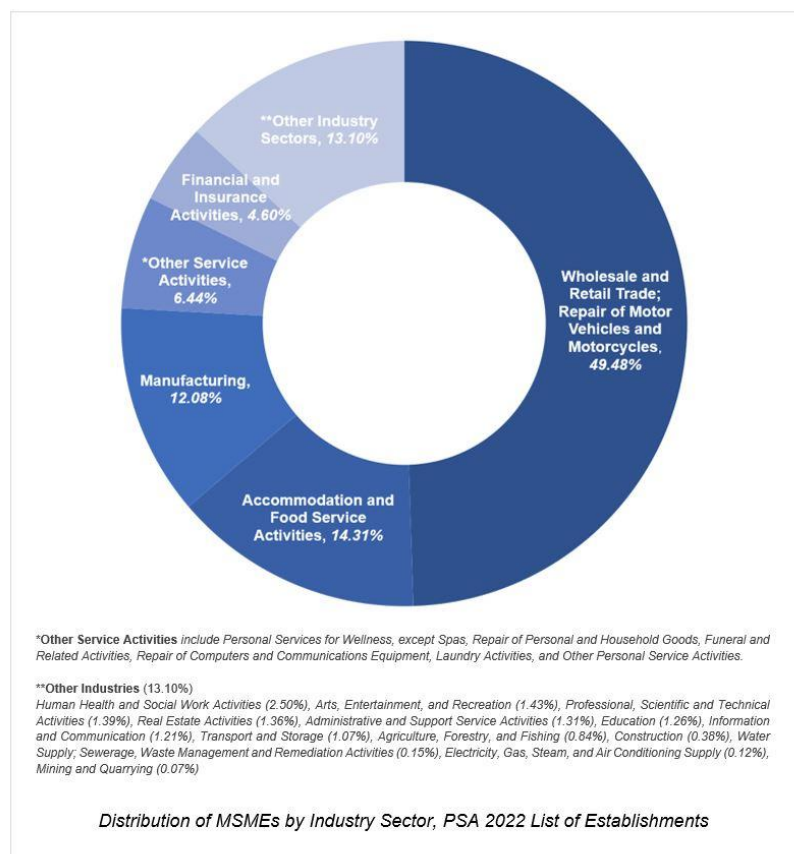
Number of Establishments, PSA 2022 List of Establishments

Micro enterprises constitute 90.49% (1,004,195) of total establishments, followed by small enterprises at 8.69% (96,464) and medium enterprises at 0.40% (4,484).

² [MSME Statistics from the Philippine Statistics Authority \(PSA\)](#)

The majority of the MSMEs can be found in the National Capital Region (NCR) with 204,844 (18.54%) business establishments, Region 4-A (CALABARZON) with 163,710 (14.81%), Region 3 (Central Luzon) with 139,912 (12.66%), Region 7 (Central Visayas) with 79,689 (7.21%), and Region 6 (Western Visayas) with 75,553 (6.84%). These top five (5) locations accounted for about 60.06% of the country's total number of MSME establishments. The regional concentration of MSMEs is largely associated with economic activity and population size.

The top five (5) industry sectors according to the number of MSMEs in 2022 were: (1) Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (546,863); (2) Accommodation and Food Service Activities (158,113); (3) Manufacturing (133,504); (4) Other Service Activities (71,145); and (5) Financial and Insurance Activities (50,782). These industries accounted for about 86.90% of the total number of MSME establishments.



Collectively, these MSMEs generated a total of 5,607,748 jobs or 65.10% of the country's total employment. Micro enterprises produced the biggest share (32.69%) closely followed by small enterprises (25.35%) while medium enterprises lagged behind at 7.06%. Meanwhile, large enterprises generated a total of 3,006,821 jobs or 34.90% of the country's overall employment.

In terms of regional distribution, the majority of jobs are generated by MSMEs in the National Capital Region (NCR) with 1,426,870 jobs; followed by MSMEs in Region 4-A (CALABARZON) with 815,616; Region 3 (Central Luzon) with 638,470; Region 7 (Central Visayas), 443,031; and Region 6 (Western Visayas), 353,126.

By industry sector, MSMEs in the Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles sector generated the most number of jobs with 2,366,256 followed by Manufacturing (1,529,913), Administrative and Support Service Activities (1,247,578), Accommodation and Food Service Activities (727,663), and Financial and Insurance Activities (442,555).

The MSME Development 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)

Amidst the immense challenges posed by the COVID-19 pandemic, there has been a noteworthy improvement in the country's business landscape. Efforts have been made at both the national and local levels to create an environment conducive to business, aiming to facilitate the establishment and expansion of MSMEs.

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	<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 manufacturing	<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

a business	<ul style="list-style-type: none"> • Implement the Ease of Doing Business Law 	
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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 having their business names registered, the DTI continued to effect measures to reduce business name registration processing time. In 2022, a total of 937,492 business name registrations have been recorded, of which 832,105 or 89% were new and 102,150 were for renewal. Most BN registrations were processed within 15 minutes.

Launched of the Philippine Business Hub. Under the law, a Central Business Portal (CBP) is created by DICT to serve as a central system to receive applications and capture application data involving business-related transactions. It was launched as the Philippine Business Hub (PBH) last 20 June 2022 at the Quezon City Hall.



Through the establishment of the PBH, the length of days for registering businesses was reduced from 33 days and 13 steps to only three days with six steps. ARTA is aiming to further reduce this period to a single day.

Since its launch in January 2021, the services of at least 1,662 corporations and government agencies have been integrated into the PBH. The table below provides the status of the corporations and agencies integrated into the PBH based on the data received by ARTA as of June 2022.



Type	Number
Corporation Registered	1,308
Sole Proprietorship Registered	61
LGUs Hyperlinked	268
LGUs Integrated	18
Primary Agencies	6
Secondary Agency	1

Over 900,000 clients are assisted by Negosyo Centers. In 2022, 28 new Negosyo Centers (NC) were established contributing to a total of 1,355 NCs established nationwide including BARMM. Out of the total NCs, 503,900 MSMEs were assisted and 990,041 clients were served. These NCs are one-stop shops that provide business registration assistance, business advisory services, business information and advocacy, and other functions that may be assigned by the MSMED Council relevant to the Go Negosyo Act and other related laws.

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

Micro business registration made easier, now online. To improve ease of doing business by streamlining and automating key services which is pursuant to the Republic Act No. 11032 or the Ease of Doing Business Law, the DTI launched the Barangay Micro Business Enterprise (BMBE) - Online. The online platform was implemented in October 2022 to allow efficient, fast and remote application and automated processing for BMBEs anytime, anywhere.

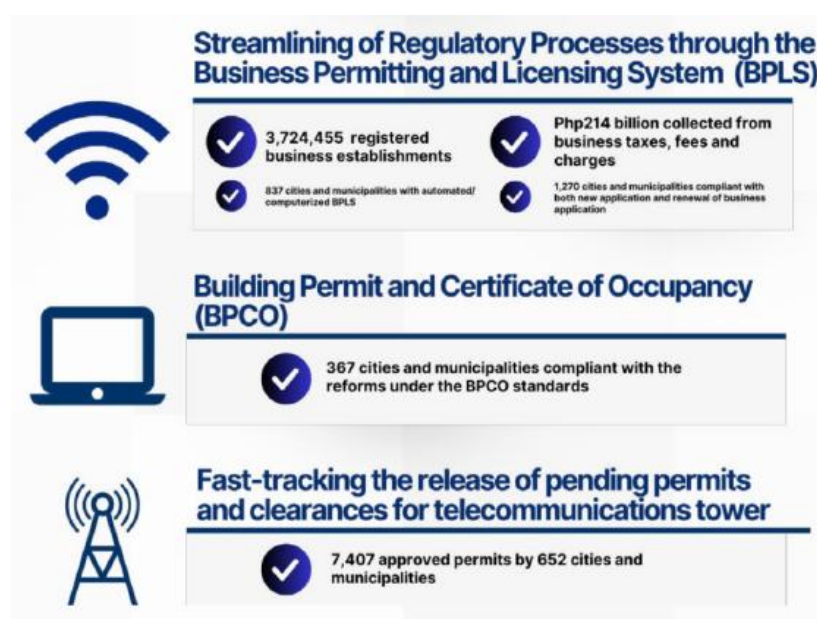
The BMBE-ONLINE is a web-based mechanism which allow remote application and automated processing for BMBEs. The portal aims to: (1) make available the BMBE registration and renewal process online 24/7; (2) provide a more convenient application process, and; (3) ensure faster processing of application.

