



2018

ACCOMPLISHMENT REPORT

MSME DEVELOPMENT PLAN 2017-2022

MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT PLAN 2017-2022

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

In accordance with the EO No. 50 and to efficiently implement the programs under the Plan, the MSME Development Council (MSMEDC) Chair has called on agencies to gather together to work on achieving the five (5) strategic goals of the Plan. The Department of Trade and Industry – Bureau of SME Development (DTI-BSMED), which serves as the MSMEDC Secretariat, has organized five (5) action planning workshops to review the government wide initiatives and programs according to how each relates to the achievement of the strategic goals for the full implementation of the Plan.

¹ see full copy of Executive Order No. 50 on preliminary pages of the MSME Development Plan 2017-2022 (https://drive.google.com/open?id=1PhDj6-41QsA2YmXdk1K86HsqOSz_Sooa)



**Action Planning
Workshop of
Committee on
BUSINESS
CLIMATE
(27 April 2018)**

**Action
Planning
Workshop of
Committee on
ACCESS TO
FINANCE
(10 April 2018)**



**Action Planning
Workshop of
Committee on
MANAGEMENT
AND LABOR
CAPACITIES
(23 March 2018)**

**Action Planning
Workshop of
Committee on
TECHNOLOGY
AND
INNOVATION
(07 May 2018)**



**Action Planning
Workshop of
Committee on
ACCESS TO
MARKET
(08 May 2018)**

President Duterte backs MSME Agenda during the National MSME Summit 2018. With the theme, “Accelerating 7Ms for Competitive MSMEs”, the National MSME Summit 2018 was keynoted by President Rodrigo Duterte on 10 July 2018 at the ASEAN Convention Center in Clark Field, Pampanga. In his speech, the President expressed support on the MSME agenda and assured everyone that on top of restoring peace and order in the country, his government commits in pouring more funds to the MSME sector.

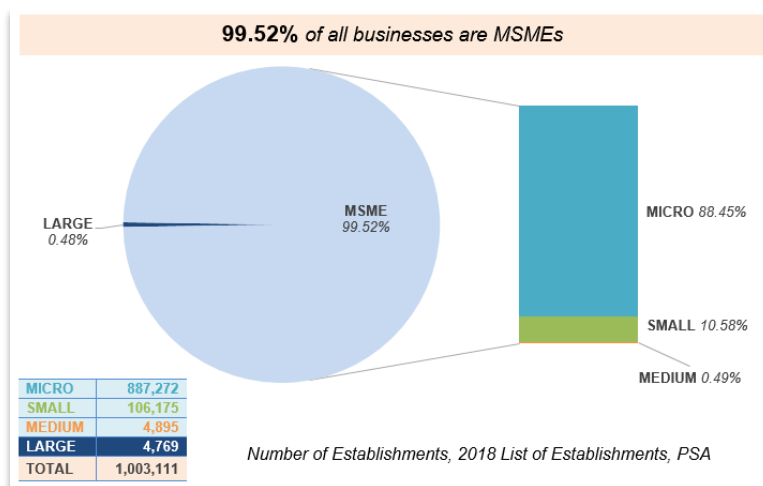


Attended by around 1,600 participants from various MSME stakeholders, the Summit also put highlight on the Report to the President presented by DTI Secretary and MSMED Council Chair Ramon Lopez. The Report showcased various opportunities and initiatives under the 7Ms strategy in gearing up for MSME competitiveness and cited the accomplishments and initiatives of the MSME Development Council.



MSME SECTOR PERFORMANCE in 2018

The MSME sector has recorded a total of 998,342 enterprises (99.52%) and generated a total employment of 5,714,262 (63.19%) according to the 2018 data from the Philippine Statistics Authority (PSA).²



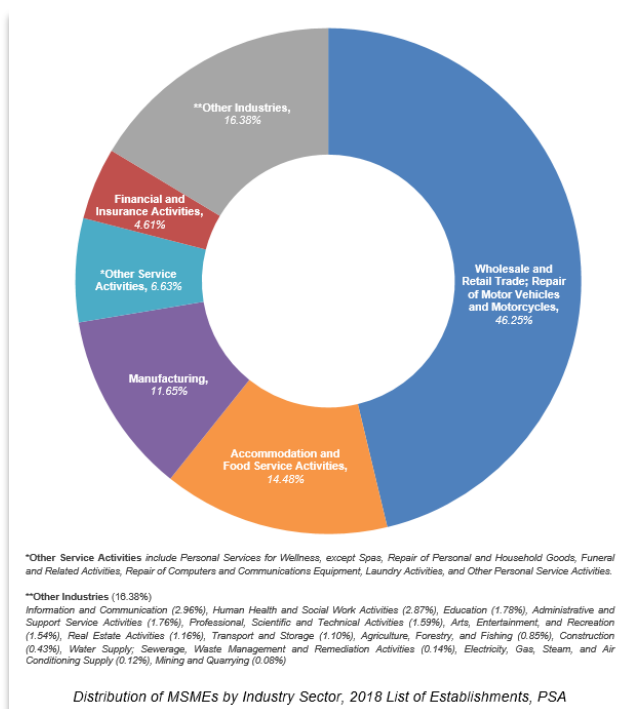
Micro enterprises constitute 88.45% (887,272) of total MSME establishments, followed by small enterprises at 10.58% (106,175) and medium enterprises at 0.49% (4,895).

Majority of the MSMEs can be found in the National Capital Region (NCR) with 203,312 (20.36%) business establishments, Region 4-A (CALABARZON) with 148,196 (14.84%), Region 3

(Central Luzon) with 116,073 (11.63%), Region 7 (Central Visayas) with 70,395 (7.05%), and Region 6 (Western Visayas) with 61,590 (6.17%). These top five (5) locations accounted for about 60.05% 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 (28.86%) closely followed by small enterprises (27.04%) while medium enterprises were far behind at 7.29%.

The top five (5) industry sectors according to the number of MSMEs in 2018 were: (1) Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (461,765); (2) Accommodation and Food Service Activities (144,535); (3) Manufacturing (116,335); (4) Other Service Activities (66,162); and (5) Financial and Insurance Activities (46,033). These industries accounted for about 83.62% of the total number of MSME establishments.



² 2018 official data from the Philippine Statistics Authority (PSA) (<https://dti.gov.ph/business/msmes/msme-resources/msme-statistics>)

The MSMED Plan has also brought more MSME programs and policies to focus in bringing structural reforms and addressing some of the cross-cutting issues that will make tremendous impact in 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 significantly improved through various significant and collaborative interventions of the government and private sector to pursue a business-conducive environment at national and local levels to make it easier for MSMEs to start and grow their enterprises.

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

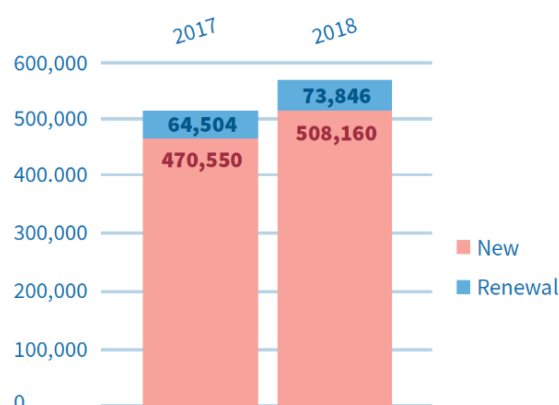
Other details can be found in the Action Plan of the MSMED Plan 2017-2022 matrix under Strategic Goal 1: Improved Business Climate.

Expedite delivery of MSME assistance services to support New Businesses

Over 1,000 Negosyo Centers established nationwide. As of December 2018, 1,061 Negosyo Centers (NC) have been established available nationwide, with a total of 876,742 clients assisted of which 216,392 were existing MSMEs. There were 976,124 services rendered including facilitation of registration with concerned government agencies, product development, access to markets, and investment promotion. A total of 13,394 skills and managerial/entrepreneurship training programs were conducted in the centers benefiting 371,086 existing and would-be entrepreneurs. The 1,000th Negosyo Center was launched in General Luna, Surigao del Norte on 27 November 2018.



Over 582,000 Business Names Registered. A total of 582,006 transactions on business name registration were recorded in 2018, up by 9% compared to the 535,054 transactions in the same period of 2017. Majority of the registrations were done through e-BNRS website at bnrs.dti.gov.ph with 430,632, followed by PBR with 43,225. Majority of business names registered were in Region IV-A, followed by the National Capital Region (NCR) and Region 3.



