

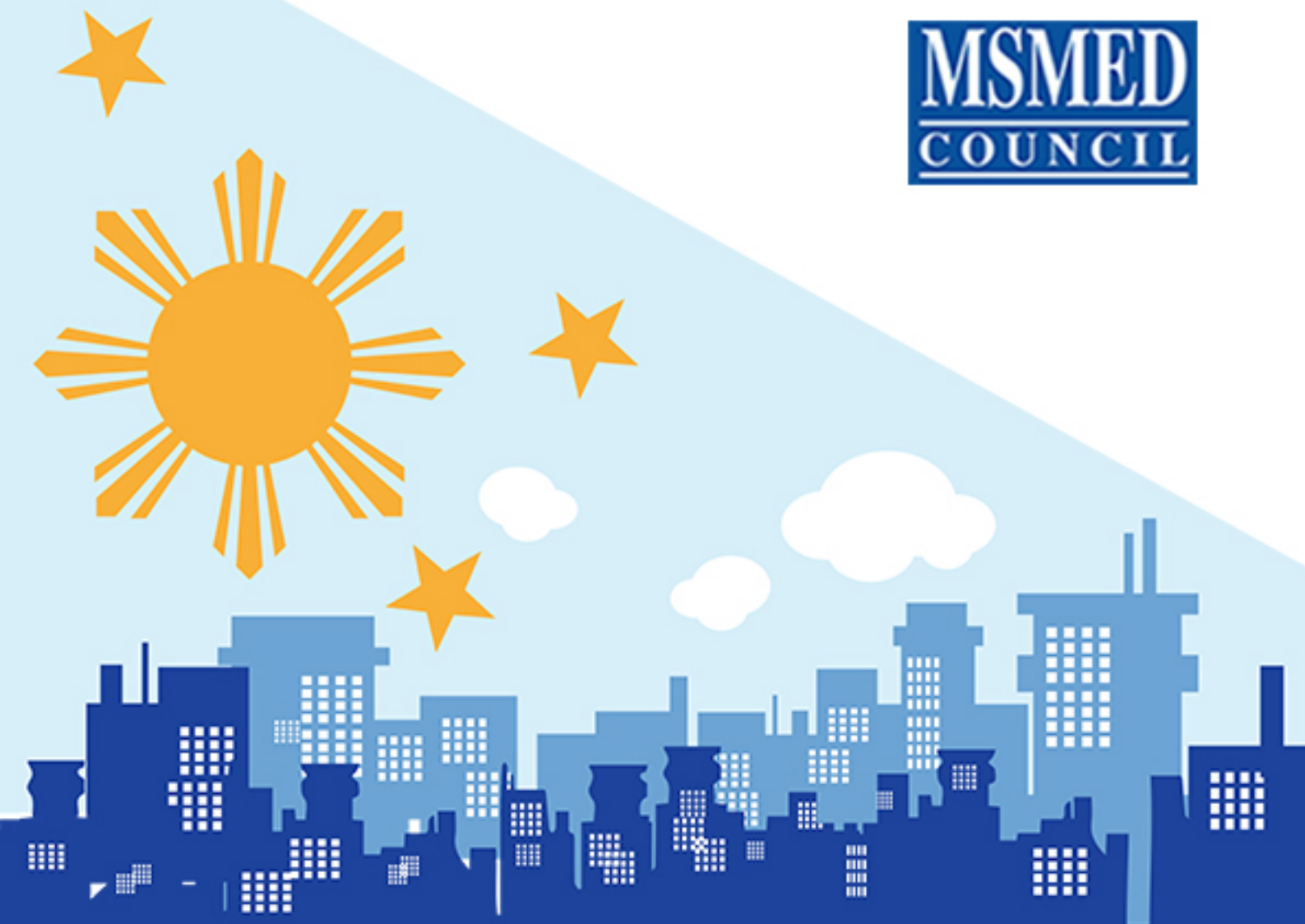
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# 2019

## ACCOMPLISHMENT REPORT

MSME DEVELOPMENT PLAN 2017-2022

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# MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT PLAN 2017-2022

## January – December 2019 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 for "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 has signed the Executive Order No. 50<sup>1</sup> 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.

In accordance with the EO No. 50 and to efficiently implement the programs under the Plan, the MSME Development Council (MSMEDC), through the Bureau of SME Development (BSMED) as the MSMEDC Secretariat, has been continuously coordinating and collaborating with other agencies to fully implement the five (5) strategic goals of the Plan.

For 2019, the Department of Trade and Industry (DTI), together with other government agencies and private sector, has pursued a whole-of-government approach in putting forward improved and innovative MSME initiatives encapsulated in the Plan to build more sustainable and smarter Filipino entrepreneurs.

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<sup>1</sup> see full copy of Executive Order No. 50 on the first pages of the [MSME Development Plan 2017-2022](#)

**National MSME Summit 2019 highlights advocacy on creating smarter MSMEs.** In line with the vision of President Rodrigo Roa Duterte to provide better and comfortable lives for all Filipinos, the National Summit 2019, which was held at the Philippine International Convention Center (PICC) in Pasay City on 16 July 2019, highlighted the midterm mark of the Duterte Administration that gave birth to the DTI's groundbreaking initiatives for MSMEs, namely: *Pondo para sa Pagbabago at Pag-asenso (P3)* which provides easy access and no collateral micro financing facility for Filipino entreps; *Kapatid Mentor ME (KMME) Program* which give way to a massive campaign for entrepreneurship development producing confident entrepreneurs with the right mindset and business know-how; *Go Lokal!* which mainstreams MSME products without incurring the high cost of operating a retail outlet; and the newly launched *Negosyo Serbisyo sa Barangay (NSB)* to bring DTI services to the grassroots.



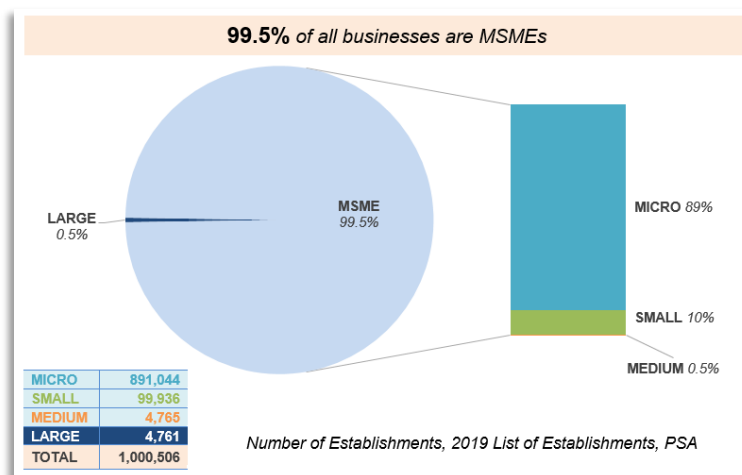
With the theme “Inclusive and Sustainable Innovations for Globally Competitive MSMEs,” the Summit showcased whole-of-government policy reforms, programs, and initiatives to enable Filipino entrepreneurs. This also provided opportunities to exchange knowledge and insights from starting a business to preparing for the challenges ahead in today’s globally competitive business environment, focusing on the development young entrepreneurs by equipping them with the entrepreneurial spirit, values, and skills to succeed in entering the digital economy.



Attended by more than 1,000 participants from the ranks of entrepreneurs, tech startups, academe, business experts, mentors, and enablers, the Summit was also graced and keynoted by Madame Honeylet Avanceña who reiterated the Duterte Administration’s full support to MSMEs and commitment to further advance entrepreneurship in the country, especially in the rural areas.

## MSME SECTOR PERFORMANCE in 2019

The MSME sector has recorded a total of 995,745 enterprises (99.5%) and generated a total employment of 5,510,760 (62.4%) according to the 2019 latest data from the Philippine Statistics Authority (PSA).<sup>2</sup>



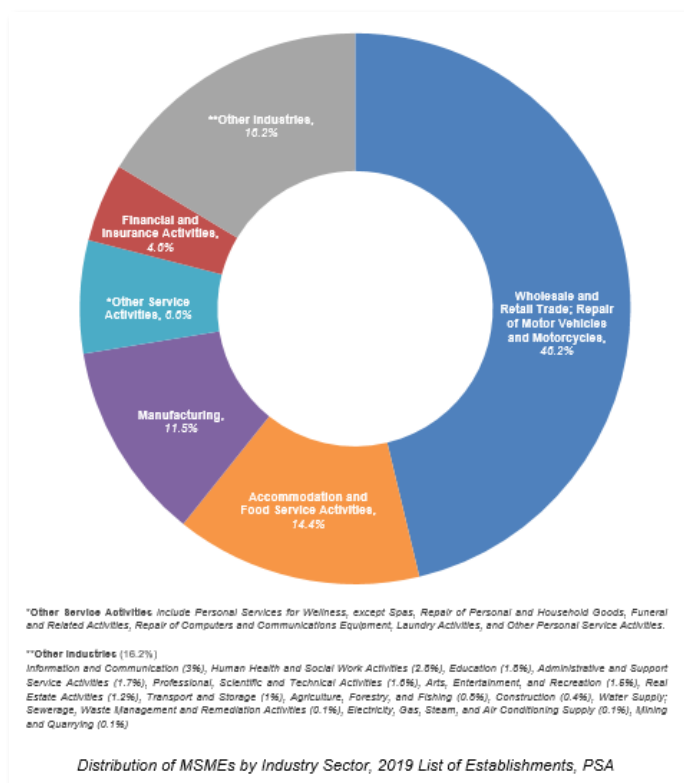
Micro enterprises constitute 89% (891,044) of total MSME establishments, followed by small enterprises at 10% (99,936) and medium enterprises at 0.5% (4,765).