Through the NCs and the recently launched BMBE Online, more than 60,021 Barangay Micro Business Enterprises (BMBE) have been registered to avail of the benefits under R.A. 9178 or the BMBE Act of 2002. 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.

DTI moves to allow 100% WFH setup for BPOs. The IT-BPM/BPO sector has become one of the key industry players in generating employment for the Filipino people over the years. Upon the onset of the COVID-19 pandemic, IT-BPM companies successfully shifted their operations to a more mobile and flexible work-from-home (WFH) setup to continuously provide employment despite the lockdowns. In the post-pandemic era where establishments and pre-pandemic office protocols are gradually being imposed, the DTI, through its attached agencies BOI and PEZA, moved to allow PEZA-registered BPO companies to maintain their 100% WFH setup and continue enjoying tax perks, provided that these entities will transfer their registration to the BOI. The DTI assured that the transfer process from PEZA to BOI would be seamless and effective.

DILG implements EODB Program to LGUs. Through the Improving LGU Competitiveness and Ease of Doing Business (EODB) Program, the DILG advocated and helped LGUs comply with the provisions of the law through the issuance of key policies in partnership with concerned NGAs and other key partners, to increase private sector participation in the delivery of basic services to the people.



Regulatory Simplifications for Local Governments (RS4LG). DILG's RS4LG is a complementary intervention that intends to improve the competitiveness and ease of doing business at the local level by assessing their regulatory processes affecting the business permitting and licensing systems (BPLS) and procedures to determine areas of improvements.



To stock-take all LGU policies and regulations on EODB, the DILG initiated the implementation of the Regulatory Reform for LGUs Information System (RR4LGUsIS). RR4LGUsIS is a web-based application that provides information on all existing business or non-business related regulations and issuances of LGUs that are collated and integrated into one database to provide access and serve as repository database of policies, issuances, and regulations that exist from the oldest to the most current that have been amended, repealed, and consolidated.

Compliance of Local Government Units (LGUs) with the implementation of Electronic Business One-Stop Shop (eBOSS). The table below provides the status of compliance of LGUs based on the submissions received by the Authority, and data coming from the Department of the Interior and Local Government (DILG).

Type of Submission	Source		Reconciled Data	Remarks
	ARTA	DILG		
LGU with Automation	522	621	784 (48%)	*As of data: ARTA Data – as of 20 June 2022 DILG data – as of 4 th quarter data (December 2021) -Partial *LGU Universe: DILG universe – 1516 (Excluding BARMM) ARTA universe – 1634 cities/municipalities
LGU without Automation (based on the received Letter of Explanation* of ARTA)	703	594	699 (43%)	
No Submission	409	419	151 (9%)	
TOTAL	1,634			

At least 922 LGUs are also currently using the Integrated Business Permitting and Licensing System which was donated for free by the DICT.

Strengthening the Creatives Industry through the PCIDA. The Philippine Creatives Industry Development Act or PCIDA lapsed into law on 28 July 2022, creating enormous opportunity for the growing creatives industry in the Philippines, particularly by protecting and strengthening the rights and capacities of artists, artisans, creators, creative firms and creative workers, indigenous cultural communities, creative content providers, and other relevant stakeholders. The law provides the necessary support and measures to the creative industries which currently endure numerous constraints to growth, specifically high output costs, fragmented education systems, lack of data and statistics, underdeveloped branding and infrastructure, piracy issues, and wide skill gaps and mismatch, among others.

To fortify the law, DTI Secretary Alfredo Pascual spearheaded the signing of the Implementing Rules and Regulations (IRR) of PCIDA. With the signed IRR, the DTI anticipates to advance PH's efforts in executing the PCIDA, particularly in enabling the creative industries to be a fundamental driver of the Philippines' post-pandemic economic recovery.

Among the features of the law is the establishment of the Philippine Creative Industries Development Council (PCIDC) which will be led by the DTI Secretary, supported by other relevant government agencies and private sector representatives. The PCIDC, aside from overseeing the implementation of the law, will also develop the Philippine Creative Industries Development Plan (PCIDP) to further address the concerns and issues surrounding the creative ecosystem such as infrastructure, research and development, innovation, digitalization, financing, investment, and education.

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

Establishment of the Philippines Ease of Doing Business Reporting System. The World Bank Group's (WBG) Doing Business Survey initially measured ease of doing business across 190 nations. The Philippines, upon creation of ARTA leaped from 124th to 95th in 2020 before it was discontinued.

The Philippine EODB Reporting System is a version of the World Bank Group's (WBG) Doing Business (DB) Report that employs the use of a localized methodology and criteria that is more tailored fit to the Philippine setting.

ARTA initiated talks on the creation of the reporting system after the WBG discontinued its DB Report following incidents of data irregularities in 2018 and 2020.

It will measure the quality of regulatory practices of government agencies in relation to their adoption of the 10 Philippine Good Regulatory Principles. It will also measure the compliance of government agencies with the provisions of Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

For its pilot implementation, it will initially be anchored on the DB Report's methodology, scoring system and assumptions; and will be supported by the PGRP, a set of guidelines and core principles on how to promote proportionate, consistent, accountable and targeted regulations through effective dialogue between regulators and regulated entities. The proponent agencies are currently in the process of signing the JMC.

Agreements reaches for the 3-year logistics plan. The DTI signed three agreements with the Department of Transportation (DOTr) and the Department of Public Works and Highways (DPWH) to improve logistics efficiency in the country. The agreements will renew and reformulate the working arrangement between DTI and DPWH on the planning, budgeting, implementation, and monitoring of road projects, enhancing food security and improving the movement of cargo in the country.

Under the new Memorandum of Agreement, the ROLL IT Program shall be reformulated to ROLL IT 2.0 – Logistics Efficiency and Transport Seamlessness to Enhance Agribusiness Trade (LETS EAT Program) – that is highly focused on improving road infrastructure along truck routes which are used to transport food and agribusiness products to markets, manufacturing centers, ports and airports, and logistics facilities such as warehouses and cold chain storages. A similar convergence program was also signed on Logistics Efficiency and Transport Seamlessness for Growth Outcomes (LETS GO) that will identify logistics-related infrastructure such as ports, airports, rails that the DOTr will prioritize and implement to help increase trade, reduce logistics costs, and improve efficiency.



Lastly, the DTI-FTEB and DOTr-CAB also teamed up to reduce the processing time, documentary requirements and fees on sea and air freight accreditation. Through the harmonization of policies relative to sea and air freight accreditation, the implementing agencies hope to further improve trade practices by aligning their programs with the standards set under RA 11032 or the Ease of Doing Business Act.

PH moves higher in the 2022 Network Readiness Index. Released by the Portulans Institute, a Washington DC Board think tank, the Network Readiness Index (NRI) report for 2022 showed a drastic improvement in the ranking of the Philippines. From being the 83rd country in 2021,

the Philippines moved by 12 notches, ranking 71st in the 2022 report – cited as the biggest mover of the year.

Per the report, the Philippines performed considerably well on e-commerce legislation, high-tech exports, and ICT services exports. The country also ranked 5th among 36 lower middle-income economies included in the report, outperforming in ten sub-pillars: access, content, future technologies, individuals, governments, trust, regulation, inclusion, economy, and quality of life. Accordingly, the report mentioned that PH's main strength is impact, and technology is the country's greatest scope for improvement.

Relative to e-commerce development, the DTI has several initiatives on the pipeline such as the enactment of the proposed Internet Transactions Act (ITA) and amendments to the E-Commerce Act. Apart from legislative priorities, the department is also committed to addressing the upskilling and reskilling of human capital and businesses, automation of government processes, and formulation of a more inclusive E-Commerce Philippines Roadmap 2023-2025.

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 financial programs thru SB Corporation. 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. As of 31 December 2022, the SB Corporation downloaded a cumulative amount of PhP13.4 billion loans to 308,092 distinct MSMEs in partnership with 441 partner conduits.