Widening the reach of NCs thru the Negosyo Serbisyo sa Barangay (NSB). DTI launched the NSB to provide business development services through Negosyo Centers established in provinces, cities, and municipalities, pursuant to the Go Negosyo Act (R.A. No. 10644). In partnership between Barangay officials and Negosyo Center coordinators, NSB will allow for an even wider reach of business development services at the barangay level. The program aims to develop 200,000 new enterprises from the barangays of the 4th to 6th class municipalities and expected to provide more than 500,000 new jobs.

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 31,627 BMBEs registered nationwide in 2018 compared to 12,868 in 2017. 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.

FDA approval for micro entrepreneurs streamlined by DTI, DOH. DTI collaborated with the Department of Health (DOH) to fast track the process for getting permits for micro entrepreneurs from the Food and Drug Administration (FDA). A Memorandum of Understanding (MOU) to launch a six-month pilot program was signed between the two agencies on 21 December 2018. The program focuses on businesses producing low-risk food products with assets not more than P3 million. FDA is set to launch an online portal to further simplify FDA applications.



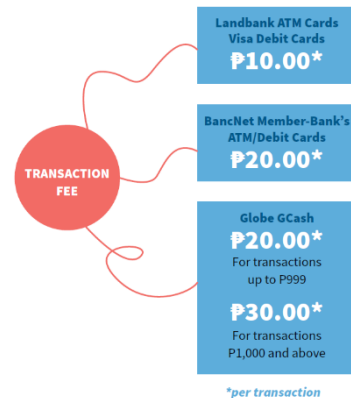
The program is set to start by January 2019, where representatives from FDA will be deployed in all NCs in the National Capital Region, to train the NC business counselors in pre-assessing applications for Licenses to Operate (LTOs). Upon passing the pre-assessment, these applications will be forwarded to the FDA, who has committed to release the LTOs in fifteen days. Under the program, the micro-businesses will also be exempted from acquiring Certificates of Product Registration (CPRs). After the pilot run, the program will be evaluated for possible roll out in the other regions.

Process for construction permits streamlined. In 2018, the DTI, with the Department of Interior and Local Government (DILG), Department of Information and Communications Technology (DICT), Department of Public Works and Highway (DPWH), and National Competitiveness Council (NCC), issued a Joint Memorandum Circular that mandates a streamlined process for construction permits. Standards and procedures in the issuance of building permits, certificates of occupancy, and other construction related permits were prescribed. The processing time was reduced to five (5) days for local government units (LGUs), and three (3) days for the Bureau of Fire Protection (BFP).

Payment of licensing and registration fees for PCAB contractors now available online. In order to promote safety and protect the interests of the general public from the risks of dealing with unqualified and incompetent contractors, the Construction Industry Authority of the Philippines (CIAP), through the Philippine Contractors Accreditation Board (PCAB), implemented the e-Filing System, which allows contractors to register and to create their accounts for renewal applications. The system is mandatory for any renewing contractor falling under the categories of Double A (AA), Triple A (AAA) or Quadruple A (AAAA).

On 12 February 2018, DTI signed a Memorandum of Agreement (MOA) with Landbank of the Philippines (LBP), to provide an alternative means of payment collection for PCAB contractors. Since the end of April 2018, these contractors were allowed to directly transact with the Landbank Payment gateway for online payment to PCAB for payables such as fees and charges relating to licensing and registration application, among other things.

The Landbank Link.BizPortal will allow contractors to pay licensing and registration fees and charges assessed by CIAP-PCAB online or manually.



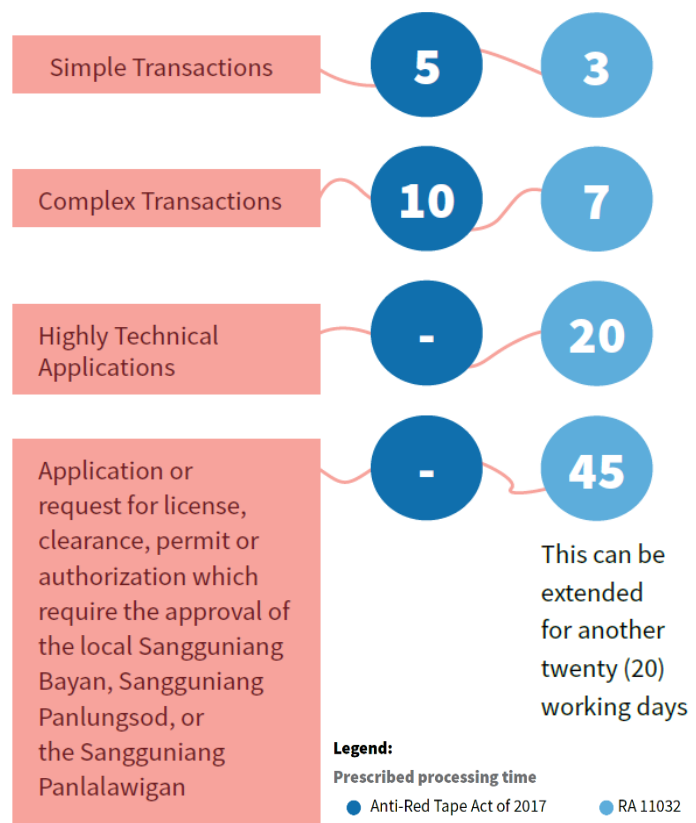
EODB/Efficient Government Act of 2018 passed. On 28 May 2018, Republic Act 11032, otherwise known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, was signed into law. The law seeks to reduce the requirements and streamline the processes in starting and operating businesses to create a more conducive business environment in the country.

The law called for a unified business application form, the establishment of Business One Stop Shops, and the streamlining of procedures for the issuance of local business licenses, clearances, permits or authorizations. Cities and municipalities are directed to automate their business permit and licensing system within three years. Barangay clearances and permits related to doing business shall be applied, issued, and collected at the city/municipality. At the local government level, the city or municipality Business Process and Licensing Office shall not require the same documents already provided by an applicant or requesting party to the local government departments.

The number of signatories in any document shall be limited to a maximum of three signatories. The law also prescribed the processing time depending on the type of application.

The law also called for the creation of an Anti-Red Tape Authority, which shall be directly supervised by the Office of the President, and the Ease of Doing Business and Anti-Red Tape Advisory Council, which shall be the policy and advisory body to the Authority.

The draft Implementing Rules and Regulations (IRR) has already been reviewed by UP Law Center and was submitted to the Office of the President. There were 7,594 participants from the IRR public consultations.



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

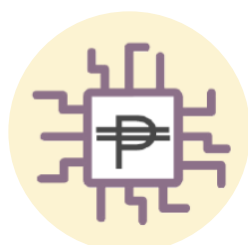
Four (4) regional 'Sulong Pilipinas' fora generated top 10 actionable recommendations.

Sulong Pilipinas is an annual consultative conference between the Duterte Administration and the private sector. It aims to elicit and address private sector concerns such as improving peace and order, simplifying processes at the Bureau of Internal Revenue (BIR), streamlining local government processes, providing tax incentives to MSMEs, and reducing red tape, among others.

Four (4) regional workshops were held in November 2018, providing a direct avenue for about 1,000 MSMEs to communicate their concerns and recommendations.



First held in Davao City in June 2016, Sulong Pilipinas acts as an incubator of future legislation and ascertains the alignment of the needs of the Filipino people and government initiatives. To date, this consultative conference has given birth to the following:



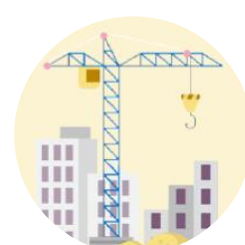
***Ease of Doing
Business Law***



***Tax Reform for
Acceleration
and Inclusion
(TRAIN) Law***



***PhilSys or the
National ID
Law***



***Build, Build,
Build program***

For 2018, the consultation produced the following recommendations (arranged by order of popularity):

1. Improve agricultural productivity and raise farmers' incomes through education and the use of new farm technologies
2. Build more physical infrastructure such as seaports, airports and mass-based transport systems
3. Simplify requirements for loans with reasonable interest rates for MSMEs and the rural sector
4. Improve access to education, especially for the poor
5. Implement stricter profiling of the Pantawid Pamilyang Pilipino Program (4Ps) recipients, monitor their expenses and provide them livelihood training
6. Speed up the processing and issuance by the FDA of licenses and certificates of product registration
7. (A) Properly plan infrastructure projects to reduce disruptions in business operations
(B) Simplify processes at the Bureau of Internal Revenue (BIR)
(C) Improve peace and order by ensuring police and military visibility in rural areas, intensively monitor illegal trade activities in coastal areas, and continue the implementation of martial law in Mindanao
8. Improve health services in every part of the country by building more health centers and hospitals
9. Provide tax incentives to MSMEs
10. Streamline government processes and reduce red tape

PH aims to leap to the Top 20% in Doing Business; ranks 56th in the 2018 Global Competitiveness Report. The Doing Business Taskforce is aiming to leap into the top 20% of the world rankings in the Doing Business report in 2020. Its plan of action principally involves reducing the time needed to get permits, and streamlining procedures, without much burden on administrative costs. Other initiatives include the removal of the minimum paid-in capital for corporations, a review of the laws on the protection of creditors' legal rights, and a review of the Corporation Code, as well as the need for movables, inventory, and other assets to be used as collateral. A draft bill known as the Secured Transactions Act is up for approval in Congress and in the Senate, to provide the legal basis for this change.