Majority of the MSMEs can be found in the National Capital Region (NCR) with 202,011 (20.2%) business establishments, Region 4-A (CALABARZON) with 148,017

(14.8%), Region 3 (Central Luzon) with 115,877 (11.6%), Region 7 (Central Visayas) with 70,227 (7%), and Region 6 (Western Visayas) with 61,513 (6.1%). These top five (5) locations accounted for about 59.7% of the total number of MSME establishments in the country. Regional concentration of MSMEs is largely associated with economic activity and population size.

In terms of employment, the micro enterprises produced the biggest share (29.8%) closely followed by small enterprises (25.2%) while medium enterprises were far behind at 7.4%.

The top five (5) industry sectors according to the number of MSMEs in 2019 were: (1) Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (462,492); (2) Accommodation and Food Service Activities (144,024); (3) Manufacturing (115,387); (4) Other Service Activities (65,918); and (5) Financial and Insurance Activities (46,100). These industries accounted for about 83.35% of the total number of MSME establishments.



<sup>2</sup> [2019 official data from the Philippine Statistics Authority \(PSA\)](#)



The MSMED Plan has brought more MSME programs and policies to focus in bringing structural reforms and addressing some of the cross-cutting issues that resulted in tremendous impact to the Administration's inclusive economic development agenda.

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)

The overall business climate in the country has seen significant improvement to pursue a business-conducive environment at national and local levels to make it easier for MSMEs to start and grow their enterprises.

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

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

**1,110 Negosyo Centers to assist more MSMEs.** In 2019, DTI has established 49 more Negosyo Centers (NC), totaling to 1,110 total NCs nationwide. Some 274,462 clients were assisted, with over a million services rendered in business name registration, barangay micro business enterprises (BMBE) registration, other business registrations, and many more. DTI continues to cultivate an entrepreneurial mindset through the 14,620 skills and managerial/entrepreneurship training programs, in which 489,954 Filipinos participated.

**Payment for Business Name Registration is now online.** With the roll out of Business Name Registration System Next Generation (BNRS Next Gen) in May 2019, sole proprietors who wish to register their business names with DTI may now apply and pay online. DTI signed three Memoranda of Agreement (MOAs) with ePayment platforms such as Gcash, PayMaya, and LinkBiz, providing the public with a variety of online payment options for BNRS Next Gen. A total of business name registrations processed for the whole of 2019 reached 637,687 with 556,279 new registrations and 81,408 business renewals.



**Negosyo Serbisyo sa Barangay launched.** To promote more inclusive MSME development and to further stimulate economic activities in barangays within the 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> income classification municipalities, the DTI launched the Negosyo Serbisyo sa Barangay (NSB) Program. The program aims to promote awareness about DTI Negosyo Center services to the barangay officials, identify MSMEs operating within barangays preferably from the 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> income classification municipalities, and conduct business development assistance and provide services in the identified barangays.

NSB also aims to develop 20,000 new enterprises, that are expected to provide more than 500,000 new jobs by 2022, in support of DTI's goals under the MSMED Plan. From January to December 2019, 3,266 barangays have already been covered by the program, and were participated in by 237,046 individuals. Some 44,032 MSMEs were also assisted.

To ensure an expansive and inclusive program for MSME development, provinces that do not have 4<sup>th</sup>-6<sup>th</sup> income class municipalities (i.e. low income class barangays in the 1<sup>st</sup>-3<sup>rd</sup> income municipalities) were also enjoined to implement the NSB Program. In that program, a total of 200 barangays were covered, and 6,883 locals participated. 2,512 existing MSMEs were assisted in the said areas.



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

**BMBE registration doubles this year.** The registration of Barangay Micro Business Enterprises (BMBEs) was set up at the DTI Provincial Offices (POs) through the DTI NCs, resulting in 41,032 BMBEs registered nationwide in 2019 compared to 27,241 in 2018. It encourages the formation and growth of BMBEs (or the micro enterprises) by granting them incentives and other benefits. Major incentives that BMBEs will receive under the BMBEs Act of 2002 (R.A. No. 9178, as amended by R.A. No. 10644) include the following:

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

**IDOL Program to fast-track process of getting permits from FDA.** To simplify and fast-track the process of getting License to Operate (LTO) and Certificate of Product Registration (CPR) permits from Food and Drug Administration (FDA), the DTI collaborated with the Department of Health (DOH) through a Memorandum of Understanding (MoU) which was signed on 21 December 2018. The Pilot Program also dubbed as Initiative of DTI-DOH Operational Livelihood (IDOL) Program

focuses in helping microenterprises, businesses with total assets not more than PhP3.0 million, engaged in production of low-risk food products and operating in National Capital Region (NCR) on submission/ obtainment of their LTO and CPR applications/ certificates through the NCs.

In 2019, representatives from Food and Drug Administration (FDA) capacitated and conducted Training of Trainers for all concerned DTI employees and NC Business Counselors in NCR in the pre-assessment of LTO and CPR applications.

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

**PHL overall score and ranking in world competitiveness report improves.** The Philippines global standing in terms of Ease of Doing Business improved tremendously from 124<sup>th</sup> in 2018 to 95<sup>th</sup> in 2019, making the country into the top 100, among 190 economies cited by the World Bank.

Noticeable improvements in three sub-categories: Getting Credit improved to 40 points up by 5 points compared to last survey. Likewise, in terms of protecting minority investors and dealing with construction permits were also cited. Both scores registered an improvement. (EODB score 40.00, up from 35.00); Protecting Minority Investors (EODB score 60.00, up from 43.33) and Dealing with Construction permits (70.00, up from 68.58).

The country also registered higher scores in Paying Taxes (72.6, up from 71.8), and slightly higher scores in Enforcing contracts (46, up from 45.96) and Registering Property (57.6, up from 57.56). The Philippines ranking declined in these areas, due to improvements in other countries.

On paying taxes – the WB recognized the efforts of the LGU-QC, as verified with the respondents, that payments for local Business tax and community tax are paid together. Also, the BIR, which under the TRAIN law, simplified the income tax returns for corporations. This reduced the number of hours involved in the preparation and filing of corporate income tax from 38 to 24 hours.

On enforcing contracts, together with the Supreme Court — the Philippines has enacted reforms designed to reduce the time and cost of resolving a standardized commercial dispute. The Supreme Court increased the threshold for small claims cases filed before the Metropolitan Trial Courts from PhP300,000 to PhP400,000. The WB team acknowledged this reform, but there has not yet been time to assess the impact of the Revised Rules of Procedure for Small Claims Cases on the standardized commercial dispute. This is expected to have an impact in the next cycle of the DB, in 2021, together with the Court's E-library.

On Registering Property, private sector experts confirmed that, as of May 2019, the Land Registration Authority (LRA) Register of Deeds, had implemented a comprehensive and functional database to check for encumbrances. This electronic database was implemented following LRA's initiative to digitize all land titles. When a background check of a property is required, LRA can now use the property number to search for the title, and obtain information about all encumbrances, caveats,



charges or privileges affecting the registered property. As per the Registering Property indicator methodology, a score of one point is given to an economy where the agency in charge of registering immovable property has implemented a comprehensive and functional database to check for encumbrances, covering most of the properties registered in the largest business city of this economy.

**PH rank in 2019 IMD World Competitiveness Yearbook up by 4.** In the 2019 World Competitiveness Yearbook of the International Institute for Management Development, the Philippines advanced to the 46<sup>th</sup> spot from 50<sup>th</sup>, out of 63 economies. There has been significant developments in all the four indicators measured in the report:

- Economic Performance (38<sup>th</sup> spot, up 12 places from 50<sup>th</sup>)
- Government Efficiency (41<sup>st</sup>, up 3 places from 44<sup>th</sup>)
- Business Efficiency (32<sup>nd</sup>, up 6 places from 38<sup>th</sup>)
- Infrastructure (59<sup>th</sup>, up 1 place from 60<sup>th</sup>)

The report also noted upgrades in government budget surplus/deficit, effective personal income tax rates, gross fixed capital formation, real growth, tourism receipts, and protectionism, among others. Downgrades were seen in the current account balance, consumer price inflation, total collected tax revenues, compensation levels, and exchange rate stability.

## ACCESS TO FINANCE (Money)

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

The Plan seeks to provide an improved access to finance where public and private financial institutions would work and interact more closely to provide more formal market-based financing in an equitable manner to all MSME. Aspiring entrepreneurs usually do not have capital of their own, and normally need external financing. Hence, the Plan aims to provide reasonably priced capital financing facilities for MSMEs and simplify documentary and collateral requirements.

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"><li>• Rationalize the knowledge base and ensure wide dissemination of relevant information</li><li>• Ease MSMEs’ compliance with financing requirements/train MSMEs</li><li>• Generate and share knowledge on innovative financing</li><li>• Formalize role of industry organizations and coops in the credit evaluation process</li></ul>	<ul style="list-style-type: none"><li>• Formulate and issue standardized content for MSME capacity building on financial literacy, planning, record-keeping and management</li><li>• Use technology/fintech to improve credit delivery to MSMEs</li><li>• Strengthen engagement of LGUs and communities in financial literacy and capacity building efforts</li><li>• Generate and share knowledge on innovative financing</li></ul>	<ul style="list-style-type: none"><li>• Strengthen/reform institutional structure and mechanisms for MSME finance</li><li>• Policy and institutional reforms to ease constraints impinging on FIs’ responsiveness to MSMEs financing needs</li><li>• Manage/minimize/spread risks</li><li>• Establish fund facilities</li><li>• Incentives and recognition</li></ul>

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

**P3 Hotline Launched, loan payment can now be done through Bayad Center.** Through the Small Business Corporation (SB Corp), DTI provided Filipino micro enterprises with affordable and cost-efficient loans through the Pondo sa Pagbabago at Pag-asenso (P3) program. SB Corp partnered with ePLDT subsidiary Curo Teknika (CuroTek) through an 8x5 Customer Service Hotline for P3, to boost its customer service to micro entrepreneurs. Through this, there will be contact center

solutions for the P3 Program from 8am – 5pm, Monday to Friday, except holidays, at the P3 hotline 8-651-3333.