In light of the COVID-19 pandemic's aftermath, SB Corporation has also rolled out its new flagship program named RISE UP (Resilient, Innovative, and Sustainable Enterprises, Unleash your Powers) to transition government response from the provision of emergency liquidity support (under the Bayanihan CARES Program) to the offering of structural support measures and broader long-term recovery packages. From the program's initial launch in May 2022, the SB Corporation was already able to release PhP739.4 million worth of loans to 4,009 MSMEs.

Program	Total Amount Released (in PhP)	Number of Enterprises
<i>RISE UP Multi-Purpose</i>	685,675,220	3,896
<i>RISE UP Turismo</i>	21,713,577	89
<i>RISE UP Tindahan</i>	32,044,339	29
TOTAL	739,433,137	4,009

RISE UP Loan Program Status as of December 2022

Apart from these two programs, SB Corporation has also offered other lending facilities to support the recovery and rehabilitation efforts of the government. The HEROES (Helping the Economy Recover Thru OFW Enterprise Startups) Program, which aims to help repatriated and returning Overseas Filipino Workers (OFWs) who want to start their own business, released around PhP58.2 million worth of loans to 1,060 MSMEs. On the other hand, the Odette Enterprise Rehabilitation Facility (ERF) Program, which intends to support businesses affected by the onslaught of Typhoon Odette, released around PhP281.2 million worth of loans to 4,051 MSMEs.

To further expand its market reach, SB Corporation partnered with various government and private institutions. SB Corporation signed a memorandum of understanding with the Province of Cebu to extend the RISE UP Loan Program to qualified MSMEs under Cebu's Enhanced Countryside Development Program. To increase loan collection efficiency, SB Corporation partnered with the Philippines' leading e-wallet service, G-CASH and the Universal Storefront Services Corporation (USSC).

Guidelines for the Startup Venture Fund (SVF) Program was signed. 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. Pursuant to the Innovative Startup Act (Republic Act No. 11337, the SVF aims to provide equity financing to qualified innovative startup businesses and enablers. This

program will also provide financing options and other value-add benefits to qualified startups to develop the country's startup ecosystem.

To start the implementation of the fund, the SVF Guidelines were approved by the NDC Board and signed in March 2022. Meanwhile, NDC proposed to amend the existing framework to streamline the processes and ensure a more efficient and timely implementation of the fund. The proposed changes in

the organizational structure, funding mechanism, accreditation and investment processes, and fund allocation were endorsed to the NDC Board in the latter part of 2022 (eventually approved by the Board on January 11, 2023).



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 2022, partners sign a Memorandum of Agreement (MoA) which defines the role of each party in the program. The participation is voluntary, and the program's success is a result of the committed support of the big and small brothers. CDA's Regional Extension Offices provide technical support to ensure its successful implementation.

Diskartech: CDA-RCBC Partnership. The CDA-Rizal Commercial Banking Corporation (RCBC) Partnership, dubbed as "Madiskarteng Pilipino, Madiskarteng Kilusang Kooperatibismo," aimed to digitize cooperatives nationwide, providing access to appropriate, affordable, and timely financial products and services, especially for those in unbanked areas.

The partnership introduced Diskartech, a digital banking mobile application that enables participating cooperatives and other businesses to disburse their loan proceeds, dividends, and other digital payments digitally. This additional service for cooperative members also generates additional revenue for the cooperatives by serving as a bill payment, money transfer, and withdrawal facility.

Launch of CDA's Electronic Cooperative Clinique Program (E-CoopCLiP). To further extend technical assistance to cooperatives and stakeholders, the Electronic Cooperative Clinique Program (E-CoopCLiP) was launched. E-CoopCLiP serves as a virtual platform, delivering internet-based technical assistance and providing citizen-centric support. This program aims

to bring services closer to the clientele and enhance public satisfaction. A successful pilot activity was conducted on October 10, 2022.

Agricultural Credit Programs. The DA, through the Agricultural Credit Policy Council (ACPC), implements credit programs that aim to empower SFFs, and micro and small agri-fishery enterprises (MSEs) through the provision of accessible, affordable, and adequate credit support and services. These include financing for agri-fishery enterprises through the AgriNegosyo (ANYO) Loan Program and the Kapital Access for Young Agripreneurs (KAYA) Program that provide affordable loans to SFFs and MSEs to finance their income-generating agri-fishery activities and working capital and/or fixed asset acquisition requirements.

In addition, ACPC also implements financing programs for emergency and recovery through the various credit facilities under the Survival and Recovery (SURE) Loan Assistance Program. SURE is a quick-response, post-disaster survival and recovery loan assistance that aims to support the immediate rehabilitation of agricultural and livelihood activities of farmers and fishers affected by environmental and economic shocks such as typhoons, volcanic eruptions, pest and diseases, and market shocks, including the pandemic.

Aside from the regular SURE Program, ACPC also implements the Expanded SURE Aid and Recovery Project (SURECOVID-19) which provides SFFs and MSEs affected by the COVID-19 pandemic with working capital for food production, delivery, marketing, and other supply chain activities.

In 2022, a total of 61,593 SFFs and 164 MSEs and group borrowers were provided with PhP2.3 billion in loans under the aforementioned ACPC credit programs. Moreover, a total of 3,885 individuals, 124 MSEs, and SFF members of 109 organizations were trained and capacitated through the conduct of 563 training sessions on business and strategic planning; business registration; financial literacy; sustainable enterprise management; resource generation and mobilization; and credit management, among others.

Financial Education. The BSP persistently advocates for economic and financial literacy. In 2022, the Bank initiated four learning programs and nine learning sessions in coordination with its partners. It also granted 19 webinar requests from various schools, government agencies, and private institutions.

To widen the scale and reach of its learning initiatives, the BSP innovated and shifted to online modes of delivery. In November 2022, the Bank led the virtual Financial Education (FinEd) Stakeholders Expo. The expo featured seven virtual learning sessions, which attracted over 91,000 views on the BSP and PisoLit's Facebook pages.

As convenor of the FSF–Consumer Protection and Education Committee, the central bank held four webinars about the Personal Equity and Retirement Account. The webinars were attended by over 500 employees from the Department of Science and Technology (DOST), the Department of Education (DepEd), the Armed Forces of the Philippines (AFP), and the CSC.

In addition, the BSP organized 14 virtual financial literacy sessions that targeted beneficiaries from government and private institutions. A series of training of trainers for partner agencies was likewise conducted, gathering a total of 554 participants.

The BSP also brought its FinEd programs closer to the people through the Regional Macroeconomic Conference Series (RMCS) held in Mindanao and North Luzon. The RMCS serves as a venue for stakeholders to better understand fundamental central banking concepts. This enables them to solicit inputs that can aid in decision formulation, as well as in monetary and financial policymaking. The virtual RMCS events were attended by almost 560 participants from the business sector, banks, pawnshops, government agencies, and the academe.

Further, the BSP conducted a face-to-face lecture for market vendors and section heads in Baguio City to encourage the adoption of cashless payments through the Paleng-QR Ph program.

In June 2022, the BSP forged partnerships with (1) DTI, together with private-sector partners BDO Foundation, Meta, and Bayan Academy, for a financial literacy program for MSMEs and DTI personnel; and (2) DA-ACPC, together with the BDO Foundation, for the development of an interactive FinEd game for its credit beneficiaries in the agri-fishery sector.

Under its partnership with BFAR and BDO Foundation, the BSP developed the gameplay, tools, and framework for monitoring and evaluation of “Fish N’ LEarn.” An innovative FinEd game for fisherfolks, “Fish N’ LEarn” was launched in May 2022, the Farmers and Fisherfolks’ Month. In September of the same year, BFAR bestowed the *Gawad ng Pagkilala* Award to the BSP for the game, recognizing its contribution and support to the institution’s programs and advocacies for the fisheries sector.

To augment its economic and financial literacy efforts, the BSP maintained its engagement with the Knowledge Resource Network (KRN), using different media. The central bank conducted electronic-learning sessions and distributed electronic copies of the KRN Newsletter. Updated editions of printed BSP publications were also provided to KRN partners, which are composed of LGUs, SUCs, and private academic institutions nationwide.

Microfinance: An essential source of credit for the entrepreneurial poor. Microfinance in the banking sector has developed significantly over the years and is demonstrating resilience

from the impact of the COVID-19 pandemic. In the first three quarters of 2022, microfinance loans grew by roughly 1.0 percent.