The Philippines rose 12 spots to rank 56th in the 2018 Global Competitiveness Report (GCR) by the World Economic Forum (WEF). The report covers 140 economies, representing 99% of global GDP, and 94% of world population. For this year, a new index called the Global Competitiveness Index 4.0 (GCI 4.0) was adopted. The 2017 results were adjusted to provide a reference point, and a 2017 "backcast edition" was released, wherein the Philippines' performance improved, as measured by its overall distance to frontier (DTF) score of 62.1 in the 2018 GCI, versus 59.8 in 2017. The Philippines posted improvements in all pillars, and maintained its good macroeconomic stability performance, with a DTF score of 90.

During the 6th Annual Ease of Doing Business Summit, Secretary Ramon Lopez mentioned that the government has accomplished a total of nineteen reforms across seven out of ten indicators measured by the Doing Business Report of the World Bank – Finance Corporation. These indicators are (1) starting a business, (2) dealing with construction permits, (3) getting electricity, (4) registering property, (5) protecting minority investors, (6) trading across borders, and (7) enforcing contracts.

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

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

Undertake Capacity Building programs

P1.8B worth of P3 Loans released nationwide; P3 to be accessible online. With the Small Business Corporation (SBCorp) as the administrator of the Pondo sa Pagbabago at Pag-asenso (P3), the DTI has released P1.8 billion worth of loans to 61,204 microenterprise borrowers nationwide in 2018. A total of P1 billion is allocated per year to fund the P3 program. This aims to assist MSMEs to grow

their businesses, through low-interest loans. At the end of 2018, there are 289 partner micro-finance institutions, in 80 provinces.

With the aim to increase the efficient disbursement of P3 funds, SBCorp partnered with CRIF Philippines, to deploy the Loan Origination System. This agreement with CRIF will make borrowing from P3 easier for micro-enterprises. Now, with the P3 scheme and fintech, borrowers can transact with any credit delivery partners (CDP). The plan is to set up CDPs within a one-hour commute from the micro-enterprise communities. Moreover, the loans will be directly released to the debit cards issued to the borrowers.

SB Corp likewise partnered with Landbank of the Philippines (LBP) to provide fast and efficient alternative payment collection services to MSMEs through the LBP's e-Payment service, Link.BizPortal. Under the signed Memorandum of Agreement (MOA), SB Corp will avail of LBP's e-Payment facility under its Payment Service Provider (PSP), as part of its efforts in providing fast and efficient payment collection services for MSMEs. Conversely, LBP, through its Link.BizPortal, will allow SB Corp clients to transact business or pay monetary obligations to SB Corp via the internet, using the e-Payment models offered by the bank.

Entrepreneurial Trainings and Loan Assistance provided. The Comprehensive Social Benefits Program (CSBP) is in response to the President's directive to provide assistance to Armed Forces of the Philippines (AFP) soldiers who were killed in action (KIA) and wounded in action (WIA) in military operations, and to Philippine National Police (PNP) personnel who were killed in police operations (KIPO) and wounded-in-police-operations (WIPO), in due cognizance of their dedication and service to the nation. The program aims to provide immediate and long-term assistance to the affected families to help them recover from the loss or incapacitation of their heads of family or income earners, with the end goal of helping to make their lives more normal.

To further help and assist the CSBP beneficiaries, the DTI, through its Regional Operations Group (ROG) and the Bureau of Small and Medium Enterprise Development (BSMED), has provided entrepreneurial training to the families of KIA/WIA and KIPO/WIPO. Some 4,952 CSBP beneficiaries were trained during the 12 capacity buildings conducted in 2018.

SBCorp has also developed an Equity Investment Program under the P3 program for KIA and WIA soldiers. It will provide a maximum local investment of PhP100,000 per soldier or their beneficiary, to finance start-up capital for new business or additional capital for expansion of an existing business. In 2018, a total of PhP22,319,500 of approved equity investment has been awarded to 288 beneficiaries.

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

In 2018, a total of 181 micro and small cooperatives and 271 medium and large cooperatives have joined the program wherein a total of 157 MoA have been forged adopting the program.

Cooperative-Sustainable Enterprise Development (COOP SEED) Program established. A capacity building program for members of micro and small cooperatives from identified provinces in all regions considered as poorest of the poor was established in 2018 by Cooperative Development Authority (CDA) and DTI.

In 2018, a Seminar Workshop on Cooperative Entrepreneurship Development Plan (CEDP) and Value Chain was conducted where 30 cooperatives, representing a micro and small cooperative each from every region, were able to develop and present their respective CEDPs for further implementation.

CDA Extension Offices took charge of implementing and initiating various deliverables, together with the cooperative beneficiaries, such as trainings on product development, technical assistance on the preparation of CDA Mandatory reports, establish partnership in the local level as partners in the program, assist cooperatives and entrepreneur members to be registered under BMBE Act of 2002 and participate in the project of Negosyo Centers, among others. Documentation of the Program in video and coffee table book was also undertaken in 2018.

Implement Systems Standardization issues

DTI partners with First Circle Growth to improve MSMEs' financial literacy. DTI signed a Memorandum of Understanding (MOU) with First Circle Growth Finance Corp for both parties to provide financial education services to MSMEs assisted by the DTI Negosyo Centers throughout the country. The MOU signed on 03 October 2018 covers the following: co-promotion of reliable alternative sources of finance; cash flow management education; assistance on crafting policies, programs, and projects for sustainable development of MSMEs; and managing regulatory updates affecting the MSME sector.

Expansion of the Credit Surety Fund (CSF) Program. The CSF provides up to 80 percent surety cover for loans granted by banks to borrowers that would otherwise have difficulty assessing such credit facilities due to insufficient collateral, limited credit histories, and inadequate financial records, among other barriers. To date, there are currently 54 CSFs, with 791 members in 53 cities and provinces across the country. Total loans released as of 30 September 2018 is estimated at PhP5.2 billion, reaching 17,400 beneficiaries.

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 2018, the coordination efforts between BSP and CDA commenced to implement the provisions of the said law.

Digitizing the Coop Market. The Cooperative Business Matching Information System (CBMIS) project was established in 2018 to maintain an information system that will promote the products and services of cooperatives. It will facilitate business matching and marketing activities and gather relevant information from cooperatives relative to its products and services.

The roadshows conducted per island-region were intended for target cooperatives to register and participate in the system. To date, there are already 300 cooperatives registered. CBMIS will play a pivotal role in matching the producers and consumers in a more efficient way with the sharing of relevant online information in this ever-changing world.

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 2018, direct lending by the banking sector to micro and small enterprises (MSEs) increased from PhP213.813 million in 2017 to PhP233.625 million in 2018. The 2018 figure represents 3.12% compliance ratio of the banking sector with the mandatory allocation requirement for MSEs.

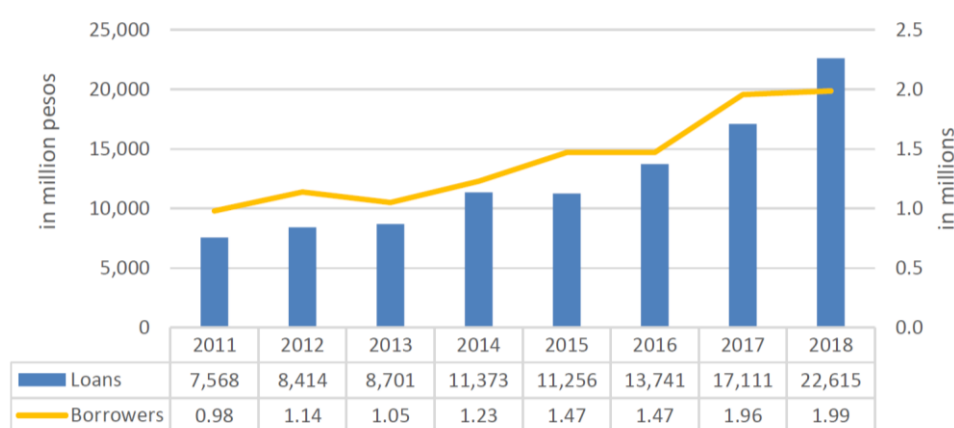
Direct loans to medium enterprises also increased from PhP323.825 million in 2017 to PhP341.158 million in 2018. The 2018 figure represents 4.55% compliance of the banking industry with the mandatory credit allocation requirement for medium enterprises.