Furthermore, SB Corp recently partnered with CIS Bayad Center, Inc. to allow its loan clients to pay their regular loan amortization at the nearest Bayad Center, starting this June. In July, the SB Corporation also introduced 10 Credit Delivery Partners (CDPs), from Luzon to Mindanao, to deliver fast and efficient P3 loans. The P3 Program now also has 412 partner microfinance institutions (MFIs) which will help reach rural and far-flung areas in the provinces. As of 2019, PhP5.63 billion loans were provided to 120,933 MEs.

**Financial education for MSMEs.** Under MB Resolution. No. 1314 dated 10 August 2018, the Bangko Sentral ng Pilipinas (BSP) signed a MOA with DTI and two networks of microfinance non-government organizations to facilitate information sharing and greater access to finance for MSMEs served by DTI Negosyo Centers. One of the BSP's tasks under this partnership is to capacitate Negosyo Center personnel to deliver financial learning sessions as part of the broader capacity building program for MSMEs. Technical discussions on content and module development are slated for 2020.

**Digital finance literacy program.** In 2019, the BSP partnered with E-PESO, a United States Agency for International Development (USAID)-funded program, to enhance cyber security awareness and digital literacy in the country. The underlying objective is to increase trust and confidence in the security of digital payments and other financial transactions. It is envisioned to support the BSP in expanding the digital finance ecosystem through encouraging massive usage by consumers across all sectors.

## Implement Systems Standardization issues

**Supported the MSMEs through the CSF.** The Credit Surety Fund (CSF) program is a credit enhancement scheme which aims to give MSMEs access to non-collateral bank financing by way of surety cover issued jointly and severally by the parties of the CSF in favor of the credit or bank. It is created by pooling the contributions of participating cooperatives, non-government organizations, local government unit and partner institutions.

The CSFs are now under the regulation of the Cooperative Development Authority (CDA) due to the passage of Republic Act No. 10744 or the Credit Surety Fund Cooperative Act of 2015. As mandated in the CSF Act, the BSP will continue to promote and organize CSFs nationwide and provide technical assistance such as trainings and seminars in coordination with other public or private stakeholders.

In 2019, in support of CDA's transition process as CSF regulator, the BSP conducted briefing sessions for the staff of CDA's newly established CSF department on the details of RA No. 10744 and IRR, and CSF program implementation. To date, there are already 54 CSFs established all over the country helping cooperatives and their members access credit facilities they would normally not have access to. In addition, the BSP provides Capacity Enhancement Programs (CEP) for the CSFs and their

members. These include modules on strategic planning, entrepreneurship and business management, financial management, business forum, and credit appraisal and monitoring.

**Promoting the Agriculture Value Chain Financing (AVCF).** In 2019, One of the innovations that the BSP is promoting the AVCF. Strong value chains enable farmers and agri microentrepreneurs to adopt modern agritech and access high value markets – thereby increasing productivity and income potential. Through the conduct of initial groundwork, the BSP was able to secure the support of the Asian Development Bank (ADB) for a pilot AVCF project with the goal of strengthening the interest and capacity of banks to undertake value chain financing. The project also aims to forge stronger collaboration by banks and government agencies that have capacity-building programs for farmers and agri-enterprises. It also aims to mainstream AVCF and show to the banks that it is a viable business activity.

## 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 that the effectivity of the mandatory credit has 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.

In 2019, direct lending by the banking sector to micro and small enterprises (MSEs) increased from PhP233.625 million in 2018 to PhP228.361 million. The 2019 figure represents 2.80% compliance ratio of the banking sector with the mandatory allocation requirement for MSEs.

Direct loans to medium enterprises also increased from PhP341.158 million in 2018 to PhP350.768 million in 2019. The 2019 figure represents 4.30% compliance of the banking industry with the mandatory credit allocation requirement for medium enterprises.

### **Personal Property Security Act (R.A. No. 11057)**

Enacted in August 2018, the Personal Property Security Act (PPSA) established a unified and modern legal framework for securing obligations with personal property to promote economic activity by increasing access to least cost credit, particularly for micro, small, and medium enterprises. PPSA expands the use of more types of personal property as collateral to access finance. This will encourage the borrowers to avail loans from formal lending institutions.

As one of the lead agencies identified in the law, the Department of Finance (DOF) conducted public awareness for R.A. No. 11057 in 2019 in regional forums conducted by the National Anti-Poverty Commission and by the Philippine Council for Agriculture and Fisheries-Agriculture Fisheries Mechanization Committee and Bureau of Agricultural and Fisheries Engineering. It was presented



as well in several events of the private sector such as the 3<sup>rd</sup> Quarter General Assembly Meeting of the Philippine Export Confederation, Inc., and the series of forums conducted by the Catholic Relief Services to its chapters. The IRR was promulgated on October 2019.

### **Adoption of the national retail payment system (NRPS) framework (BSP)**

As the BSP's flagship program to transform the payment system, the NRPS intends to attain an increase in e-payments to at least 20 percent of total retail payments by year 2020. The implementation of the NRPS intends to create a seamless retail payment ecosystem with interoperable systems and processes. Under the NRPS, the BSP is working closely with its supervised institutions for the development of payment schemes that will allow users to conveniently and securely transfer funds from one account to another, in the same or different BSFIs.

The two priority Automated Clearing Houses (ACH) are the Philippine EFT System and Operations Network or PESONet (batch fund transfers) and InstaPay (real time, low value transfers). The PESONet was launched on 8 November 2017 while Instapay was launched on 23 April 2018 (Circular No. 1000). These payment schemes and the financial products built over them can promote e-commerce, facilitate operational efficiency of MSMEs, and enable even small merchants to accept electronic payments through mobile P2P (peer to peer) transactions.

*InstaPay* is a fast and secure electronic funds transfer service which is available anytime and anywhere for urgent and low-value payment requirements. The *PESONet* serves as a better alternative to the paper-based check system. Unlike a check, the PESONet allows receipt of funds on the same banking day the sender initiates the payment within a certain cutoff time. InstaPay is the second automated clearing house launched in the country, coming after PESONet which is a batched electronic funds transfer service.

To date, there are 56 participants in the PESONet and 45 participants of Instapay. The BSP is expecting more BSFIs to participate in the NRPS, particularly the stand-alone TBs and R/CBs. This is validated by the recent results of the Banking Sector Outlook Survey (BSOS) for the second semester of 2019 showing the banks' strong interest in participating in the digital finance ecosystem.

## MANAGEMENT AND LABOR CAPACITIES (Entrepreneurial Mindset, Mastery, Mentoring)

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

The Plan seeks to establish a competent and capable management and labor force working together in an atmosphere of mutual trust and respect towards greater productivity and competitiveness for the MSMEs. In order to achieve this, the following strategies and action plans will be implemented:

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 practicum and learning by doing approach. Improve knowledge on human capacity using purposive data collection covering gender and other parameters.	
ACTION AGENDA		
<u>Action Agenda on ENTREPRENEURIAL MINDSET, MASTERY and MENTORING:</u>		
Expand and deepen support on entrepreneurship education by changing entrepreneurial mindset and developing mastery through mentoring		
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"><li>• Promote youth entrepreneurship: Integrate entrepreneurship values and skills in the educational system spanning all levels; Hasten the implementation of the Youth Entrepreneurship Act</li><li>• Providing facilities, support system to encourage entrepreneurship: Establish vocational training and counseling centers for micro enterprises, women, and youth in collaboration with the private sector</li><li>• Provide comprehensive capacity-building programs for advancement of women entrepreneurs</li><li>• Provide access to expert advice from local mentors: Enhance the mentoring programs for MSMEs</li><li>• Provide access to international experts: Support ABAC’s ASEAN Mentorship for Entrepreneurs Network initiative (AMEN)</li></ul>	<ul style="list-style-type: none"><li>• Gather, compile, organize, and disseminate information on available business models that may be employed by start-up MSMEs</li><li>• Develop, promote and monitor productivity measures</li><li>• Promote social enterprises that highlight community-based approaches to enterprise development</li><li>• Establish an Innovators Program to identify, accredit, certify and mobilize innovators who could foster and mentor MSMEs under a well-organized and monitored system.</li></ul>	<ul style="list-style-type: none"><li>• Strengthen and intensify advocacy on information and communication campaigns on programs and policies related to human resource development and other related topics</li></ul>

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

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

**106 Kapatid Mentor ME runs conducted.** The DTI, together with the Philippine Center for Entrepreneurship – Go Negosyo (PCE-GN), continues to provide mentorship to MSMEs through its Kapatid Mentor ME (KMME) program, with 106 batches from January to December 2019. Some 2,416 mentees were selected to undergo sessions, of which 2,316 have successfully graduated from the program. The seminars will help MSMEs scale up their enterprises, spur economic activity and generate employment opportunities, and mainstream their products. The 2019 KMME runs covered 96 provinces and cities in 16 regions. There are 694 certified mentors sharing their entrepreneurial knowledge.