BSP has rolled out the first Digital Financial Inclusion Awards (DFIA) in March 2022. Twenty-four outstanding microentrepreneurs were recognized for their successful adoption of digital solutions in their businesses, while four microfinance institutions were acknowledged for their pursuit of digital innovations to improve financial services amid the pandemic. The DFIA is a redesigned and updated version of the Citi Microentrepreneurship Awards, which the BSP supported since the program's inception in 2002.

Supported the MSMEs through the CSF. In line with the Credit Surety Fund Cooperative Act of 2015 (Rep. Act No. 10744), the BSP continually provides capacity-building activities for credit surety fund (CSF) cooperatives. For 2022, the central bank procured the training services of Spartan Allied Services Management, Inc., which provided five webinar sessions to registered CSF cooperatives. This is in addition to the webinars facilitated by the Bank in collaboration with other government agencies, which focused on the NSFI 2022–2028, inclusive digital finance, and credit data submission. An aggregate of 454 participants attended the webinar sessions.

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 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 BSP has engaged with six participating banks for the AVCF Pilot Project.

DBP Response to accelerate MSME Recovery. The DBP RESPONSE-MSME RECOVERY to accelerate MSME Recovery is a program offering concessional interest rates and flexible terms to MSMEs affected by the COVID-19 pandemic particularly those engaged in agri-fishery and non-essential businesses, including start-ups and cooperatives. The program aims to contribute to the broader economic recovery by preserving jobs, sustaining supply chains, and fostering entrepreneurship.

As of December 2022, the initiative has disbursed a cumulative amount of PhP4.4 billion, directly benefiting 77 MSMEs and 46 financial institutions. These financial institutions, in turn, extended loans to a total of 252 MSMEs and 184 Agri-preneur sub-borrowers.

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.

The program has cumulatively released a total of P39.17 billion in loans as of December 2022. A significant portion of these loans were released to support projects in the production of oil palm, followed by banana and other fruits. A total of 1,044 borrowers across the country have availed of the program.

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 2022, the program has assisted 72 small farmers and fishers/SMEs with total loan releases amounting to PhP34.25 million.

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 2022, the LBP has extended sub-loans amounting to PhP2.27 billion, with 325 loan accounts, which generated a total agribusiness investment of PhP2.84 billion, 249 jobs, and benefited 4,525 women.

Implement Systems Standardization issues

Standardization of Business Loan Application Form (SBLAF). The BSP established a technical working group (TWG), composed of industry associations and government institutions, tasked to develop a standard business loan application form (SBLAF). The standardized form streamlines the loan application process, making it more accessible for MSMEs. Following the standard internal policy development process and formal industry exposure, the Bank issued Circular No. 1156 on 30 September 2022, requiring banks and other supervised institutions to adopt the prescribed template for loan applications.

Paleng-QR Ph Plus. The Paleng-QR Ph program was formally launched in June 2022 with the BSP and the Department of the Interior and Local Government's issuance of a joint

memorandum circular (JMC) enjoining all local government units (LGUs) to implement the program based on the guidelines provided. The program aims to promote financial inclusion and cashless transactions in public markets, community shops, and local transportation by capitalizing on the QR Ph initiative of the BSP.

Under the Paleng-QR Ph program, LGUs are expected to issue an ordinance promoting cashless payments by mandating and incentivizing the use of QR Ph digital payments by market vendors and tricycle operators and drivers (TODA). The program also includes



onboarding market vendors and transport providers to transaction accounts, which would not only provide them with the means to accept QR payments but also give them access to other financial services, such as formal

credit. As part of the program, financial education modules are likewise conducted for these target segments to enable them to maximize the use of their transaction accounts. Another program component is the account opening day, which LGUs organize with the help of financial service providers participating in the QR Ph initiative.

In November 2022, the Paleng-QR Ph Plus program branding was introduced. The use of “Plus” aims to capture the broader target market of the program, expanding digital payment acceptance in every city and municipality in the country. It also better reflects the coverage of LGU ordinances to include other business establishments, which is in addition to market vendors and TODA as specified in the JMC.

A total of eight LGUs issued ordinances on the implementation of the Paleng-QR Ph program in 2022. These include the city governments of Baguio, Davao, Tagbilaran, Lapu-Lapu, Naga, Pasig, Antipolo, and Alaminos.

Combined PESONet and InstaPay transactions went up by 21.0 percent in volume and 37.0 percent in value as of end-2022 compared with 2021.⁸⁶ The volume and value of InstaPay transactions already surpassed automated teller machine (ATM) withdrawals for 2022.⁸⁷ In terms of the number of participating payment service providers (PSPs), PESONet participants rose to 104, while InstaPay participants increased to 77. The diverse participation of banks—including TBs, RBs, and digital banks—as well as non-bank electronic money (e-money) issuers indicate the widening reach of interoperable digital payment services across regions and income classes in the country.

The widespread adoption of digital payments made through PESONet and InstaPay gave impetus to other digital payment streams—EGov Pay and QR Ph. Using the PESONet rail, EGov Pay is an electronic payment facility that allows individuals and businesses to digitally

pay taxes, licenses, permits, and other obligations to the government. As of end-September 2022, 557 government agencies have already been onboarded to the EGov Pay facility, compared with 445 in end-2021 and with only two in 2019, which was the year it was launched.

Meanwhile, the InstaPay rail facilitates quick response (QR) code-aided payments using the National QR Code Standard, called QR Ph. This improves the accessibility, convenience, and safety of QR-enabled payment and financial services. QR Ph was first launched by the BSP in November 2019 for P2P payments, primarily catering to remittances and transactions within the informal sector. The volume of QR Ph P2P payments surged by 100.0 percent, doubling from 1.1 million transactions in 2021 to 2.2 million transactions in 2022. Over the same period, its value grew by 104.0 percent, from ₱11.1 billion to ₱22.6 billion. As of end-2022, there were 38 QR Ph P2P participating PSPs, up by 41.0 percent from the previous year.

In October 2021, the BSP rolled out the QR Ph person-to-merchant (P2M) facility. It enables interoperable digital payments between merchants and their customers, even if they maintain accounts from different PSPs. The average monthly growth rates in terms of volume and value of QR Ph P2M from January to December 2022 stood at 79.0 percent and 68.0 percent, respectively. As of end-2022, 27 PSPs already offer QR Ph P2M, and more of them will be onboarded in the coming months.

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)

- 2022: 2.02% (MSEs) and 3.22% (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.

Inclusive Financial System. The BSP continues to pursue financial inclusion—a vital component of the Philippines’ development agenda. With this, the National Strategy for Financial Inclusion (NSFI) 2022–2028 was launched in January 2022 under the guidance of the interagency Financial Inclusion Steering Committee. The six-year blueprint, which takes into consideration recent developments in the technological and financial landscape, aims to generate and sustain broad-based growth and financial resilience.

Huge strides have been made since the new NSFI was launched, including the passage of important policies on financial inclusion. Among these is Executive Order No. 170, or the “Adoption of Digital Payments for Government Disbursements and Collections,” which mandates all government entities to utilize digital channels in their disbursement and collection of payments. Issued on 12 May 2022, the directive promotes the efficient delivery of government services and supports the country’s development toward a future-ready economy.

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 number of participating banks under the database increased from 17 in 2020 to 32 in 2022. Further, the credit scoring model was constructed in October 2022. The project and the launch of the CRD scoring service are targeted to be completed in Q1 2023.

Warehouse Receipts Bill. The BSP persisted in supporting the enactment of the proposed amendments to Rep. Act No. 2137, or the Warehouse Receipts Law of 1912. The measure seeks to strengthen the warehouse receipt (WR) financing system and promote greater lending among farmers and MSMEs in the country. On 8 November 2022, the Bank held a virtual forum to discuss ways to further develop WR finance in the Philippines and the proposed amendments to the existing law.

MSME Demand-side Survey with a focus on women entrepreneurs. To gain a better understanding of the needs and unique challenges of MSMEs, the BSP and the ADB conducted a national MSME demand-side survey with a focus on women entrepreneurs. This is part of the ADB's regional knowledge support and technical assistance project "Promoting Transformative Gender Equality Agenda in Asia and the Pacific." The results from the survey could support evidence-based policymaking and provide deeper market insight that could help financial service providers broaden their products and services.