Personal Property Security Act passed. Underserved sectors such as agriculture and micro, small and medium enterprises (MSMEs) find it difficult to obtain credit from banks which usually require real property as collateral. The preference for fixed assets as collateral can be attributed to the absence of a legal framework to govern the use of movable collateral (e.g., warehouse receipt, crops, receivables, and equipment).

On 17 August 2018, Republic Act No. 11057 also known as Personal Property Security Act was enacted into law. It provides the legal and institutional framework to facilitate the use of movable property as collateral for both business and consumers credit. Movable property could be bank accounts, accounts receivables and secured sales contracts, inventory and raw goods, intellectual property rights, industrial and agricultural equipment, durable consumer goods, agricultural products, and vehicles.

Financial inclusion is about providing all Filipinos access to affordable and client-centered financial services that can help them build a better life for themselves and their families. Since 2000, the Bangko Sentral ng Pilipinas (BSP) has been nurturing an enabling environment for the delivery of financial products specifically for the low income and vulnerable sectors of society. The goal was to mainstream microfinance as a banking activity and enable market-based solutions to address frictions and promote financial inclusion in a more sustainable manner.

In 2018, there were 159 banks with microfinance operation serving almost 2 million borrowers with loans outstanding amounting to P22.6 billion. From 2011 to 2018, the banks' microfinance loan portfolio and number of microfinance borrowers grew at an average annual rate of 18% and 11%, respectively.



Amount of outstanding microfinance loans and number of microfinance borrowers

While the number of banks offering loans for microenterprise, micro-agri, and micro-housing decreased, the amount of outstanding loans on these products continued to increase. Micro-agri loans experienced the largest growth in terms of borrowers and loans.

		2017	2018	Growth
Microenterprise Loans	Banks	150	145	● -3.3%
	Borrowers	1,660,846	1,652,044	● -0.5%
	Amount (in million pesos)	14,234.6	18,640.9	● 31.0%
Microfinance Plus	Banks	37	39	● 5.4%
	Borrowers	8,390	8,900	● 6.1%
	Amount (in million pesos)	776.5	968.9	● 24.8%
Micro-Agri Loans	Banks	27	24	● -11.1%
	Borrowers	72,480	98,761	● 36.3%
	Amount (in million pesos)	720.9	1,092.2	● 51.5%
Housing Microfinance Loans	Banks	17	15	● -11.8%
	Borrowers	138,380	127,418	● -7.9%
	Amount (in million pesos)	1,002.5	1,396.0	● 39.2%

There were over 3 million deposit accounts of microfinance clients amounting to P9.9 billion in 2018. While the total volume and value of savings decreased, average amount of deposit per account increased from around PhP2,400 in 2017 to PhP3,100 in 2018.

National Strategy for Financial Inclusion (NSFI) forged strategic partnerships. Launched in 2015, the NSFI serves as the core platform for interagency coordination and has become an important channel for multi-stakeholder engagement and collaboration.

The BSP serves as Secretariat to the Financial Inclusion Steering Committee (FISC), the interagency body providing strategic direction, guidance, and oversight in NSFI implementation. The FISC convenes regularly to work towards synergizing and tracking the progress of the government's financial inclusion initiatives.

The 6th FISC meeting was held on 13 June 2018, which gave members the opportunity to share their respective agencies' on-going and prospective programs and activities relevant to financial inclusion. The FISC identified two priority areas in NSFI implementation in the next year: (1) agriculture value chain financing (AVCF) and (2) digital financial services.

Through the NSFI platform, the BSP has obtained much needed support from the various private sector and development partners, with the following programs and projects launched and implemented in 2018:

- *Financial Literacy Program for Schools.* Together with the Department of Education (DepEd) and BDO Foundation (BDOF), the BSP entered into a Memorandum of Agreement (MOA) to develop financial literacy videos and teaching guides in support of DepEd's program to mainstream financial education lessons in the K-12 curriculum. The first batch of videos, which focused on savings and money management, was unveiled during the launching event in May. The videos are expected to benefit as many as 700,000 DepEd teachers and non-teaching personnel, and 24 million students in over 47,000 public schools in the country. For teachers and non-teaching personnel of DepEd, the BSP, in coordination with DepEd and BPI Foundation, conducts Financial Empowerment Seminar (FES), a program geared towards improving the financial resiliency and security of teachers. To date, 28 FES for Teachers have been conducted, with 4,900 participants in attendance. This program features modules that serve as primary material in the series of training-of-trainers (TOTs) for teachers.
- *Expansion of the Financing Ecosystem of Negosyo Centers.* The BSP entered into a partnership with the Department of Trade and Industry (DTI), Microfinance Council of the Philippines, Inc. (MCPI) and Alliance of Philippine Partners for Enterprise Development, Inc. (APPEND) to expand the financing ecosystem of Negosyo Centers. Numbering 1,000 nationwide, Negosyo Centers serve as one-stop shops that provide a range of business assistance services, including registration, business development and consultation, and market linkages. The partnership will make financial products and services more accessible to micro, small, and medium enterprises (MSMEs),



which are the primary clients of Negosyo Centers. Formalized through a MOA signed in September, it effectively institutionalizes information sharing and relationships between financial institutions and Negosyo Centers nationwide; thus enabling Negosyo Centers to refer MSMEs to appropriate financing windows and financial institutions to better understand the needs of MSMEs and design appropriate products and services. The partnership also covers the development of a financial education program for Negosyo Center business counsellors by the BSP.

- *Agriculture Value Chain Financing (AVCF) Study.* To deepen knowledge and raise industry awareness on agriculture financing, the BSP facilitated a study on AVCF. The study, conducted through the sponsorship of the Asian Development Bank (ADB), aims to provide better understanding of the challenges and opportunities of AVCF as a viable alternative financing approach in the Philippines. The study is also envisioned to serve as the basis for a national roadmap on innovative agriculture financing.

Adoption of the national retail payment system (NRPS) framework. 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. With 24 participating institutions as of year-end 2018, InstaPay consistently showed exponential growth in terms of both volume and value, zooming upward shortly after its launch in April 2018. InstaPay is the second automated clearing house launched in the country, coming after PESONet which is a batched electronic funds transfer service.

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. The PESONet has been gaining traction in the payments industry since it went live in November 2017. The volume started to take off in July 2018 and increased further in the last quarter of 2018 given the intensified marketing efforts of the payment service providers. As of end-December 2018, there were forty-seven (47) payment service providers, i.e., banks and nonbanks, participating in the PESONet as of year-end 2018.

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		
Action Agenda on <i>ENTREPRENEURIAL MINDSET, MASTERY</i> and <i>MENTORING</i> :		
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">Promote youth entrepreneurship: Integrate entrepreneurship values and skills in the educational system spanning all levels; Hasten the implementation of the Youth Entrepreneurship ActProviding facilities, support system to encourage entrepreneurship: Establish vocational training and counseling centers for micro enterprises, women, and youth in collaboration with the private sectorProvide comprehensive capacity-building programs for advancement of women entrepreneursProvide access to expert advice from local mentors: Enhance the mentoring programs for MSMEsProvide access to international experts: Support ABAC's ASEAN Mentorship for Entrepreneurs Network initiative (AMEN)	<ul style="list-style-type: none">Gather, compile, organize, and disseminate information on available business models that may be employed by start-up MSMEsDevelop, promote and monitor productivity measuresPromote social enterprises that highlight community-based approaches to enterprise developmentEstablish an Innovators Program to identify, accredit, certify and mobilize innovators who could foster and mentor MSMEs under a well-organized and monitored system.	<ul style="list-style-type: none">Strengthen and intensify advocacy on information and communication campaigns on programs and policies related to human resource development and other related topics

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

DTI cultivates entrepreneurial mindset through KMME; participants may now avail of financial assistance from DBP. In 2018, DTI conducted 112 runs of the Kapatid Mentor ME (KMME) Program, graduating 2,358 mentees nationwide. DTI also signed a Memorandum of Agreement (MOA) with the



Development Bank of the Philippines (DBP) enabling them to extend their assistance and support such as financing-related modules and coaching sessions through the DTI Negosyo Centers, as well as financing, for qualified Mentor ME graduates. DBP also committed to open its lending centers and closely coordinate with Negosyo Centers nationwide.