**DTI successfully launched YEP in Luzon, Visayas, and Mindanao.** The Youth Entrepreneurship Program (YEP) is a collaborative program of DTI, Philippine Young Entrepreneurs Association (PYEA), MSMEDC, and other stakeholders which aims to help young Filipinos develop their entrepreneurial skills by offering them a comprehensive package of entrepreneurial interventions.

Many youth from Luzon, Visayas, and Mindanao were encouraged to venture into entrepreneurship through YEP during its successful launches nationwide. With the tagline “Harnessing Our Own Resources for the Advancement of the Youth!” (HOORAY!), YEP Roadshows were successfully concluded in Mindanao (June 27), Luzon (November 26), and Visayas (November 27) as well as regional forums (Zamboanga Peninsula, CALABARZON, and Western Visayas).



*YEP Mindanao Roadshow, 27 June 2019, Davao City*



*YEP Luzon Roadshow, 26 November 2019, Quezon City*





*YEP Visayas Roadshow, 27 November 2019, Cebu City*

Pursuant to Republic Act No. 10679 or known as the Youth Entrepreneurship Act, Entrepreneurship Education Committee (EEC) also signed their pledge of support to further strengthen the promotion of entrepreneurship and financial education among youth during the first YEP Roadshow in Mindanao. EEC is composed of Department of Education (DepEd), DTI, Commission on Higher Education (CHED) Technical Education and Skills Authority (TESDA), and National Youth Commission (NYC).

Attended with around 5,000 participants and engaged around 100 agencies and local cooperators to implement the program, YEP will further help the government's growth agenda of doubling the number of entrepreneurs in the country by 2022 which will in turn, broaden the gains of economic development, address inequality, and uplift the quality of life of Filipinos, particularly of the youth.

**DTI continue to empower women microentrepreneurs.** The Supporting Women's Economic Empowerment (WEE) program in the Philippines, also known as the GREAT Women Project 2 (GWP2), seeks to economically empower women micro entrepreneurs (WMEs) and their workers, by improving the competitiveness and sustainability of WMEs, as well as creating an environment for women's economic empowerment. The project adopted the national industry cluster approach, and has enrolled 831 WMEs from four (4) priority industry clusters namely: (1) Wearables and Homestyle; (2) Coffee; (3) Cacao; and (4) Processed fruits and nuts and selected high value crops. GREAT Women Project 2 covers regions 2, 3, 4A, 5, 6, 7, 8, 10, 11, 12, and CAR.

In 2019, the DTI and Philippine Commission on Women (PCW), together with the other major National Government Agency Partners of the Project – Department of Science and Technology (DOST) and Department of Agriculture (DA), signed a Joint Memorandum Circular No. 1, s. 2019 on Prioritizing Support to the 831 Women Micro Entrepreneurs.



Through these collaborative efforts, the project assisted 120 WMEs in facilitating certification requirements, 197 in product design and development, and 109 in market development and expansion. 414 were trained in enterprise management and other key themes. Of the 831 enrolled WMEs, a total of 444 WMEs (53.43%) were provided with assistance.



**Over 8,000 job applicants hired on the spot during TNK job fair.** On Labor Day and Independence Day of 2019, DTI held the Trabaho, Negosyo, Kabuhayan (TNK) job fair, where 266,244 job vacancies were offered. A total of 52,339 job applicants registered, of which 8,066 were hired on the spot. Some 1,987 applicants were referred to TESDA for skills training, 2,029 for livelihood assistance, and 2,980 to DTI for business opportunity programs.

Meanwhile, through the Foreign Trade Service Corps (FTSC), DTI also conducted 52 TNK-related activities that benefitted 2,442 potential Overseas Filipino Investors (OFIs). The TNK sessions target areas with a large number of overseas Filipino workers to promote entrepreneurial culture and encourage investments in small businesses for homebound OFIs and/or their families. In 2019, the scope of TNK activities overseas was expanded with the addition of seminars, workshops, and roadshows in partnership with relevant agencies and organizations.

**Employability of TVET Graduates enhanced.** The Technical Education and Skills Development Authority (TESDA) continues to provide quality technical vocational education and training (TVET) to Filipinos. This enables them to become productive members of the society, by acquiring a decent livelihood, whether local or overseas. Based on the result of the 2019 Study on the Employment of TVET Graduates (SETG), 8 out of 10 TVET graduates (82.77%) gain employment within six months to a year after training. This signifies the improving relevance and quality of training being provided to the Filipino workforce. The free skills training of TESDA continues to provide unparalleled opportunities for individuals to become skilled, and therefore job-ready.

In 2019, TESDA led the TVET sector in generating 2.5 million enrollees through the different TVET providers nationwide, of which 2.2 million graduated with various TVET qualifications. Scholarship programs are offered in the following sectors: agriculture, construction, manufacturing, IT-BPM, tourism, new and emerging areas, and logistics. Overall, a total of 288,235 TVET graduates were recorded in 2019 for TESDA's regular scholarship programs.

## Promote New Business Models

**Over 30,000 IDPs benefit from Livelihood Kits through Bangon Marawi.** In 2019, DTI continued to help revive the business environment in Marawi after the siege that happened in 2018. Maranao entrepreneurs were provided with livelihood assistance through the provision of starter kits on sewing, sari-sari store, baking, carinderia, school supplies, bigasan, carpentry, and masonry. From this, there were 30,590 internally-displaced persons (IDPs) beneficiaries. DTI also provided pedicabs to 30 drivers and power tools to 20 associations. DTI has also facilitated participation of MSMEs in Trade Fairs showcasing Maranao products and artifacts. Through this, PhP1.59 million sales was generated.

**Entrepreneurial mindset strengthened in Agrarian Reform Communities.** In 2019, DTI-Comprehensive Agrarian Reform Program (DTI-CARP) conducted 2,291 training sessions / seminars on entrepreneurship and productivity and skills. There were also 5,133 market development activities held, including trade fairs and market matching, and 746 product

development activities such as product design development, prototype execution, and product packaging and labeling. These activities have benefited 159,857 agrarian reform beneficiaries. Sales generated reached PhP4.54 billion, and 178,837 jobs were created.

In 2019, some 348 ARBOs/MSMEs were also assisted in acquiring their License to Operate from the Food and Drug Authority (FDA). Under this system, homegrown products from farmer-beneficiaries are guaranteed to be of the highest quality, as required by the food industry, and most importantly, safe for public consumption.

**Returning OFWs and their families to be assisted.** In May 2019, the DTI, together with the Overseas Workers Welfare Administration (OWWA) and the TESDA, signed a Memorandum of Agreement, which directs OWWA to refer willing OFWs to TESDA for skills training and to DTI for entrepreneurship seminars and loans through the Pondo sa Pagbabago at Pag-asenso (P3) program. This will help returning OFWs to find a job or start a business.



**Promoting MSME productivity through NWPC's Productivity Toolbox.** Continued efforts to promote productivity among MSMEs benefitted 25,269 employers and workers in 15,043 MSMEs through orientation and training under the Productivity Toolbox. The program aims to build the knowledge and capacities of workers and enterprises on productivity concepts, tools, and techniques. Its training component is a ladderized and needs-based learning process focused on improving workforce and enterprise productivity through adoption of productivity technologies, ranging from foundational (basic concepts and measurements, good housekeeping, work values, and work systems) to intermediate and more advanced training modules (green productivity and service quality).

In response to the MSMEs' growing demand for training on basic productivity concepts, tools, and techniques, and to make the training modules responsive to the challenges brought about by the 4th Industrial Revolution or FIRE, the National Wages and Productivity Commission (NWPC) of the Department of Labor and Employment (DOLE) developed and/or upgraded three training modules, namely, 1) ISTIV PAP, 2) Work-Life Balance for Workplace Productivity, and 3) QC Tools. The revised training modules incorporate, among others, digital productivity tools and techniques that MSMEs could tap in designing and implementing productivity improvement programs. In addition, the NWPC also developed e-learning modules on 7S of Good Housekeeping and Pricing that may be accessed through the NWPC e-learning portal.

To encourage enterprises to take the high road to productivity improvement, the NWPC also developed a one-hour briefing modules on advance productivity tools and technologies. Essentially, the presentations cover concept, key elements, importance/benefits, snapshot of examples and demonstrations, and expected outcomes. These tools are Total Quality Management, Just in Time, Six Sigma, Time Management, and Hazard Analysis and Critical Control Point.

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

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

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

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			
Action Agenda on MACHINE and MODELS OF NEGOSYO:			
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"><li>Mapping of technology and innovation initiatives nationwide</li><li>Establishment of new facilities</li><li>Strengthen academic support to MSMEs and institutionalize programs that will allow universities to share their facilities with MSMEs</li></ul>	<ul style="list-style-type: none"><li>Promote greening and technology enabling of MSMEs</li><li>Make green business attractive, faithfully enforce environmental laws and regulations</li><li>Identify role in implementing Green Jobs Law</li><li>Foster Social Enterprise development, Green Business Models, and Franchises</li></ul>	<ul style="list-style-type: none"><li>Developing programs to improve standards and establish quality infrastructure for MSMEs</li><li>Strengthen/reform institutional structures especially for improved coordination, collaboration and funding support</li><li>Address infrastructure constraints to improve technology and innovation in MSMEs</li><li>Strengthen the monitoring and compliance system on quality standards in accordance with the ASEAN Standards and Conformance Strategic Action Plan</li></ul>	<ul style="list-style-type: none"><li>Foster MSME Clustering and Integration into value chains</li><li>Strengthen information dissemination on various government's technology and innovation initiatives for MSMEs and other technology match-making activities</li></ul>

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.