Supply Chain Finance (SCF) Market Development Study. The BSP supported the conduct of the Supply Chain Finance (SCF) market development study of the International Finance Corporation (IFC). On 22 November 2022, the Bank co-hosted the 11th Financial Infrastructure Development Network Conference, where the results of the SCF market development study in the Philippines were presented. Key findings indicated that the country already has the necessary legal foundation, including the Personal Property Security Act (Rep. Act No. 11057), to develop SCF products.

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 ActProviding facilities, and support system to encourage entrepreneurship: Establish vocational training and counseling centers for micro-enterprises, women, and youth in collaboration with the private sectorProvide comprehensive capacity-building programs for the advancement of women entrepreneursProvide access to expert advice from local mentors: Enhance the mentoring programs for MSMEsProvide access to international experts: Support ABAC’s ASEAN Mentorship for Entrepreneurs	<ul style="list-style-type: none">Gather, compile, organize, and disseminate information on available business models that may be employed by start-up MSMEsDevelop, promote and monitor productivity measuresPromote social enterprises that highlight community-based approaches to enterprise developmentEstablish 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

Network initiative (AMEN)

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.

More than 1,400 mentees graduated from Kapatid Mentor Me (KMME) Program. KMME is a mentorship and coaching program consisting of 10 weekly sessions, conducted over a period of 10 weeks or 3 months. The program is delivered to mentees in batches across the regions by certified mentors. As prerequisite for graduation, the selected mentees must attend



all 10 modules, apply the learnings in their respective businesses and come up with a Business Improvement Plan to be presented at the end of the course to a panel of mentors.

For the entire year, KMME reached 17 regions (including BARMM) and 101 provinces/cities across the country. A total of 1,577 mentees graduated from the program.

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 12,935 youth beneficiaries were assisted in the development of their entrepreneurial skills in 2022. It also engaged 350 local cooperators and established 12 youth organizations.

DTI reaches over 4,700 barangays through the LSP-NSB. The Livelihood Seeding Program–



Negosyo Serbisyo sa Barangay (LSP-NSB) is a DTI program that allows a wider reach of business development assistance by bringing government services - particularly the services of Negosyo Centers that are primarily situated in city and municipal centers - closer to the people through partnerships between relevant local government units and DTI regional and provincial offices.

Through 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 program further extended to MSMEs affected by natural and human-induced calamities including health disasters, as well as those belonging to vulnerable communities such as indigenous peoples, refugees or stateless persons, and victims of local communist armed conflicts.



LSP-NSB has covered 4,746 barangays, providing 298,277 individuals with training or information on various livelihood opportunities. Through this initiative, the DTI has assisted a total of 54,862 MSMEs and provided 23,161 livelihood kits to its intended beneficiaries.

Over 100,000 microenterprises assisted through the Pangkabuhayan Pagbangon at Ginhawa Program. The DTI Pangkabuhayan sa Pagbangon at Ginhawa (PPG) is a livelihood seeding and entrepreneurship development program for microenterprises, with priority in areas affected by fire incidents and other calamities (such as armed conflicts and health disasters like the epidemic and pandemic), as well as beneficiaries of the Balik Probinsya Program (BP2).

The PPG program offers essential business information materials, business counseling and mentoring, and enterprise development training to help businesses cope with and recover from the impacts of calamities. Beneficiaries are also given livelihood kits in the form of actual goods, vouchers, and gift cards of an amount not exceeding P15,000.00 to restart their businesses.



The DTI-PPG assisted a total of 102,038 microenterprises with 98,502 livelihood kits provided.

More than 1,600 agrarian reform communities served. With the primary objective to promote MSMEs and stimulate growth, sustainability and development in the countryside, the DTI Comprehensive Agrarian Reform Program (CARP) promotes entrepreneurship even in the agrarian sector. The program resulted in the development of 198 new MSMEs and the generation of Php994.6M in investments, over Php2.2B in sales and 93,456 jobs. A total of

16,063 farmer beneficiaries and small landowners and 2,163 existing MSMEs were also assisted in 1,654 agrarian reform communities.

More than a million Filipinos finish TESDA training. In 2021, TESDA recorded over 1,260,244 enrollees and 1,231,284 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 907,244 workers were subjected to competency assessment, of which 844,368 were able to get certified.

With the digital transformation and the shift to virtual ways of doing business, TESDA introduced the e-Certificate System. This system is a digital solution that aims to strengthen the integrity of the assessment and certification system through reduced human interaction and increased efficiency. The system provides easy access to the National Certificate or Certificate of Competency (CoC) of certified workers anywhere and anytime from any web browser. The e-Certificate has unique security features that can be verified through a quick response (QR) code and traditional verification procedures. The QR code reflects a worker's information and allows a company or employer to verify the information including the certification details. At the same time, information can also be verified traditionally through the Registry of Certified Workers in the TESDA Website (www.tesda.gov.ph).

The implementation of the e-Certificate system was initially piloted in TESDA Women's Center (TWC) and Pasay-Makati District Training and Assessment Center (PMDTAC), National Capital Region (NCR) and institutionalized in all qualifications and assessment centers in the NCR in 18 July 2022. A calibration on the implementation of issuance of e-Certificate in NCR was conducted on 29-30 June 2022 and participated by 211 accredited Assessment Centers (ACs) in NCR composed of AC Managers, AC Processing Officers, District Office (DO) Focals, DO Lead Operation Officers (LOOs), and District Directors.

From its pilot implementation in August 2021 until December 2022, a total of 124,424 individuals were issued with E-Certificates. The full institutionalization of the issuance of E-Certificate in all regions is targeted in the second semester of 2023.

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 2022, continued efforts to promote productivity among MSMEs benefited 35,739 employers and workers in 14,515 MSMEs through orientation and training under the Productivity Toolbox. Majority or 57.20% (20,444 out of 35,739 training beneficiaries) are female.

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.

DTI Increases the productivity of MSMEs through Shared Service Facilities.

The DTI continues to establish Shared Service Facilities (SSF) all over the country to bolster the productivity and improve the competitiveness of MSMEs within the priority industry clusters through the provision of machinery, equipment, tools,

systems, accessories and other auxiliary items under a shared system benefitting the country's local MSMEs and other SSF users. The DTI established more than 3,000 SSF since its inception in 2013. This year, the SSF project was able to provide assistance to a total of 31,836 MSMEs, resulting in the creation of 37,724 job opportunities nationwide.



More than 4,000 MSMEs benefit from DOST Small Enterprise Technology Upgrade Program (SETUP).

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.

As of 2022, a total of 4,684 MSME beneficiaries were assisted by SETUP to upgrade their technological capability, and improve productivity in their operations, and competitiveness of products.

TechTools Site 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. In 2022, the site has more than 115,000 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/>.

More than 50,000 MSMEs assisted through the Industry Cluster Enhancement (ICE) Program. The development and promotion of industry clusters (IC) were identified as major strategies under the Philippine Development Plan 2011-2016 to help achieve its vision of globally competitive and innovative industry and services sectors that contribute significantly to inclusive growth and employment generation.

It used the value chain approach, showing the various functions from input provision, product development and production, marketing and promotion, distribution, and final sale. This entails the delivery of various forms of technical assistance and interventions such as skills training, product development, market access and the like in order to capacitate MSMEs and improve their productivity and competitiveness.

In 2022, there were 144,786 jobs generated and assisted 52,033 MSMEs, 67,230 beneficiaries trained and 3,421 trainings conducted. In terms of sales, ICs generated PhP10.93B in domestic sales and \$483M in export sales.

Product development assistance to MSMEs thrives with the OTOP Program. Dubbed as the product development program of DTI, the One Town, One Product (OTOP) Philippines Program is one of DTI's priority stimulus programs for micro, small and medium enterprises to manufacture, offer, and promote distinct products or services using indigenous raw materials and local skills and talents.

OTOP adopts a comprehensive approach by extending supply and demand assistance to MSMEs, enabling them to elevate and market their products or services effectively. The first component is OTOP Next Gen, which focuses on product development, standards compliance, market adaptation, and capacity building. The second component comprises OTOP Philippines Hubs and various market access initiatives, opening doors for OTOP-assisted MSMEs to access breakthrough markets.