Launched the Youth Entrepreneurship Program (YEP) nationwide. YEP is a national initiative of the government aimed at encouraging the growth and development of youth entrepreneurship in the country by offering them a comprehensive package of interventions. This is a collaborative effort of relevant enablers supported by the Republic Act No. 10679 otherwise known as Youth Entrepreneurship Act of 2015 authored/ sponsored by Senator Paolo Benigno “Bam” Aquino IV.

With its official tagline, “Harnessing Our Own Resources for the Advancement of the Youth!” (HOORAY!), YEP supports 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 the youth. With the end goal of improving national development, YEP components encourage upbeat actions towards strengthening economic independence among individuals and communities.

On 14 December 2018, MSMEDC and DTI initially engaged a total of 12 cooperators (government, private and NGOs) for the program that include:

Philippine Young Entrepreneurs Association	Technical Education and Skills Development Authority
National Youth Commission	Youth Entrepreneurship Academy
Department of Education	Commission on Higher Education
Philippine Center for Entrepreneurship-Go Negosyo	Philippine Chamber of Commerce and Industry
Center for Strategic Reforms of the Philippines	National Wages and Productivity Commission
Philippine Trade Training Center	Cooperative Development Authority



Potential and existing exporters trained. In 2018, DTI, through the Philippine Trade Training Center (PTTC) conducted seminars catering to 698 MSMEs. A total of 16,415 participants attended 430 training programs, covering topics such as export marketing and management, business start-up and management, quality and productivity ISO-series, and business language.

Two (2) National TNK events held nationwide; TNK seminar held in Australia. For 2018, DTI held Trabaho, Negosyo, Kabuhayan (TNK) events during Labor Day and Independence Day. From all the participants, 6,152 individuals were hired on-the-spot, 1,215 MSMEs were assisted, and P1.55 million of sales was generated through the trade fairs. In December 2018, a TNK entrepreneurship seminar was held at the Property Investors Alliance Office in Olympic Park, in Sydney, Australia. The seminar aimed to generate jobs and promote entrepreneurship among overseas Filipinos.

Promote New Business Models

Over 14,800 livelihood starter kits distributed through the Livelihood Seeding Program. With the aim to restore Filipinos' sustainable livelihood in resettlement sites, and poverty and calamity-stricken areas, DTI provided start-up capital and in-kind grant assistance in the form of livelihood starter kits through the Livelihood Seeding Program (LSP) in 2018. Beneficiaries of the 14,824 starter

kits included micro and small entrepreneurs in Boracay, Marawi, and in the 18 resettlement sites in NCR, Bulacan, Cavite, Rizal and Region 8, as well as Mayon evacuees and rebel returnees.

Over 1,000 Agrarian Reform Communities aided. In 2018, DTI-CARP served 1,226 Agrarian Reform Communities (ARCs), assisted 189,500 farmer beneficiaries, and 3,081 MSMEs. The initiative likewise developed 2,229 MSMEs and aims to transform the lives of Agrarian Reform Beneficiaries (ARBs) who are working as vital partners, catalysts, and contributors, to economic development.

Promoting MSME productivity through NWPC's Productivity Toolbox. Continued efforts to promote productivity were implemented through the provision of training and technical services 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 growing number of MSMEs and the demand for training on basic productivity concept, tools, and techniques, the NWPC developed/upgraded four training modules, namely Social Media Marketing, Lean Management, 7S of Good Housekeeping, and Productivity 101. In addition, the NWPC also developed four e-learning modules that may be accessed through the NWPC e-learning portal in 2018. These modules cover topics on Productivity 101, Stock Control, Bookkeeping, and 5Rs of Waste Management.



Available courses



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 <i>MACHINE</i> and <i>MODELS OF NEGOSYO</i> :			
Fulfill the need for a more intensified information campaign and technology-matchmaking activities			
PRIORITY ACTION ITEMS			
Expand facilities that MSMEs can share	Promote greening and technology enabling MSMEs	Develop internationally harmonized industry performance standards/ promote Philippine National Standards (PNS) by NGAs and its adoption by MSMEs	Promote commercialization of technology and build capabilities to foster industry clustering
<ul style="list-style-type: none">Mapping of technology and innovation initiatives nationwideEstablishment of new facilitiesStrengthen academic support to MSMEs and institutionalize programs that will allow universities to share their facilities with MSMEs	<ul style="list-style-type: none">Promote greening and technology enabling of MSMEsMake green business attractive, faithfully enforce environmental laws and regulationsIdentify role in implementing Green Jobs LawFoster Social Enterprise development, Green Business Models, and Franchises	<ul style="list-style-type: none">Developing programs to improve standards and establish quality infrastructure for MSMEsStrengthen/reform institutional structures especially for improved coordination, collaboration and funding supportAddress infrastructure constraints to improve technology and innovation in MSMEsStrengthen the monitoring and compliance system on quality standards in accordance with the ASEAN Standards and Conformance Strategic Action Plan	<ul style="list-style-type: none">Foster MSME Clustering and Integration into value chainsStrengthen information dissemination on various government's technology and innovation initiatives for MSMEs and other technology match-making activities

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

Footwear industry strengthened through SSF. As of 31 December 2018, there were 2,352 Shared Service Facilities (SSF) worth PhP1.32 billion established nationwide. These have assisted 273,731

beneficiaries, by providing MSMEs with machines and equipment. As directed by the President, to revive and strengthen the Marikina shoe industry, the expanded SSF project for high value custom made footwear was launched. It features advanced technology and newly-acquired state-of-the-art machinery for preparing customized footwear molds that will increase the productivity of shoemakers. Also, the newly-renovated and improved Philippine Footwear Academy building, which serves as a shoemaking skills training facility in Marikina, was inaugurated.

Under the SSF project, DTI also provides machines and equipment through Fabrication Laboratories (FabLab). It aims to help grassroots communities, by allowing MSMEs to make prototypes of their products, with the help of technology. By the end of 2018, 15 FabLabs were established nationwide, 12 of which are in select state universities and colleges (SUCs) and regional campuses of the Philippine Science High School System. Two are in NGOs, and one in an LGU.

ASEAN SME Academy launched. Online training and resources are now more accessible as DTI's Philippine Trade Training Center (PTTC) became the new administrator of the Association of Southeast Asian Nations (ASEAN) Small and Medium Enterprise (SME) Academy, also known as the ASEAN SME Academy.

The Academy is a one-stop online learning and information resource platform, which aims to provide training and mentorship to enhance ASEAN SMEs' capabilities, and to help them grow and compete regionally and internationally. It offers around fifty training courses on finance/accounting, management, marketing, operations, technology, and trade/logistics. The website www.asean-sme-academy.org provides about 350 relevant links to business information, and a directory of service providers to whom SMEs can reach out for financial advice, corporate programs and networking information.

Pack! Pinas, a Packaging roadshow for MSMEs launched. With the aim to push innovative packaging and branding for MSMEs products, "Pack! Pinas", an MSME Packaging Roadshow, was launched in 2018. It is an event where the latest market trends and emerging opportunities in product enhancement, as well as packaging solutions, are showcased. Government agencies and companies were also present in the roadshow to offer assistance on designing, branding, and marketing of products.

Pack! Pinas was co-organized and supported by the MSME Development Council, the Design Center of the Philippines (DCP), the Center for International Trade Expositions and Missions (CITEM), the Philippine Trade Training Center (PTTC), the Department of Science and Technology (DOST), the Food and Drug Administration (FDA), and the Packaging Institute of the Philippines.

DTI, DA signs commitment for the PH Rubber Industry Roadmap. DTI and DA led the signing of the Joint Statement of Commitment for the Philippine Rubber Industry Roadmap 2017-2022, to continue supporting the



development of the Philippine rubber industry. The joint statement solidifies the roles of the government and private sector in developing the country's rubber industry. The inter-agency cluster aims to strengthen the entire rubber industry chain, from assisting rubber farmers, to finding local and international markets for their goods. These initiatives will improve the lives of Filipino rubber farmers, the majority of whom are from Mindanao.

Small Enterprise Technology Upgrade Program (SETUP) revitalized. 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 2018, a total of 773 MSMEs received innovation-enabling fund support to upgrade their technological capability contributing around 40% average productivity improvement in their operations and generating 42,458 jobs/employment. In the same year, a more robust SETUP, dubbed as 'SETUP 2.0' revitalized the roster of intervention mechanisms available under the program. SETUP 2.0 sets out to provide interventions needed at the level of the sector or industry, on top of its regular clientele of individual MSMEs.