**Over 345,500 benefit from SSFs nationwide.** The Shared Service Facilities (SSF) Project is a flagship project of the DTI aimed at improving MSME productivity and efficiency through better access to technology. It is meant to improve MSME competitiveness by providing machinery, equipment, tools, systems, accessories and other auxiliary items, skills and knowledge under a shared system. The facilities should help target beneficiaries increase their production capacities and improve product quality, resulting to increased markets, increased sales, and jobs generation.

The SSF Project is a public-private partnership initiative being implemented through partner-cooperators, which can be cooperatives, industry associations, local government units, academia, and national government agencies. These cooperators must be willing to house the machinery and equipment and make these accessible to MSMEs.

In 2019, 223 more Shared Service Facilities (SSFs) have been established, totaling 2,583 nationwide. Total beneficiaries reached 345,224 while 193,629 jobs were likewise generated.

**Digital fabrication laboratories established nationwide.** As of December 2019, 27 SSF fabrication laboratories (fablabs) have been established by the DTI. 24 are situated in academic institutions, one (1) in a non-government organization, and two (2) in a Local Government Unit (LGU). Fablabs are small-scale workshops offering digital fabrication, which are generally equipped with machines that enable prototyping.

Recognizing the potentials of a digital laboratory, the first fablab in the Philippines was established in Bohol to support local innovation and improve the competitiveness of MSMEs. DTI invested on digitally advanced equipment such as 3D printers, laser and vinyl cutter, CNC router, milling machine among others. The SSF fablabs became platforms for co-creation and academe-industry-government collaboration enabling MSMEs to develop new products, add value to existing ones, and generate new streams of income. These facilities have likewise enabled the development of low-cost solutions to community challenges and needs.

**Small Enterprise Technology Upgrade Program.** SETUP aims to upgrade technological capabilities and improve the productivity and efficiency of micro, small and medium enterprises (MSMEs). SETUP provides technological interventions such as innovation fund, technology transfer and commercialization assistance, consultancy, packaging assistance, technology trainings, and laboratory and testing services to empower MSMEs to innovate, move up the technology scale and become more competitive. In 2019, a total of 784 MSMEs received innovation-enabling fund support to upgrade their technological capability and improve productivity in their operations. The firms assisted have generated a total 13,358 jobs.

DOST has since upgraded the program and is implementing the SETUP 2.0, intended to fully harness science, technology and innovation in order to enhance the competitiveness of MSMEs both in local and global markets. SETUP 2.0 is designed to provide a more focused industry approach and develop industry S&T roadmaps to identify and address gaps in technology commercialization and technical services. It seeks to transform Philippine MSMEs into SMARTER MSMEs – enterprises that are socially-responsive, market-oriented, agile, resource-efficient, technology-intensive, environment-friendly, and resilient.



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

In 2019, the Regional FICs developed 379 product prototypes, which translated to 70 Intellectual Property (IP) applications and 126 packages of technologies for promotion. In addition, 2,930 customers were served by the regional FICs nationwide through consultations, seminars, use of facilities, and different R&D engagements / collaborations with students, researchers and MSMEs.

**Greening initiatives for SSFs.** The Green Economic Development (GED) program builds upon the four-year long cooperation (2013-2016) between DTI-Regional Operations Group and the GIZ ProGED Project. The program aims to enhance the competitiveness of MSMEs by helping them adopt climate-smart, environment-friendly, and inclusive strategies and measures. It achieves this by aligning with the green value chain approach, to identify hotspots for greening. To sustain GED initiatives after the ProGED project, DTI implements the Acceleration of Green Economic Development (AccGED) Program, which aims at further capacitating regional GED focal persons and business counsellors. As of December 2019, DTI has conducted 139 greening sensitization/learning events, involving 3,328 MSMEs, LGUs, and other stakeholders. To date, 156 MSMEs have incorporated green practices in their business operations. Deemed vital to improving competitiveness and minimizing the impacts of climate change and environmental footprints, GED has also become a strategy to promote and integrate environmentally friendly and climate-smart measures into the operations of SSF Projects.

As of 31 December 2019, a total of 942 out of the 1,892 Operational SSFs have adopted green practices. The Bureau of SME Development (BSMED) has also conducted 20 provincial greening SSF awareness sensitization and action planning sessions to provide guidance on drafting greening action plans and creating provincial Green Teams. To date, 392 green action plans have been prepared by operational SSFs and Green Teams in 81 provinces. Of these provinces, 45 have prepared their respective green action plans. A total of 66 green training/capacity building activities were conducted.

Furthermore, the Philippine Trade Training Center – Global MSME Academy (PTTC-GMEA) conducted a training session on “Implementing Green Practices Towards MSME Competitiveness” in Luzon and Visayas. It aimed to raise the level of awareness of our MSMEs about Green Economic Development, to help them become more competitive, which leads to sustainable development. The seminars were held in coordination with DTI Negros Oriental and DTI Quezon Province, on 17 and 20 December 2019. A total of 60 participants attended the training.

**DTI to strengthen partnership for disaster resilient enterprises in PH.** In line with the annual celebration of the National Resilience Month, the National MSME Resilience Core Group (MSME RCG), co-chaired by the Department of Trade and Industry (DTI) and the Philippine Chamber of Commerce and Industry (PCCI), conducted the 2019 National Summit on MSME Disaster Resilience

on 18 July 2019 in Pasay City to highlight the need for enhanced efforts toward disaster preparedness for micro, small, and medium enterprises (MSMEs) in the Philippines.

Enterprise leaders and key representatives from the government, humanitarian sector, and business sector were gathered to reaffirm their partnership for the Strengthening MSME Disaster Resilience in the Philippines project which started in 2016. The conveners of the MSME RCG renewed their commitment by signing a MoU for 2019-2021 with the following work program: (1) scale up initiatives on business continuity management and develop standardized disaster risk reduction and management (DRRM) and business continuity planning (BCP) toolkit for both enablers and MSMEs; (2) improve policy reforms such as institutionalizing among government offices a DRRM specific guidelines for MSMEs; (3) address concerns related to establishing MSME database and their risk profiles to better understand risks that can potentially affect MSME operations; and, (4) develop more responsive disaster financing programs and products.



During the event, the MSME RCG also launched the MSME Guide to Disaster Resilience, the Philippines' first disaster preparedness and business continuity guidebook for enterprise owners, and the "Search for MSME Disaster Risk Reduction (DRR) Champions," an award that acknowledges local MSME initiatives and commitments. The summit was attended by over 200 MSMEs and MSME enablers, who shared best practices in strengthening MSME disaster resilience and mapped out next steps in promoting enterprise resilience in the country.

The core group expanded to officially include the Department of Science and Technology (DOST). Other members are Office of Civil Defense, Philippine Exporters Confederation, Asia Pacific Alliance for Disaster Management – Philippines, Employers Confederation of the Philippines, GIZ Global Initiative on Disaster Risk Management, and Asian Disaster Preparedness Center.

As Co-Chair to the MSME Resilience Core Group (MSME RCG) under the public-private partnership (PPP) on Strengthening MSME Disaster Resilience in the Philippines, DTI, through BSMED, also facilitated the conduct of MSME Disaster Resilience Fora in CAR and in six (6) provinces of Region 4B (MIMAROPA) in 2019 which gathered 677 MSMEs and MSME enablers who crafted their respective regional and provincial MSME Disaster Resilience Roadmaps. These roadmaps shall guide the programming of local government agencies for the resilience of the business sector.

**Over 140,000 jobs generated from 8 priority industries through ICE Program.** Under DTI's Industry Cluster Enhancement (ICE) Program, the growth of the country's priority industries is facilitated. This helps create competitive MSME's, and will improve the gross value-added (GVA) by 40% in the next 5 years, thereby contributing to economic growth and poverty alleviation. The eight (8) priority industry clusters are rubber, bamboo, coffee, cacao, processed fruits and nuts, wearables and homestyle, palm oil, and coco coir.

In 2019, these industry clusters generated 141,447 jobs, which is 154% of the target of 92,062. PhP2.97 billion investments have been recorded. In terms of sales, the ICE program generated domestic sales totaling PhP10,410 million, and export sales of US\$522 million. On the number of MSMEs, they were able to assist 44,264 MSMEs which is 170% of the target of 26,007. For loans facilitated, a total of PhP678 million was reported, which is 104% of the PhP655 million target. The industries were able to conduct 3,520 training sessions, with 75,499 beneficiaries.

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

**MSMEs to be trained on digitalization and innovation.** In February 2019, the Philippine Trade Training Center (PTTC), which used to be a mere learning hub for exporters, transformed into the Philippines' Global MSME Academy (GMEA). DTI, through the PTTC-GMEA, offers training and workshops with over 300 modules on digitalization and innovation. This year, DIGIFAB, a hands-on realization of product, package, as well as label designs, was launched. As of December 2019, 609 training sessions have been conducted by PTTC. There were also 942 MSMEs assisted nationwide.

The Academy offers around training courses on finance/accounting, management, marketing, operation, technology, and trade/logistics. There are also hundreds of relevant links to business information and access to a directory of service providers to whom SMEs can reach out for financial advice, corporate programs and networking are also available through [www.asean-sme-academy.org](http://www.asean-sme-academy.org), with link at the PTTC's website, [www.pttc.gov.ph](http://www.pttc.gov.ph).

**Packaging and Technology Innovation.** Following the public interest drummed up after the pilot run of the Pack! Pinas Packaging Roadshows in 2018, the private sector partnered with the DTI to conduct Pack! Pinas Sessions alongside the first ever ProPak Philippines – the largest product packaging trade fair in the country organized by UBM Inc. – on 24-26 January 2019, at the World Trade Center, Pasay City Philippines.