In 2022, DTI had a total of 99 OTOP Hubs nationwide of which 18 were new. These hubs assisted 17,633 MSMEs with 7,956 prototypes and 1,543 brands developed. A total of 540 trade fairs were also organized, generating P3.73B in total revenue.

PH startup ecosystem hits significant milestones. As part of the department's pursuit to continuously strengthen the startup ecosystem in the country and foster an innovation-driven economy, the DTI has nurtured and developed its startups through startup capacity development programs such as Incubation, Development, and Entrepreneurial Assistance (IDEA), Accelerating Development, Valuation, and Corporate Entrepreneurship (ADVanCE), and Global Acceleration Program (GAP).

Twenty-five (25) competitive Filipino tech startups presented their innovations to several prospective investors for potential funding and strategic partnership. The DTI programs provided the participants access to learning sessions, mentorship from experts and business leaders, networking opportunities with key players in the ecosystem, and financial and legal support services.

Meanwhile, the recent Global Startup Ecosystem Report indicated that Manila's startup ecosystem is on an upward trajectory. Currently, it is valued at \$2.1 billion, a significant increase from \$584 million, signifying the steady growth of the ecosystem despite challenges like the pandemic.

Center for Artificial Intelligence Research launched. Through DTI's relentless efforts to foster innovation in the industry with the help of Artificial Intelligence (AI), the department partnered with UnionBank to launch the Center for Artificial Intelligence (CAIR), as well as the Industry 4.0 Pilot Factory (I4PF) last September 2022 during the UnionBank Innovation Festival.

A catalyst for innovative nation-building, CAIR is a public-private partnership hub for data scientists and researchers focusing on areas relative to manufacturing, services, precision



agriculture, construction, financing / banking, healthcare, resilience technology, and smart cities.

CAIR is set to attract leading global firms to set up R&D activities in the country, conduct data literacy programs and develop learning modules to upskill and reskill the workforce; offer AI consultancy services and create AI tech products to support digital transformation of local

industries, generate investments, and create employment, perform collaborative AI R&D and technology application among government agencies, researchers, universities, research institutes, startups, SMEs, and multinational corporations (MNCs).

Intellectual Property in the country strengthened through IPOPHL initiatives. The Intellectual Property Office of the Philippines (IPOPHL) upholds its commitment to protect and promote intellectual property for the benefit of every Filipino. True to its whole-of-nation approach towards diversity, equity, and inclusivity, IPOPHL provides equal access and opportunities to marginalized sectors across the countryside.

This year, IPOPHL finally issued the Rules and Regulations on Geographical Indications which

can help enhance the marketability of Philippine products in the global market. The agency also launched the Juana Patent and Juana Design Protection Incentive Program to advance the government's initiative to boost the innovativeness and competitiveness of women, MSMEs and startups, as well as the Youth Intellectual Property Incentive Program to encourage the youth to protect their intellectual property.

In 2022, it established additional partnerships with fourteen (14) institutions composed of government agencies, the academe, private organizations, and international partners.

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.

In 2022, DOST-PCIEERD has established 54 industry-based TBIs and 16 Innovation Hubs strategically located in different regions.

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 Technology Application and Promotion Institute (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.

To date, the program has supported 52 projects to fast-track their transfer and commercialization toward market readiness.

IPRAP assisted technology generators and inventors in securing IP protection. The Intellectual Property Rights Assistance Program (IPRAP) and Innovation Technology Support Office (ITSO) Program (under the DOST-500 Project) were 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 registrations/applications for private individual inventors, various private institutions, and researchers with privately funded R&D. While ITSO offers the holistic package of assistance for DOST RDIs, other public RDIs, private RDIs, and SUCs which acquired funding for its researchers from the DOST System.

As of 2022, the program has facilitated the filings of 4,536 IP protection composed of patents, registrations, copyrights, and trademarks in the IPOPHL. The DOST-TAPI in-house agents were tapped for IP protection particularly in drafting, preparing, and filing responses to official actions of the IPOPHL.

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.

Under the VFP, the Level-Up Innovation Government Support for Technologies Against Spread of COVID-19 (LIGTAS COVID-19) was conceptualized and took effect in June 2020. LIGTAS COVID-19 is a special program that contributes to the government's initiatives against the spread of the deadly disease by providing financial assistance to MSMEs with COVID-19-related businesses.

To date, the Program supported a total of 52 project proposals from various clients. These projects received funding assistance amounting to more than PhP62.9 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. Initiated by the DTI, in collaboration with selected retail partners, Go Lokal! is an excellent marketing avenue provided for free by the DTI and its retail partners for MSME incubation, marketing and branding. This public-private partnership ensures financial viability and long term operational sustainability. It partners with private sector retailers, mall owners, and vendors who share the vision of the DTI and have the capability to operate the Go Lokal! stores (physical or virtual) as part of their existing business model. In 2022, it has rolled out 22 new stores nationwide with 89 MSMEs already mainstreamed in various Go Lokal! outlets generating sales of more than PhP134 million.

OTOP Philippines established 18 new OTOH Hubs. OTOH Philippines Hub or OTOH.PH is a retail store or spaces where products from One Town One Product offerings can be found. As a one-stop shot, the OTOH Philippines Hub can be a redesigned pasalubong center showcasing mostly OTOH products including OTOH from other regions. The hub can be found in mostly in airports, terminals, pasalubong centers, tourist spots, Negosyo Centers, public markets, and other consumer-frequented locations including malls. As another flagship market access program by the DTI, this serves as a marketing vehicle and incubation platform to promote and champion OTOH products.



Out of 106 OTOH Ph Hubs established, 18 of these were established in 2022. There were 417 product development and design sessions conducted. From these sessions there were 7,956 products and designs developed, and 1,543 Brands Developed through OTOH assisting 17633 MSMEs. Other market access through OTOH such as the conduct of trade fairs have also conducted. There were a total of 540 trade fairs conducted assisting 10,713 MSMEs. From these trade fairs, a total of PHP 3.93 billio sales generated.

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. In 2022, It has 360 registered MSMEs nationwide with 36 hubs and 12 vending machines located in Regions 2, 7, 11, and NCR. The uploaded products are comprised of food (65%), furniture (10%), beauty and wellness (10%), and agriculture (5%).

Hitting significant strides: DTI focuses on Coconut Industry Development. The Coconut Farmers and Industry Development Plan (CFIDP) was crafted in accordance with the provisions of Republic Act No. 11524 or the Coconut Farmers and Industry Fund Act. The CFIDP shall serve as the basis in the utilization of the coco levy fund through various programs and projects that will consolidate the benefits and ensure increased income for our coconut farmers and farm workers, alleviate them from poverty, and achieve social equality and competitiveness.



In 2022, several notable accomplishments of the DTI-CFIDP include marketing assistance to 4,953 MSMEs, farmers, and Coconut Farmer Cooperatives (CFCs). A total of 132 trade fairs were conducted and participated, amounting to Php51.5M in domestic sales and Php11.9B in export sales.

2022 Hybrid National Trade Fair formally opened. The 2022 Hybrid National Trade Fair (NTF) formally commenced its first physical edition in over two years since the economy reopened. The trade fair was held at Megatrade Halls of SM Megamall on November 16 and was well-attended by foreign dignitaries representing various embassies as well as guests from various government agencies.



Themed 'Go Green! Go Local!', the 2022 Hybrid National Trade Fair continues to advocate for sustainability and inclusivity by featuring green, sustainable, and eco-friendly products as well as artisanal and heritage crafts. Exhibitors from the country's 16 regions were carefully selected to showcase a rich selection of indigenous products and raw materials, handcrafted and handwoven products, furniture and home decor made from sustainable materials, unique and eco-friendly packaging materials, as well as health and wellness products.

The NTF showcased 274 physical exhibitors and generated a total of Pphp83.81M sales.

Export promotion intensified. The DTI Export Marketing Bureau assisted a total of 4,191

unique MSME exporters through its 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/trainings were conducted and attended by more than 3,000 MSME exporters. The DTI supported 63 B2B activities which generated an initial \$831M in export sales.

In 2022, 373 companies were enrolled in the RIPPLES program, with a total of 1,383 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 towards the internationalization of MSMEs and large corporations such as capacity building on trends, business-to-business meetings between local suppliers and overseas buyers, and actively participating in policy review and implementation.