Patent Activities Strengthened through Mind to Market. The Intellectual Property Office of the Philippines (IPOPHL), an attached agency of the DTI, encouraged patent activities, through its Mind to Market (M2M) program. The program facilitates technology transfer between universities and businesses, in order to commercialize intellectual property assets. To further encourage patent activities among members of the Innovation and Technology Support Offices (ITSO), they conducted patent search and patent drafting writeshops to enable participants to effectively protect their intellectual property rights and to increase the number of IP-knowledgeable people in universities. In 2018, IPOPHL was able to receive 1,425 patent applications (inventions, utility models and industrial designs) from ITSO members.

Juana Make a Mark. For the past five years, applications for trademarks filed by residents comprised 56% of the total filings. This increased to 60% of the total in 2018. Resident-filed applications increased by an average of 8% for the past 5 years partly due to the implementation of the Juana Make a Mark Program. Said program is a trademark incentive package that caters to MSMEs by waiving the payment of basic filing fees, fees for claim of color and publication fee for opposition of trademark applications but subject to certain conditions and requirements. To date, more than 1,500 MSMEs have benefited from the program. Out of the 21,626 resident applications, 15% (3,206) were filed through the IP Satellite Offices (IPSOs) while 104 applications came from the Innovation technology Support Offices (ITSOs).

Inclusive Innovation Conference held; Innovation Roadmap to be crafted. DTI, through the Bureau of Trade and Industrial Policy Research (BTIPR), organized the Inclusive Innovation Conference (IIC) 2018, gathering around 300 participants, with key officials from the government, industry associations/business chambers, and other stakeholders (academic/research community, donor agencies) from all over the country.

Together with seven government agencies, DTI forged an MOU on Inclusive Filipinnovation and Entrepreneurship to develop the country's innovation and entrepreneurial ecosystem via enhancing the linkages between academe/research community, industry, and government.

The ultimate goal of the roadmap is to activate innovation and entrepreneurship as the main levers

to reduce – if not completely eliminate – poverty in the country. One major recommendation of the roadmap is the creation of Regional Inclusive Innovation Centers (RIICs) which would serve as the cornerstone of the i3S and would lie at the heart of our economic transformation. The RIICs would serve as the linchpin of productive collaborations between and among industries, universities, and government agencies. LGUs, startups, MSMEs, R&D laboratories, S&T parks, incubators, FabLabs, and investors, are among the many agents in the ecosystem. Four regions have been identified as pilot areas in the creation of RIICs; Region V (Bicol), Region VII (Cebu), Region X (CDO) and Region XI (Davao).



Startup Ecosystem to be boosted. The Startup Ecosystem Development Program (SEDP), rebranded as Startup Pilipinas, is an industry cluster program aimed at fostering inter-enterprise linkages among MSMEs and strengthening collaborative networks. In 2018, 43 startup companies were assisted, and 26 were promoted in Singapore, South Korea, Taiwan, and the USA. The DTI also led a Philippine delegation at the ASEAN-Korea Startup Week promoting the information and communications technology (ICT) startup community among the ASEAN member countries.

The DTI, through Startup Pilipinas, conducted 232 information sessions, consultations, workshops, and conferences attended by 25,039 participants, which covered topics that aimed to help entrepreneurs develop and scale up their business startups for international market. Among the topics covered were digital marketing, SEC registration, tax filing, design thinking, branding, and preparation of pitch decks. 2018 also marked the Philippines' first annual Global Startup Ecosystem Report (GSER) and Consensus Global Startup Ecosystem Development Network by the Startup Genome Project. The global research focused its assessments on three cities/ecosystems – Manila, Cebu, and Davao, with emphasis on sub-sectors' strengths and strategic focus.

The DTI, through the Export Marketing Bureau (EMB), also participated in the 2018 Startup Nations Summit in Surabaya, Indonesia. The conference gathers entrepreneurship policy shapers from around the world to identify, test, and track innovative policy levers and smart public sector driven programs for startups. They provided DTI new effective policy levers, and found innovative solutions to regulatory conundrums related to entrepreneurial disruption.

In 2018, the DTI also held Startup Ecosystem Mapping sessions in various cities in the country - Manila, Cebu, Tagbilaran, and Naga City. This series of sessions aimed to identify and engage startup communities beyond Metro Manila, and will be continued in 2019.



DTI signed an MOU on Startup Assistance Program 2019-2023 with DOST and DICT. This MOU takes a whole-of-government approach, to create projects, events, and endeavors to promote and assist Philippine startups. The MOU covers the development of the ICT ecosystem in the countryside and of local ICT startup businesses through DICT's seed PH program, financial assistance for technology transfer support and nurturing tech-based startups through DOST's Philippine Council for Industry, Energy and Emerging Technology Research and Development, and scaling up PH startups through DTI's outbound business matching missions (OBMMs) and international pitching competitions.

Food Innovation Center (FIC) gaining ground. 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. As of 2018, 15 out of the 17 regional FICs were operational with the FICs in Regions SOCCSKSARGEN still under renovation and construction, respectively.

Overall, the regional FICs have generated 2,946 product concepts; of which, 406 were translated into product prototypes. The regional FICs were able to generate 70 IP applications and provided various technical assistance to 1,618 customers nationwide.

One-stop Laboratory Services for Global Competitiveness (OneLab) Network expanded. 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 2018, OneLab network expanded its reach to other ASEAN neighbors. Three international laboratories in the ASEAN formally joined OneLab, namely: (1) Intertek-Thailand (2) Intertek-Vietnam and (3) SGS-Thailand. In the local arena, six new members were added to the network as follows: Fast Lab-Calamba, Center for Excellence in Drug Research, Evaluation and Studies, Inc. (CEDRES), Scientific Standards Services, Analytical Solutions and Technical Services Laboratory, Mach Union Laboratory, and Ostrea Mineral Laboratory. As of 2018, a total of 44 laboratories comprise the OneLab network.

OneLab network also facilitated 346 referral transactions involving 648 samples and 1,747 test and calibration services. The number of transactions increased by 68.75% compared to 2017 data. From these figures, Php 1.9 million laboratory fees were collected.

Under the project, two Halal Verification Laboratories in CALABARZON and Davao Region were set-up and inaugurated. Of the 11 new services targeted to support the food safety program of the Department, eight are now fully offered, *Vibrio parahaemolyticus*, *Vibrio cholera*, *Campylobacter*, nitrites in meat products, *Salmonella*, shelf-life testing, commercial sterility and benzoate.

The project capped 2018 on a high note with the successful conduct of the OneLab ASEAN Forum on 05 December 2018 where the new members were introduced to the OneLab network. Another highlight was the recognition of OneLab's Referral Module System as one of the Top 10 Best Practices among the 36 entries to the 6th International Best Practice Competition held in Abu Dhabi, United Arab Emirates on 10-12 December 2018.

OneExpert portal launched. 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.

To improve access to experts and technologies particularly of people living outside of major urban centers, an interactive web-based nationwide pool of S&T experts was created. The program, dubbed as One Expert, brings the services of accredited expert located anywhere in the Philippines to clients that need S&T assistance. As of 2018, the portal had a total of 668 registered experts from 152 institutions all over the Philippines. Through this database, project implementers, both from DOST and other organizations, can outsource experts and consultants from anywhere in the country. These accredited experts and consultants provided support to 88,172 individual customers and 13,736 firms mostly through on-site assistance under the SETUP.

A total of 264 consultancy and training applications are managed and monitored through the OneExpert portal although the project aims to include all S&T services of the DOST Regional Offices. The portal has 1,363 registered online clients and has received a total of 360 inquiries from clients through the OneExpert Opportunities and other official channels.

Aside from the portal, OneExpert has also developed its own messaging platform called OneChat to digitally connect experts, clients and technical personnel. The project plans to promote OneChat to MSMEs, other government agencies and the general public as a mode of communication among Filipinos.

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.

In 2018, DOST-PCIEERD initiated a program that aims to further stimulate the growth of technology business incubation around the country. The program dubbed as the “Higher Education Institution Readiness for Innovation & Technopreneurship (HeIRIT) Development Program for Starting TBIs” prepares 20 universities in the creation of their own TBIs by equipping them to plan, implement and establish their own TBIs in the hope of building and supporting a startup community in their own university. Ten of these 20 universities have received funding from DOST-PCIEERD for their TBI operation.

Towards the end of 2018, the 2nd National TBI Summit was held to gather the incubators and startups assisted by DOST-PCIEERD. The event not only served as a venue to learn about the governments’ programs and support for the sector, but also to promote partnerships. More than 300 startups participated in the event. The activity was highlighted by the signing of memorandum of understanding (MOU) among the DOST, DTI and Department and Information and Communications Technology (DICT) to harness their programs and projects in putting up a conducive business ecosystem for startups.