The Pack Pinas Sessions at ProPak Philippines 2019 served as the opportunity to scale on a nationwide platform the capacity building activities to improve the product packaging and regulation compliance of MSMEs and other interested parties such as packaging-related service providers, technical consultants for MSMEs, and government enablers providing packaging development assistance.

The most in demand sessions from the previous Pack! Pinas Packaging Roadshows were featured during ProPak Philippines 2019, such as the “Safety & Quality Requirements of Packed Food



Products”, “Packaging for Business Expansion”, “Packaging & Technology and Innovations”, “Mandatory Label Requirements for the Philippines and the World”. The sessions were attended by 1,175 participants all over the country which included entrepreneurs, government representatives, members of the academe, among others.

**Innovative Startup Act Implementing Rules and Regulations (IRR) Signed.** On 26 April 2019, the Innovative Startup Act was signed. This law creates the Philippine Startup Development Program that would offer programs, benefits, and incentives for both startups and enablers. It targets to strengthen, promote, and develop the Philippine startup ecosystem.

In the last quarter of 2019, the DTI, together with the Department of Information and Communications Technology (DICT) and Department of Science and Technology (DOST), signed the IRR for R.A. No. 11337, also known as the Innovative Startup Act. This Act aims to create and provide benefits and incentives to startups and startup enablers in the country. The law also targets to remove procedural constraints for businesses by streamlining government and non-government operations.

As one of the commitments under the Memorandum of Agreement supporting Philippine Startups of DTI, DOST and DICT, the first ever Philippine Startup Week, was held on 18-22 November 2019, supported by the QBO Innovation Hub, and various private agencies. It was a week-long conference with simultaneous series of events including a three-day main summit, and over 50 nationwide breakout community events that showcased the Philippines as a rising startup nation. The three-day main summit showcased the three agencies’ flagship startup events such as DOST’s TBI Summit, DICT’s Tech Advantage, and DTI’s Slingshot. Slingshot was comprised of panel discussions on scaling up Philippine startups and a pitching competition for an opportunity to participate in the Startup World Cup in San Francisco, California in 2020. In total, 639 individuals, which comprised of startups, startup enablers, speakers, investor, participants from the academe, and media were present at DTI’s Slingshot out of the overall 1,551 total participants for the three-day main summit.

Through DTI’s Export Marketing Bureau (EMB), 61 startups were promoted to 10 startup international events. These events were the following: APEC Workshop on Harnessing Digital Trade for SMEs (Viet Nam), IMDEX Asia, InnoVEX Taiwan, RISE Hong Kong, OBMM to Ottawa and Toronto, Taiwan Innotech Asia, She Loves Tech (China), 29th APEC Forum on Digital Innovation & Youth Entrepreneurship (Taiwan), SWITCH Singapore, and ASEAN-Korea Startup Week.

**DTI launched the Creative Economy Roadmap to boost creative industry sector to be a driving force of exports.** To reach the country’s goal to be the top Creative Economy in ASEAN in terms of size and value by 2030, DTI has launched the Creative Economy Roadmap. This roadmap contains



priority initiatives, which include policies, industries, cities, tourism, and education. Priority sectors include advertising, film, animation, game development, and graphic arts and design. The creative industry has a potential in strengthening the export sector, which could result in the creation of more jobs.

In 2019, DTI, through CITEM, supported the performing arts sector by partnering with Cultural Center of the Philippines' Manila International Arts Market (MIPAM) for a three-day event at the CCP Complex from September 16-18. Dubbed MIPAM x CREATE PH, the event bridged business and the arts through featured exhibitions and live performances, Business of Performing Arts capacity-building talks, and industry networking opportunities. MIPAM x CREATE PH raised the profile of 29 participating exhibitors for the 113 buyers in attendance, generating 253 inquiries from local and international delegates. Linking venues and promoters with performing arts companies and service providers resulted in 44 partnerships, 7 direct bookings, 4 commissioned works, and 19 collaboration opportunities. DTI also provided business matching, business registration, and intellectual property registration services during the event.

**One-stop Laboratory Services for Global Competitiveness (OneLab) Network.** Networking of the science and technology laboratories into a Onelab Network enable clients to submit their samples to any location. The One-stop Laboratory Services for Global Competitiveness (Onelab) project integrates DOST and non-DOST laboratories through an IT-based Referral System which allows for the seamless handling of samples from receiving, referral, transport, analysis to the prompt delivery of calibration and testing reports, no matter where the customers are in the Philippines and other parts of the world.

In 2019, the 22 laboratories of DOST received 168,038 samples for analysis and provided 241,201 testing and calibration services to 29,065 firms. About PhP160.7M fees were collected from the services delivered for the whole year. Expanding access to laboratory test services, the One-stop Laboratory Services for Global Competitiveness (OneLab) project integrates 53 public and private laboratories through an IT-based Referral System.

The OneLab Network includes 22 laboratories of DOST and 31 non-DOST laboratories, including eight (8) international member laboratories as follow: Intertek Thailand, SGS Thailand, Intertek Vietnam, Malayan Testing Laboratories (Malaysia), Australian Food Microbiology (Australia), Codina Farms (Australia), Geoscience Testing Laboratory (UAE) and the International Rice Research Institute.

A total of 52 DOST Provincial S&T Centers (PSTCs) are now capable of receiving samples, wherein 37 PSTCs were able to receive and refer samples to their respective Regional Offices.

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

As of 2019, the portal already has a total of 710 registered experts from different institutions all over the Philippines. The OneExpert platform already recorded more than 1.7 million website visits. Out of more than 23,666 services rendered by S&T experts accredited under OneExpert, more than 5% were coursed through the portal. The portal and its official channels have facilitated a total of 596 inquiries from users nationwide. These figures indicate that the use of IT-based systems has contributed to the efficient delivery of services to the public.

OneExpert has likewise served as a complementary platform to the other online service delivery systems of the DOST, specifically oneSTore and OneLab. Both OneLab and OneExpert provide technical assistance to its clients while oneSTore provides a marketing platform where DOST clients/project beneficiaries can sell their products. These platforms synergize with each other and collectively present a holistic package of online and/or IT-enabled support particularly to MSMEs.

OneExpert has also widened the reach of STARBOOKS, the first Science digital library in the country, because it was incorporated in the portal not merely as a simple link but as part of the search database.

**Technology Business Incubation (TBI) Program.** Technology Business Incubation (TBI) Program is designed to nurture and accelerate the establishment and growth of technology-based startups through the provision of business and mentoring support, offered both in the incubator and through the network of key players in the industry. The DOST- PCIEERD and DOSTPCAARRD has supported the establishment of 26 TBIs and two innovation hubs.

As of 2019, a total of 25 TBIs and 2 innovation hubs were established through the support of DOST Councils, Philippine Council for Industry, Energy and Emerging Technology Research & Development (PCIEERD) and Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (PCAARRD). The DOST, through PCIEERD, looks forward to the global exposure of the local startups to the international field with the launch of the TBI 4.0. With this, there will be partnerships and collaborations with incubators and accelerators from other countries, developing and implementing startup programs with these partners, and co-incubating and immersing Philippine startups in global environments.

TBIs funded by PCIEERD produce a wide variety of technological solutions such as software applications and hardware devices for use in agriculture, education, health, food service industry, market research, environmental monitoring, and e-commerce.

Among the technologies featured in the TBIs funded by PCAARRD are on farm production; feed production; disease diagnostics, prevention and treatment; animal breeding/breed upgrading; food/ meat/milk processing; vacuum packaging/ labelling; equipment production; and wood processing. Products are from the various commodities across the agriculture, aquatic and natural resources sector.

**Technology Innovation for Commercialization (TECHNICOM).** The TECHNICOM program was created as an intervention to address pre-commercialization gaps through financial grant and technical assistance. The TECHNICOM which has been implemented by the DOST-TAPI since 2013

aims to stimulate technological innovation, and strengthen capacities in pursuing precommercialization activities, increase private sector adoption and commercialization of government-initiated research and development (R&D) outputs and maximize benefits from government investments in R&D activities.

In 2019, the allocated budget of PhP44,660,000 were fully utilized covering 10 homegrown technologies with three (3) continuing projects that will be charged to the 2020 budget. The approved projects are added to the Program's growing portfolio of technologies expected to be fully launched in the market in the coming years.

The Program acknowledges the vital role of the proponents and project leaders in the successful conversion of research outputs to products and services attractive to industry and end-users. Hence, one of the strategies identified by the Program is to equip its proponents and project team with necessary skills, knowledge and tools in techno-based commercialization through the conduct of the training "Spark Plug: A TECHNICOM Masterclass (Fundamentals of Evolving Techno-Based Commercialization)" on 11-12 November 2019 at the Heritage Hotel, Pasay City attended by 84 participants from the Research and Development Institutes (RDIs), Higher Education Institutions (HEIs), schools, universities and colleges (SUCs), startup companies and DOST-TAPI.

Moreover, with the continuous support by the Program to its stakeholders by promoting the funded technologies, the following three (3) assisted technologies were nominated to prestigious awards:

1. BioGroe – National Academy of Science and Technology's (NAST) Technology Commercialization Awards
2. Vigormin – ASEA-US Prize Awards for Women
3. Biotek-M – Filipino Faces of Biotechnology Awards

**Intellectual Property Rights Assistance Program (IPRAP) assisted technology generators and inventors in securing IP protection.** This Program was devised through E.O. No. 128 creating TAPI as reinforced by R.A. No. 7459 otherwise known as the "Inventors and Invention Incentives Act". Assistance coverage provides advisory, technical and financial services in securing intellectual property (IP) protection from the Intellectual Property Office of the Philippines (IPOPHL).