PH Merchandise Export Performance. Merchandise exports grew by 5.6% for the period January-December 2022 reaching \$98.3 billion in 2022 from \$74.6 billion in 2021. This is 13.2% higher than the pre-pandemic average values from 2017-2019 (\$69.65 billion).

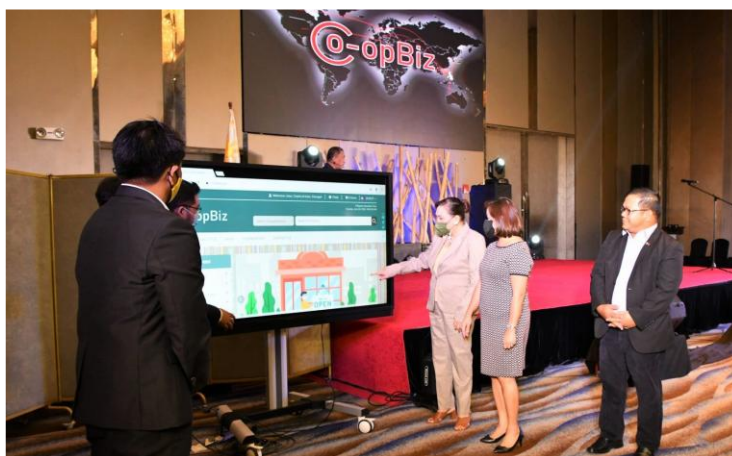
Sixteen of the major commodity groups have exhibited strong export growth, recording higher export levels compared to the 2020, 2021, and pre-pandemic levels. These commodity groups already account for 79.4% of the country's total exports. In terms of value of the incremental increase in exports, the electronics sector remains to be the highest contributor. The sector grew by \$3.2B (6.9%) from \$45.9B in 2021 to \$49.1B in 2022.

The US remained the top destination for PH exports valued at \$12.34 billion in 2023, closely followed by Japan (\$11.13 billion), China (\$11.0 billion), Hong Kong (\$10.5 billion), and Singapore (\$4.9 billion).

Globally expanding cooperative products through Co-opBiz.PH.

The Cooperative Development Authority (CDA) has launched the Co-op Biz, an online marketplace for CDA-registered cooperatives, aiming to bring local cooperative products to the global market.

The online marketplace was hosted by 17 merchant cooperatives from different parts of the country selling products in categories of home living,



apparels, accessories and bags, among others. This initiative aims to drive the growth of cooperatives by expanding the reach of their products both nationwide and globally. By expanding to the global market, cooperatives can contribute more to the economy and promote Philippine-made products in the local market.

Over US\$800 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 \$824.719 million in reported export sales (booked



and under negotiation) for the participating exhibitors. These were facilitated through the following CITEM projects / programs: Signature Events in Physical and Digital Platforms, Philippine participation in Overseas Trade Fairs in

hybrid, physical and digital formats, B2B Business Matching Events, and through the CITEM Digital promotion platforms and websites.

Signature Events

- IFEX Philippines (22-24 September 2022) in hybrid format
- Sustainability Solutions Exchange (SSX) Digital Exhibition and Conference (23-25 March 2022)
- CREATE Philippines Creative Futures (28-29 July 2022)
- FAME+ Market Days (20-21 October 2022)

Overseas Trade Fairs and Events

- GULFOOD 2022 (hybrid) to promote PH Halal, Organic, and Specialty Filipino food products in Dubai
- HKTDC International Sourcing Show 2022 (digital) to promote FAME+ brands as part of the agency's institutional promotion plans for the brand
- China International Fair for Trade in Services (CIFTIS) (digital) to promote Information Technology and Business Process Management (IT-BPM)
- China ASEAN Expo (CAEXPO) (hybrid) to promote PH food and non-food products;
- SIAL Paris (physical) to promote PH food products
- China International Import Expo (CIIE) (hybrid) to promote PH food and coconut non-food products
- Maison et Objet and More (MOM) (digital) to promote Philippine- made HFL products across Asia and Europe

- GULFOOD 2022 Business Matching Series in ME/Africa (1-3 March 2022) and Kingdom of Saudi Arabia (KSA) (6-7 April 2022)
- B2B with a buyer from Moscow, Russia (on 28 April 2022)

Digital Trade and Community Platforms (DTCP) and Websites

- FAME+ (fameplus.com)
- IFEXConnect (ifexconnect.com)
- FOODPhilippines (foodphilippines.com)
- CREATEPhilippines (createphilippines.com)
- Sustainability Solutions Exchange (SSX) (sustainability.ph)

As of end-December 2022, a total of 23,317 trade inquiries were generated for 1,976 SMEs/companies assisted by the agency, from 4,038 local and international trade buyers/partners around the world participating in CITEM projects/programs implemented during the year.

APPENDIX 1: MSME Development Plan 2017-2022 Framework

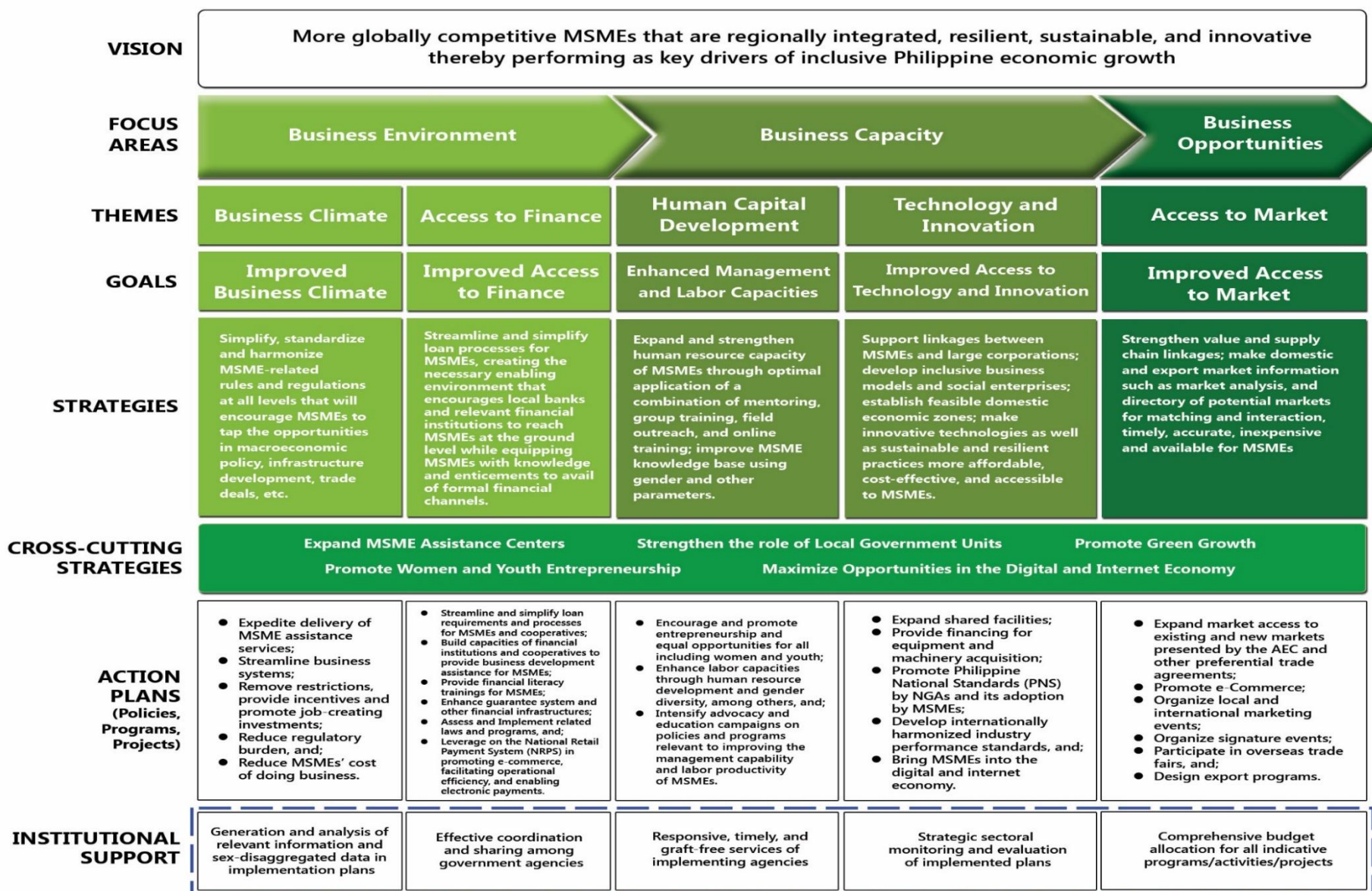


Table 1: MSMED Plan 2017-2022 Overall KPI

OVERALL INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENT						REMARKS
				2017	2018	2019	2020	2021	2022	
Increase in employment of MSME	Total Employment (PSA)	4.748M	8.281M	4,922,251	5,714,262	5,510,760	5,380,815	5,461,731	5,607,748	
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	1,105,143	
	Number of registered Enterprises with LGUs* (LGUs / PBR)	---	---	1,370,258	1,336,415	1,493,572	1,710,337	2,337,750	2,249,746	As of 2022 1 st Semester Report of DILG
	Number of registered MSME corporations (SEC)	---	---	---	---	---	---	---	---	Awaiting report from 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% ³	50-55%**	---	---	---	---	---	---	
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**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.*