On the other hand, the DOST-PCAARRD has supported the establishment of 14 TBIs since 2017 across the country to encourage, support, and nurture the development of mature agriculture, aquatic and natural resources (AANR) technologies into viable commercial agribusiness ventures for the creation of wealth, employment, and economic development. A total of 95 incubatees are currently being assisted by the TBIs since the commencement of the program.

The program demonstrated significant potential to play a positive role in entrepreneurship growth in the AANR sectors as the incubatees from the initial set of TBIs already generated 185 jobs and an aggregate gross income of PhP9.8 million.

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 pre-commercialization activities, increase private sector adoption and commercialization of government-initiated research and development (R&D) outputs and maximize benefits from government investments in R&D activities.

This year, the Program approved 12 projects amounting to PhP41.5 million pesos with a 100 percent utilization of the allocated Program’s fund. The Program has monitored eight on-going projects and 18 completed projects.

PROJECT	BENEFICIARY	AMOUNT (PHP)
Piloting of the DOST-FPRDI Wine Barrel Technology	DOST-FPRDI	3,452,392.00
Design and Development of an Improved Manually- Operated Carrot Seeder	Central Luzon State University	3,555,283.20
Design Review, Design Finalization, and Product Assessment of a Locally Fabricated Optical Aerosol Monitor	University of the Philippines (UP) Diliman	5,742,973.20
Field and Market Testing of ILAWA: Renewable Power Generation from Traversable Waters using Recycled Anodic Materials for Small Fishing or Touring Vessels	Technological Institute of the Philippines (TIP)	2,164,460.80
Upscale Production and Market Validation of Oyster Powder from Philippine Oyster (<i>Crassostrea irredalei</i>)	UP Visayas	2,113,031.00
Design of a Dielectric Spectroscope Utilizing Microwave Frequency for Cacao Pod's Maturity Testing	TIP	4,406,319.65
Commercial Prototype Development and Scale-up of Production Process of Po-Lite Products	Po-Lite Technology, Inc.	4,999,045.00
Prototype Development of Natural Fiber-Thermoplastic Composites from Agricultural and Industrial Wastes for Industrial Applications	DOST-ITDI	3,635,732.00
Pilot Testing of a Deepwater Operation 3D Visual Mapping and Inspection System (PD-DOMAINS)	ANTIPARA Exploration, Inc.	3,058,155.20
Development of an Alternative Credit-Scoring Model Applying Machine Learning in Financing Farmers	Cropital Enterprises Corporation	3,551,018.00
Commercial Production and Evaluation of Fungal Entomopathogen <i>Isaria fumosorosea</i> as Bio-insecticide	Nueva Vizcaya State University	3,888,561.60
Product Improvement, Validation of Hypoglycemic Effect, Pilot Testing, and Assessment of Business Potentials of the Developed Guava-Based Probiotic Drink	UP Los Baños – BIOTECH	933,028.35 (3,097,418.49)
TOTAL		41,396,420.50

Approved projects under TECHNICOM in 2018

Two funded technologies of the Program were awarded gold medals during the 46th International Exhibition of Inventions of Geneva on 11-15 April 2018 at the Geneva Palexpo Arena in Switzerland. The technologies are Biotek-M Dengue Aqua Kit of the Institute of Molecular Biology and Biotechnology of the UP National Institutes of Health, and Smart Surface of UP Diliman.

Furthermore, TECHNICOM Program conducted a three-day series of technical training and workshop on 21-23 November 2018 in



Pasig City. The training-workshop capacitated 50 beneficiaries of the Program in market penetration and technology transfer, as well as technology-based businesses.

Intellectual Property Rights Assistance Program (IPRAP) assisted technology generators and inventors in securing IP protection. In 2018, DOST- Technology Application and Promotion Institute (TAPI) thru the Intellectual Property Rights Assistance Program (IPRAP) received and evaluated a total of 519 proposals/requests from private individual inventors, various institutions, and researchers with privately funded R&D. Out of the 519 proposals received, TAPI was also able to gather 30 technologies for possible IP protection.

In January 2018, the DOST-TAPI and the Association of Patent Agent Qualifying Examination (PAQE) Professionals, Inc. signed a Memorandum of Agreement for the conduct of IP audits in line with the implementation of the DOST-funded TAPI project titled “Support to the Commercialization of 500 DOSTGenerated Technologies: Strengthening the Intellectual Property and Technology Portfolios of the DOST”.

The DOST-TAPI provided assistance in the filing of 425 IP applications comprising of patents, utility models, industrial designs, and copyright. Other than contracted IP law firms, TAPI in-house patent agents were also tapped in drafting and filing IP applications. Out of the total number of IP applications, 26 of the Industrial Design registrations were filed by in-house patent agents and the copyright registrations were facilitated by the program.

With the technologies evaluated and with the on-going engagement with patent agents, 141 of the prior art search reports were conducted in-house and by contracted patent agents. Moreover, the program also rendered 245 consultations to various applicants for inquiries relative to Intellectual Property and the assistance covered by the program. As to the technologies contracted out with on-going prosecution, a total of five of these prosecution activities were reported.

The technologies which were meritorious for IPR assistance from applicants who signified their interest thru signed Conforme letters were contracted out to various IP service providers while six applications for IPR assistance are in process.

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 2018, nine project proposals were approved representing 150 percent of the Program’s target.

BENEFICIARY	PROJECT	AMOUNT (PHP)
Camarines Sur Polytechnic College (CSPC)	Triple J Farm	140,405.18
	Tmonade Refreshment	
Bicol State College of Applied Science and Technology (BISCAST)	Vegelato	56,005.41
Camarines Norte State College (CNSC)	Paruyan Rice Wine	77,357.03
	Barani	

Isabela State University (ISU) – Cabagan	High-Value Vegetable Production: Garlic Production, Bulb Onions, Microgreens, and Crucifers	146,324.32
	Hot Pepper Enterprise Development	
	Squash Production and Product Development	
	Green Corn Production	
TOTAL		420,091.94

Approved projects under DATBED in 2018

Moreover, DATBED has accredited five schools under the Program, namely, Bulacan Agricultural State College (BASC), University of Saint Louis Tuguegarao (USLT), ISU – San Mateo, Sorsogon State College (SSC), and University of Mindanao – Digos Campus (UMDC). In December 2018, the DATBED Program was re-launched in the Bicol Region in close collaboration with DOST Region V and CSPC.

A DATBED beneficiary, Mr. Rey Tutop of Mariano Marcos State University (MMSU) – Dingras Campus, has fully refunded the financial assistance of Php50,950.00 for the implementation of his project, “Broiler Production Using Lagundi as Source of Antibiotic – Phase II” in August 2018. Through the Program, Mr. Tutop generated a total net income of Php52,500.00 in five years of 15 production cycles, resulting to a return on investment of 103 percent.

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 scale-up projects.

In 2018, the Program evaluated 38 project proposals from various clients. Out of these proposals, 13 projects were approved for funding amounting to 14.5 million pesos. The approved project proposals and approved funding has exceeded the Program’s targets of 8 projects and investments of 8 million pesos, respectively.

Technologies Transferred/Commercialized. The Research and Development Institutes (RDIs) of DOST focus its transfer, commercialization and utilization of completed R&D outputs on enterprises, particularly to micro, small and medium enterprises (MSMEs) improve productivity and competitiveness in the regions. Likewise, the Sectoral Councils provide funding to agencies for transfer, commercialization and utilization of their R&D outputs. Below is the list of Technologies Transferred/Commercialized by DOST RDIs or by implementing agencies supported by DOST Councils through Technology Transfer Agreement in 2018.