The Program offers a holistic package of assistance for patent, utility model, industrial design, copyright and trademark applications for private individual inventors, various institutions and researcher with privately funded R&D.

In 2019, DOST- Technology Application and Promotion Institute (TAPI) thru the Intellectual Property Rights Assistance Program (IPRAP) received and evaluated a total of 617 proposals/requests from private individual inventors, various institutions, and researchers with privately funded R&D. The Program was able to provide assistance in the filing of 640 IP applications comprising of 2 inventions, 93 Utility Models, 113 Industrial Designs, and 432 Copyright applications. Out of the total number of filed IP applications, 119 IP applications were filed by DOST-TAPI's in-house patent agents and the copyright registrations were facilitated by the Program.

The Program, with the help of the DOST-TAPI in-house agents and contracted Patent Law Firms/agents, has also been able to facilitate 172 prior art search reports. Additionally, the Program

was able to render 300 IP-related consultations to applicants. The Program reported 144 prosecution activities with regard to the assisted technologies that are still on-going prosecution with the IPOPHL and obtained 98 registration certificates from the previously filed IP applications.

On 30 September to 02 October 2019, DOST-TAPI conducted a three-day “Capacity Building for DOST employees on Intellectual Property Rights”, which aims to capacitate the technology licensing professionals of the DOST on Intellectual Property Rights as well as produce more evaluators/para-agents that will aid in-house patent agents in the future.

**DOST-Academe Technology-Based Enterprise Development (DATBED) Program.** DOST-Academe Technology-Based Enterprise Development (DATBED) Program develops entrepreneurial competencies among students by providing financial assistance for the establishment of technology-based enterprises.

In 2019, a total of 11 project proposals was received and evaluated for possible project implementation under the Program. From these proposals, seven (7) projects passed the series of evaluation and were approved under Stage I which amounted to PhP567,689.74 benefiting 32 students in the implementation of the technology-based enterprises.

**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 MSME to capacitate seed, start-up, and innovative projects.

In 2019, the Program received and facilitated the evaluation of 34 project proposals from various clients. Out of these proposals, eight (8) requests were approved for funding assistance under the Program amounting to PhP9,631,189.92.

A total of PhP11,890,191.18 was recovered from the financial assistance extended to previously approved projects as a result of constant follow-ups to beneficiaries with outstanding obligations to TAPI; and a total of PhP14,266,449.06 financial assistance for 10 assisted projects were fully refunded.

Moreover, the Program has conducted 207 monitoring activities and site visits to on-going and completed projects and catered 127 technical assistance from different sectors.

## ACCESS TO MARKET (Market)

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

MSMEs are ready and able to penetrate as well as expand and strengthen their role in domestic, regional, and global markets. Access to markets is the sustained ability of MSMEs to be competitive in selling their products and services to existing and new markets, under a climate of fair, free, socially responsible and environment-friendly trade practices. In order to achieve this strategic goal, the following strategies and action plans will be implemented:

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

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



**Local products championed in 123 Go Lokal retail stores nationwide; Marahuyo launched.**

Since the launch of Go Lokal in 2016, 123 Go Lokal! retail stores have been opened nationwide, featuring products from MSMEs. In 2019, Some 83 MSMEs were accredited, 84 were mainstreamed, and 5 Go Lokal! Brands recognized. Sales generated reached PhP169.4 million.



Also in 2019, Marahuyo, the high-end/luxury spin-off for DTI's Go Lokal!, was launched in partnership with Duty Free Philippines Corporation. It aims to help our country's designer brands be recognized in both the local and global markets. The initial collection featured our country's rich culture of entrepreneurship and creativity. Marahuyo is available at the Luxe Duty Free in Pasay City. It featured 10 MSMEs, which generated almost PhP100,000 in 6 weeks.

**34<sup>th</sup> OTOP Hub launched.** In 2019, DTI has launched 24 more OTOP Hubs to reach a total of 34 OTOP Hubs nationwide. The OTOP Hub is an initiative of the agency to mainstream MSME products and uplift cultures of the provinces. Products displayed at OTOP Hubs are a product of the OTOP Next Gen project where various goods from MSMEs were developed to improve their marketability. This year, 10,819 MSMEs have been assisted and 6,771 products have been developed. Sales generated reached PhP1.41 million.



**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.

oneStore.ph 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.

As of December 2019, 12,050 products of MSMEs were uploaded in the oneStore.ph application, generating PhP235.8M online and walk-in sales. There were 25 physical hubs established/maintained nationwide to serve as display areas of products of SETUP-assisted MSMEs.

**RAPID Growth Project launched in IFEX Philippines NXTFOOD ASIA to link farmers to manufacturers.** DTI and the International Fund for Agricultural Development (IFAD) launched the Rural Agro-Industrial Partnership for Inclusive Development (RAPID Growth) program, to link



farmers to food manufacturers. Agri-based SMEs will be upgraded, to create huge and sustainable market demand for the output of specific agricultural farmers.

Held at the launch was the signing of the pledge of commitment by the Project Steering Committee for the RAPID Growth project, composed of leaders and representatives

from the government, agricultural, trade, finance and private sectors, led by DTI Secretary Ramon Lopez. Around 1,050 MSMEs and 78,000 farmers of coffee, cocoa, coconut, and selected fruits and nuts, among others, will receive training, supplies, and financial assistance from the program. RAPID Growth will pilot in four areas, and focus on four agricultural products: coco coir in Leyte, coffee in Bukidnon, cacao in Davao del Norte, and calamansi in Agusan del Sur.

**Over US\$600 million in export sales 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 US\$601.258 million (50% increase from the previous year's US\$401.44M) in reported export sales (booked and under negotiation) for the participating exhibitors. This was achieved through the organization of Signature Events in Manila (69<sup>th</sup> Manila FAME, 70<sup>th</sup> Manila FAME, 13<sup>th</sup> IFEX Philippines, 3<sup>rd</sup> CREATE Philippines and the organization of Philippine participation.) This was done through participation in 15 Overseas Trade Fairs (OTFs) in 7 countries/markets as

follows:

- *Food Sector:* Winter Fancy Food Show (San Francisco, USA / 13-15 January), Gulfood (Dubai, UAE / 17-21 February), Foodex (Chiba, Japan / 5-8 March), Malaysia International Halal Showcase (Kuala Lumpur, Malaysia / 3-6 April), Taipei International Food Show (Nangang, Taipei / 19-22 June), Summer Fancy Food Show (New York, USA / 23-25 June), Anuga (Cologne, Germany / 5-9 October), and SIAL Middle East (Abu Dhabi, UAE / 9-11 December.)
- *Home, Fashion, and Lifestyle Sector:* Ambiente (Frankfurt, Germany / 8-12 February), Project Womens Las Vegas (Las Vegas, USA / 12-14 August), Maison & Objet (Paris, France / 6-10 September), INDEX Dubai (Dubai, UAE / 16-18 September), Premiere Classe (Paris, France / 27-30 September.)
- *General Consumer/B2B Fairs:* China-ASEAN Expo (Nanning, China / 21-24 September); China International Import Expo (Shanghai, China / 5-10 November.)

These export promotion events provided global exposure to 1,552 local exhibitors (18% increase from last year's 1,310) and generated 18,851 trade inquiries from global buyers.

**Local Supplier Development Programs launched.** In 2019, the BOI intensified work to address supply chain gaps through the Local Supplier Development Programs (SDPs), in partnership with the International Finance Corporation-World Bank Group (IFC-WBG) and the Japan International Cooperation Agency (JICA). The program is aimed at strengthening domestic linkages between multinational enterprises (MNEs) operating in the Philippines, and local small and medium enterprise (SME) suppliers.

It helps SME suppliers by giving them the capacity to meet specific input requirements of participating MNEs. Both programs have secured commitments from both MNEs and SMEs to actively participate in building local capacities and capabilities. Its activities include the Reverse Trade Fair (RTF) conducted for automotive parts manufacturers with the global automotive giant, Bayerische Motoren Werke (more commonly known as BMW.)

To prepare the local parts makers, the agency organized a coaching session called the SDP with IFC-WBG. The RTF provided the venue not only for auto parts makers, but also for aerospace parts makers, IT=BPM and composite materials manufacturers. This allowed them to link up with BMW for potential partnerships.