³ 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	2022	
No. of Negosyo Centers established	NC Report (Negosyo Center-PMU)	438	350 ⁴	345	271	53	52	168	15	NC-PMU report as of September 2022
No. of business assistance facilitated by the Negosyo Centers	NC Report (Negosyo Center-PMU)	717,784	1,271,598 (10% increase yearly)	949,223 (789,562)	915,675 (868,518)	1,081,117 (955,370)	786,712 (1,050,907)	---	---	Awaiting Report from NC-PMU
Increased customer Satisfaction	NC Report (Negosyo Center-PMU)	98.54%	---	99.11%	99.75%	99.62%	99.76%	99.97%	99.92%	Actual CSF ratings for the DTI's MSME Development Program based on the Budget Accountability Reports submitted to DBM. 2022 is Jan-Sep.

⁴ 202 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.

Number of Barangay Micro-Business Enterprises (BMBEs) ⁵ registered increased	Number of BMBEs Registered (Negosyo Center-PMU)	1,807	60,000	12,197	29,905	40,982	46,112	53,713	60,021 (NCs) 1,603 (BMBE Online)	
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)	---	DILG Report as of August 2021
	New Business	---	---	788	1,174	1,260	1,363	1,407	---	DILG Report as of August 2021
	Business Renewal	---	---	868	1,171	1,280	1,361	1,402	---	DILG Report as of August 2021
Number of agencies which have streamlined their processes	NCC/EODB Report (EODB Council/DTI-CB)	---	---	---	---	---	---	---	---	

⁵ 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	2022	
Percentage of SMEs with bank loans/line of credit	Small enterprises (World Bank Enterprise Survey ⁶)	22.6%	---	22.6% (2015 data)	22.6% (2015 data)	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 ⁷)	38.9%	---	38.9% (2015 data)	38.9% (2015 data)	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 ⁸)	90.9%	---	90.9% (2015 data)	90.9% (2015 data)	90.9% (2015 data)	90.9% (2015 data)	90.9% (2015 data)	90.9% (2015 data)	
	Medium enterprises (World Bank Enterprise Survey ⁹)	96.2%	---	96.2% (2015 data)	96.2% (2015 data)	96.2% (2015 data)	96.2% (2015 data)	96.2% (2015 data)	96.2% (2015 data)	
Proportion of microenterprises	Number of P3 borrowers	2,500	19,000	30,199	47,612	67,084	51,221	60,802	68,805	

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

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.

availing P3 and other micro financing increased	(SB Corp)									
	Number of borrowers availing from microfinance banks (BSP)	1,686,152	---	1,956,276	1,986,683	2,410,677	1,996,657	1,978,394	1,863,065 (Q2 2022)	Financial Inclusion in the Philippines Dashboard of the BSP - https://www.bsp.gov.ph/Pages/MediaAndResearch/FinancialInclusionDashboard.aspx
No. of SMEs accessing funds thru Fintech	Fintech Association / CIC	TBD	TBD	---	---	---	---	---	---	
Percentage increase in the amount of loans availed by MSMEs	Amount of loans availed by MSMEs (BSP Reports)	PhP496.863B	---	PhP537.6B	PhP578B	PhP589B	PhP488B	PhP470.1B	PhP447.8B (Q2 2022)	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%	6.2% (Q2 2022)	
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	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)

					negligible among MSMEs, which form the large majority of all merchants.					
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, startup)		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	4,162 microfinance NGOs 51 microinsurance providers (Q2 2022)	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	2022	
Percentage increase in MSME labor productivity	Reports from PSA (ASPBI), NWPC	-1.87%	---	11.22%	---	44.87%	14.48%	---	---	see footnotes for CPBI ¹⁰
Percentage increase of trained MSME participants of 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	65.7% of the actual enrollees were provided with capacity dev't activities (three partner agencies were not able to submit	95.31% of the actual enrollees were provided with capacity development activities	Baseline Study for the Supporting Women's Economic Empowerment in the Philippines Project, 2017-2021 Annual Reports, and 2021 Mid-year Report

¹⁰ 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

							accomplish ments)	their reports)		
Labor force participation rate, female (% of female population ages 15+) in MSME enterprises	Survey conducted by PSA, DOLE	---	---	---	---	---	---	---	---	PSA: LFS is available from PSA but there is no classification of MSMEs. Hence, PSA cannot provide information related to this.
Labor force participation rate for ages 15-30 (youth). Total (%)	Reports from PSA, DOLE	---	---	---	---	---	---	---	---	PSA: LFS is available from PSA but there is no classification of MSMEs. Hence, PSA cannot provide information related to this.
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	8,026	
Number of MSMEs (including women and youth) trained	Agency submissions under the MSMED Plan Monitoring Report	6,063	86,790	10,777	13,437	61,186	114,199	133,402	194,008	

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

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS						REMARKS
				2017	2018	2019	2020	2021	2022	
Number of new and innovative common service facilities established	Number of SSFs	554	346	29	131	226	205	377	299	as of 31 Dec. 2022
	Number of FabLabs	9	---	1	5	10	6	8	2	
	Number of Food Innovation Centers	8	---	5	2	1	---	1	---	
	Number of SET-UP	4,500	4,200	790	772	784	624	809	758	
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	PhP652M	PhP866M	PhP791M	
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	PhP255.688M	

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

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS						REMARKS
				2017	2018	2019	2020	2021	2022	
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	---	---	---	---	---	---	---	---	
	MSMEs enabled for international standards alignment through the Food Connect Program	Launching of the Food Connect Program	25 MSMEs	3 MSMEs aligned to Local/ international standards	20 MSMEs aligned to Local/ international standards	20 MSMEs aligned to local/ international standards	25 MSMEs enabled for international standards alignment	265 MSMEs enabled for international standards alignment	442 MSMEs enabled for international standards alignment	
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)	PhP65.53M (Total Sales from Domestic Trade Fairs) PhP38.01M (Total Sales from Go Lokal! Sales as of May 2022) PhP343M (DC) PhP2,512.74M (OTOP)	As of September 2022

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	US\$607.976 M	US\$609.741 M	---	---	Export Sales refers to the amount of Potential Export Orders as reported by CITEM Exhibitor-companies that participated in CITEM-organized Export Promotion Projects in 2020 and includes: 1) Booked Sales; 2) Sales Under Negotiation
	Number of MSMEs engaged in export sales	5,048	---	5,444	5,146	1,482	319	---	---	MSMEs will not come from EMB
		---	---	---	---	---	184	---	---	Onboarded companies in FAME+ 2020 (Manila FAME's Digital Trade Community Platform)
Number of enterprises with online presence or participating in Marketplaces	Number of MSMEs engaged in export sales	---	---	2,000	2,097	2,224	2,584	2,649	2,649	
	PBR (companies with websites)	---	---	---	---	---	---	---	---	
Percentage share of SMEs' contribution to national exports	PSA/BSP, EMB, BOI, PHILEXPORT	25%	---	25%	25%	---	---	---	---	
Percentage of SMEs with investment overseas	DTI FTSC/PITC, PFA, DA Attaches	---	---	---	---	---	---	---	---	