## APPENDIX 1: MSME Development Plan 2017-2022 Framework

<b>VISION</b>	More globally competitive MSMEs that are regionally integrated, resilient, sustainable, and innovative thereby performing as key drivers of inclusive Philippine economic growth				
<b>FOCUS AREAS</b>	Business Environment		Business Capacity		Business Opportunities
<b>THEMES</b>	Business Climate	Access to Finance	Human Capital Development	Technology and Innovation	Access to Market
<b>GOALS</b>	Improved Business Climate	Improved Access to Finance	Enhanced Management and Labor Capacities	Improved Access to Technology and Innovation	Improved Access to Market
<b>STRATEGIES</b>	Simplify, standardize and harmonize MSME-related rules and regulations at all levels that will encourage MSMEs to tap the opportunities in macroeconomic policy, infrastructure development, trade deals, etc.	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 MSMEs with knowledge and enticements to avail of formal financial channels.	Expand and strengthen human resource capacity of MSMEs through optimal application of a combination of mentoring, group training, field outreach, and online training; improve MSME knowledge base using gender and other parameters.	Support linkages between MSMEs and large corporations; develop inclusive business models and social enterprises; establish feasible domestic economic zones; make innovative technologies as well as sustainable and resilient practices more affordable, cost-effective, and accessible to MSMEs.	Strengthen value and supply chain linkages; make domestic and export market information such as market analysis, and directory of potential markets for matching and interaction, timely, accurate, inexpensive and available for MSMEs
<b>CROSS-CUTTING STRATEGIES</b>	Expand MSME Assistance Centers Promote Women and Youth Entrepreneurship		Strengthen the role of Local Government Units Maximize Opportunities in the Digital and Internet Economy		Promote Green Growth
<b>ACTION PLANS (Policies, Programs, Projects)</b>	<ul style="list-style-type: none"> <li>Expedite delivery of MSME assistance services;</li> <li>Streamline business systems;</li> <li>Remove restrictions, provide incentives and promote job-creating investments;</li> <li>Reduce regulatory burden, and;</li> <li>Reduce MSMEs' cost of doing business.</li> </ul>	<ul style="list-style-type: none"> <li>Streamline and simplify loan requirements and processes for MSMEs and cooperatives;</li> <li>Build capacities of financial institutions and cooperatives to provide business development assistance for MSMEs;</li> <li>Provide financial literacy trainings for MSMEs;</li> <li>Enhance guarantee system and other financial infrastructures;</li> <li>Assess and implement related laws and programs, and;</li> <li>Leverage on the National Retail Payment System (NRPS) in promoting e-commerce, facilitating operational efficiency, and enabling electronic payments.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage and promote entrepreneurship and equal opportunities for all including women and youth;</li> <li>Enhance labor capacities through human resource development and gender diversity, among others, and;</li> <li>Intensify advocacy and education campaigns on policies and programs relevant to improving the management capability and labor productivity of MSMEs.</li> </ul>	<ul style="list-style-type: none"> <li>Expand shared facilities;</li> <li>Provide financing for equipment and machinery acquisition;</li> <li>Promote Philippine National Standards (PNS) by NGAs and its adoption by MSMEs;</li> <li>Develop internationally harmonized industry performance standards, and;</li> <li>Bring MSMEs into the digital and internet economy.</li> </ul>	<ul style="list-style-type: none"> <li>Expand market access to existing and new markets presented by the AEC and other preferential trade agreements;</li> <li>Promote e-Commerce;</li> <li>Organize local and international marketing events;</li> <li>Organize signature events;</li> <li>Participate in overseas trade fairs, and;</li> <li>Design export programs.</li> </ul>
<b>INSTITUTIONAL SUPPORT</b>	Generation and analysis of relevant information and sex-disaggregated data in implementation plans	Effective coordination and sharing among government agencies	Responsive, timely, and graft-free services of implementing agencies	Strategic sectoral monitoring and evaluation of implemented plans	Comprehensive budget allocation for all indicative programs/activities/projects

**Table 1: MSMED Plan 2017-2022 Overall KPI**

OVERALL INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENT			REMARKS
				2017	2018	2019	
Increase in employment of MSME	Total Employment (PSA)	4,879,179	8.284M	4,922,251 (out of 7,832,089 total employment)	5,714,262 (out of 9,043,063 total employment)	5,510,760 (out of 8,826,335 total employment)	
Percentage increase in number of registered MSMEs	Number of Establishments (PSA)	911,768	1,094,122 (20% increase)	920,677 (out of 924,721 total enterprises)	998,342 (out of 1,003,111 total enterprises)	995,745 (out of 1,000,506 total enterprises)	
	Number of registered Enterprises with LGUs* (LGUs / PBR)	---	TBD	1,370,258	1,308,193	1,493,572	
	Number of registered MSME corporations (SEC)	---	TBD	---			
Number of women entrepreneurs created	PSA, DTI, PCW	---	TBD	---			
Number of youth entrepreneurs created (15 to 30 years old)	PSA, DTI, NYC	---	TBD	---			
Proportion of small-scale industries (enterprises) in total value added increased	Value added Other proxy: Total Sales (DTI-CB / EODB Council)	35.7% <sup>3</sup>	50-55%**	---			

\*It is estimated that around 3-4 million enterprises are registered with LGUs. DTI has collected information from around 10% of the LGUs which gave a total registration of about 1 million enterprises.

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

<sup>3</sup> 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	
No. of Negosyo Centers established	NC Report (Negosyo Center-PMU)	297	350 <sup>4</sup>	640	911	960	2014 – 5 NCs 2015 – 145 NCs
No. of business assistance facilitated by the Negosyo Centers	NC Report (Negosyo Center-PMU)	717,784	1,271,598 (10% increase yearly)	949,223	915,675	1,081,117	
Increased customer Satisfaction	NC Report (Negosyo Center-PMU)	85%	90%	99.12%	99.7%	99.6%	
Number of Barangay Micro-Business Enterprises (BMBEs) <sup>5</sup> registered increased	NC Report (Negosyo Center-PMU)	1,807	60,000	12,197	27,241	41,032	
Number of LGUs with streamlined business permit and licensing systems (steps in registration)	Number of LGUs (DILG-LGA/DTI-CB Reports)	1,422 LGUs	1,634 LGUs	---	1,125	1,228	
	New Business	---	---	788	1,174	1,260	
	Business Renewal	---	---	868	1,171	1,280	
Number of agencies which have streamlined their processes	NCC/EODB Report (EODB Council/DTI-CB)	---	27	---	---	---	

<sup>4</sup> 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.

<sup>5</sup> 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	
Percentage of SMEs with bank loans/line of credit	Small enterprises (World Bank Enterprise Survey <sup>6</sup> )	22.6%		---			
	Medium enterprises (World Bank Enterprise Survey <sup>7</sup> )	38.9%		---			
Percentage of SMEs with a checking or savings account	Small enterprises (World Bank Enterprise Survey <sup>8</sup> )	90.9%		---			
	Medium enterprises (World Bank Enterprise Survey <sup>9</sup> )	96.2%		---			
Proportion of microenterprises availing P3 and other micro financing increased	Number of P3 borrowers (SB Corp)	2,500	19,000	20,104	61,204	120,933	
	Number of borrowers availing from microfinance banks (BSP)	1,686,152	---	---			
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	---	---			
Percentage of MSME loans to total business loans	Amount of loans availed by MSMEs (BSP Reports)	---	---	---			
Number of MSMEs accepting digital payments		---	---	---			

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

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

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

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

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)		---	---	---			

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

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS			REMARKS
				2017	2018	2019	
Percentage increase in MSME labor productivity	Reports from PSA (ASPBI), NWPC	---	TBD	---	---	---	
Percentage increase of trained MSME participants of government training	Reports from DTI, DOLE, NWPC, DOST, TESDA, UP-ISSI	4.296M	TBD	---	---	---	
Labor force participation rate, female (% of female population ages 15+) in MSME enterprises	Survey conducted by PSA, DOLE	---	TBD	---	---	---	
Labor force participation rate for ages 15-30 (youth). Total (%)	Reports from PSA, DOLE	---	TBD	---	---	---	
Number of training programs provided to MSMEs (including women and youth)	Agency submissions under the MSMED Plan Monitoring Report, DTI-RGMS, PCW, NYC, DepEd	---	TBD	---	---	---	
Number of MSMEs (including women and youth) trained	Agency submissions under the MSMED Plan Monitoring Report	---	TBD	---	---	---	

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

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS			REMARKS
				2017	2018	2019	
Number of new and innovative common service facilities established	Number of SSFs	1,727		23	102	204	
	Number of FabLabs	11		1	5	10	
	Number of Food Innovation Centers	17		16			
	Number of SET-UP	6,665		5,600			
	Number of Technology Business Incubation (TBI)	---		14			
	Number of Common Workspace	---		---			
Percentage increase of MSME investments on technology and innovation	Percentage increase in the amount of investments in MSMEs	---		---			
	Approved amount invested in MSME sector- Actual FDI in MSME sector in the balance of payments						
	(Research and development expense, Capital expenditures (tangible) on machinery and equipment, Capital expenditures (intangible) on R&D)						
	(PSA-ASPBI, DOST-S&T Plan, PSA-Foreign Investment Report, BOI, BSP, PEZA, Clark Development Corporation, SBMA)						



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

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS			REMARKS
				2017	2018	2019	
Number and percentage of MSMEs participating in global value chains increased	Direct Exports (intermediate goods only)	---	---	---	---		
	Sales to exporters	---	---	---	---		
	Contract and Commission work done for others	---	---	---	---		
Amount and percentage increase in amount of domestic sales	Value of domestic sales (PSA/CDA/BIR)	Php82.14B	---	<ul style="list-style-type: none"> <li>• PhP109.93M (total sales from Trade Fairs)</li> <li>• PhP13M (Go Lokal! Sales)</li> </ul>	<ul style="list-style-type: none"> <li>• PhP 192.05 M (Total Sales from Domestic Trade Fairs)</li> <li>• PhP 78.5 M (Total Sales from Go Lokal!)</li> </ul>		
	Programs of agencies: - Trade Fairs, Go Lokal, Presence of SME products in retail outlets, etc	---	---	---	---		
Amount and percentage increase in amount of export sales	Value of export sales	US\$14.35B and (2.4%) GR	---	US\$17.18 B and +19.7% GR	US\$17.33 B and +0.9% GR		
	Number of MSMEs engaged in export sales	5,048		5,444	5,146		
Number of enterprises with online presence or participating in Marketplaces	(PSA (ASPBI) / EMB (Tradeline) / PHILEXPORT)	---	---	---	---		
	PBR (companies with websites)	---	---	---	---		
Percentage share of SMEs' contribution to national exports	PSA/BSP, EMB, BOI, PHILEXPORT	25%	---	25%	25%		

Percentage of SMEs with invetsment overseas	DTI FTSC/PITC, PFA, DA Attaches	---	---	---	---		