List of Technologies Transferred/Commercialized by DOST RDIs Through Technology Transfer Agreement in 2018:

MIRDC 1. Spray Dryer, 2. Vacuum Fryer, 3. Water Retort, 4. Freeze Dryer, 5. Rice Transplanter Attachment for Hand Tractors, 6. Rice Harvester Attachment for Hand Tractors	ASTI 1. Advanced Remote Data-acquisition Unit (arQ)
	PNRI 1. Plant Growth Promoter

FNRI

1. Pancit Canton Noodles with Saluyot
2. Complementary Foods (Rice-Mongo curls)
3. Complementary Foods (Rice-Mongo Instant Blend)
4. Iodine-Rich Drinking Water and Iodine Premix
5. Bakery Products with Squash
6. Stabilized Brown Rice
7. Pancit Canton with Squash
8. Complementary Foods (Rice-Mongo-Sesame Blend)

FPRDI

1. Charcoal Crusher
2. Drum Kiln (2 units)
3. Electrically Heated Handicraft Dryer (2 units)
4. Furnace Type Handicraft Dryer
5. Furnace Type Lumber Dryer (1,000 and 10,000 bd. ft. capacity)
7. Manual Charcoal Briquettor
8. Mixer

PTRI

1. Modified Handloom Weaving Machine (40" and 60"), 2. Thera Loom v2.0, 3. Geo Loom, 4. Sectional Warping Machine, 5. Twining/Twisting Machine, 6. Basic Handloom Weaving, 7. Advanced Handloom Weaving, 8. Extraction and Application of Natural Dyes, 9. Dyeing of Indigenous Fibers

ITDI

1. Biogas Digester System, 2. Vacuum Fried Okra, 3. Electric Plastic Densifier, 4. Dual Drum Composter, 5. ITDI Carbonizer, 6. Salt Washer Machine, 7. ITDI Cacao Roaster, 8. ITDI Cacao Desheller/Winnower, 9. ITDI Cacao Grinder

List of Technologies Transferred/Commercialized Through Technology Transfer Agreement Facilitated by DOST Councils in 2018:

PCHRD

1. Lagundi Syrup, 2. Lagundi Tablet, 3. Sambong Tablet

PCAARRD

1. Sinta Papaya
2. Trichoderma
3. Composition and Method of Producing a Multi-Functional Biofertilizer for Use as Seed/Planting Material Inoculant for Use in All Crops (Mykoplus)
4. Biocontrol Agents Against Panama Wilt Causing-Fusarium oxysporum Tr4 Cavendish Banana (ACTIcon)
5. Microbial-based Foliar Fertilizer for Improved Production off Eggplant (Solanum melongena) and Sugarcane (Saccharum off icinarum L.) (Nutrio)
6. Carrageenan Technology
7. Rice Harvester Attachment to Hand Tractor
8. Rice Transplanter Attachment to Hand Tractor

PCIEERD

1. Community Lead Integrated Non-Cyanide Non-Mercury Gold Extraction Method (CLINN-GEM)
2. LEAP: Learning English Application for Pinoys
3. Eco-Sep
4. Nano-PGR (Nanoencapsulated Plant Growth Regulator)
5. VISSER (Versatile Instrumentation System for Science Education and Research)
6. ARRAS (Automated Rapid Reef Assessment Systems)
7. NitroPlus
8. Pancit Canton Noodles with Squash Technology
9. Bakery Products with Squash Technology
10. Rice Mongo Sesame Blend Technology
11. Tubig Talino

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

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

Go Lokal stores nationwide reach 102; goes online with Shopinas and Air21. Out of the 102 Go Lokal! retail stores nationwide, 70 were established in 2018. A total of 347 MSME-suppliers were enrolled under the program with 125 companies mainstreamed as regular suppliers of the retail partners. The registered suppliers generated P78.45 million worth of sales in 2018.

The DTI signed a Memorandum of Agreement (MOA) with Shopinas and Air 21 to provide an e-commerce platform for Go Lokal! products. A Go Lokal! microsite will be accessible through the Shopinas website. Items purchased on this platform will be delivered through Air 21. Go Lokal! accredited stores will also be featured on the main website, bearing a badge for identification.

The first Pop-Up store enabled with a QR (quick response) code, powered by PayMaya, was launched on February 12, 2018, generating a total sale of Php20,078. The Go Lokal! Pop-Up store accepted



mobile cashless transactions through PayMaya QR, which provided a seamless payment via QR code technology. A total of 58 MSMEs were featured during the event. With this success, the Go Lokal! team will also work on outfitting the Concept Store at DTI with QR code technology.

In November 2018, GoLokal brought 29 world-class Philippine social enterprises to Japan, providing them access to the Japanese market. Events were held at the Good Design branches in Marunochi and Noharu. The Department plans to engage with another overseas outlet in New York in 2019, to create more opportunities for Philippine MSMEs to reach the global market.

Over 5,200 products developed; 12 OTOP Hubs established. The DTI Regional Offices conducted an Assessment, Consultation and Triage (ACT) session in each province, to evaluate, re-assess and classify existing and potential OTOP Next Gen products. A total of 7,151 MSMEs were assisted, exceeding the annual target of 6,102. Meanwhile, 5,211 products were leveled up through the program by providing intensive product development, packaging and labeling, branding, and improved designs. Total sales generated reached P1.1 billion when they were showcased in trade fairs and marketing initiatives. As of December 31, 2018, 12 OTOP Philippines Hubs (OTOP.PH) were established, and 5 were soft-launched as market access platforms for MSMEs.

OneStore.ph promotes e-commerce. 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. In 2018, DOST and DTI sealed an innovation partnership through a Memorandum of Agreement to complement programs and services for the MSMEs. MSMEs assisted by DTI through

the Negosyo Centers and One Town, One Product (OTOP) Philippines Hub may now market their products online through the OneStore.

OneStore.ph was also able to reach out to 165 women micro entrepreneurs who enrolled their products in oneStore.ph through collaboration with a social enterprise under the auspices of a women economic empowerment project. As of 2018, the onestore.ph online and mobile shopping platform has uploaded a total of 12,000 products. Local products sold



online amounted to 2.2 million pesos. In 2018, OneStore.ph was able to close a high value transaction of an agricultural machinery, reaching an island market as far as Batanes. In addition, a total of 23 OneStore Hubs located nationwide sold local products worth 143.5 million pesos.

Over P191M sales generated from National Trade Fairs. DTI organized and conducted the National Food Fair, National Trade Fair, and two National Arts and Crafts Fairs featuring 960 MSMEs from all regions. The trade fairs attracted 160,876 visitors and generated P191.9 million in total sales.

FAIR	NO. OF EXHIBITORS	NO. OF VISITORS	CASH AND BOOKED SALES (PHP)	TOTAL SALES
NFF	232	65,943	53.33 M	63.95 M
NACF-1	218	30,169	24.60 M	35.70 M
NTF	250	37,764	57.43 M	63.52 M
NACF-2	160	27,000	23.49 M	28.73 M
Total	960	160,876	158.85 M	191.9 M

Over \$400 million 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 \$401.44 million in reported export sales for the participating SMEs through this year's Manila FAME, IFEX Philippines, and CREATE Philippines. The 13 overseas trade fairs in 7 countries/markets that were organized also contributed to the generated sales are as follows:

- *Food Sector:* Winter Fancy Food Show (San Francisco, USA / 21-23 January), Gulfood (Dubai, UAE / 18-21 February), Foodex (Chiba, Japan / 6-9 March), Taipei International Food Show (Nangang, Taipei / 27-30 June), SIAL Paris (Paris, France / 21-25 October);

- *Homestyle and Fashion sectors*: Ambiente (Frankfurt, Germany / 9-13 February); INDEX Dubai (Dubai, UAE / 26-29 March); Maison & Objet (Paris, France / 7-11 September); International Furniture Fair Tokyo (Tokyo, Japan / 14-16 November);
- *Industrial Goods & Services sector*: Automechanika (Frankfurt, Germany / 11-15 September), Electronica (Munich, Germany / 13-16 November), and
- *General Consumer Fairs*: China-ASEAN Expo (Nanning, China / 12-15 September); China International Import Expo (Shanghai, China / 5-10 November).

These export promotion events provided global exposure to 1,310 SMEs who generated business leads from global buyers totaling 19,546.

205 tech-enabled companies assisted through the Global Export Advancement Resource and Strategic Marketing and Promotion of the RIPPLES Plus Program. DTI has collaboratively undertaken export development and promotion activities focused on the PDP and PEDP. These aimed to address the need for expansion of the Philippine supply base of internationally competitive Philippine export products and services, and to provide intensive, practical assistance geared towards the internationalization of micro, small, and medium enterprises (MSMEs), and expand global export market opportunities for large corporations. In 2018, the program achieved \$153.54 million of negotiated, potential, and actual sales, from outbound and inbound business matching missions. Some 813 exporting companies were assisted through export facilitation, participation in developmental activities to improve their capabilities, and engagement in strategic marketing and promotional initiatives. The program was able to realize the development of 205 companies, allowing them to expand their export capabilities, achieve higher standards, competitively access various global markets through the utilization of Free Trade Agreements (FTAs), and advocate for market compliance. Over 50 strategic activities were organized, which included one-on-one mentoring and consultation, focus group discussions (FGDs), industry-led technical working groups (TWGs), e-Commerce campaigns, and capacity building in line with certifications and green business. Under the program's Strategic Marketing & Promotions component, it was able to assist the MSMEs to penetrate top trading partners. The sectors in focus are consistent with the priority sectors under the PEDP and visiting buyers from various countries were matched to Philippine exporters as part of the priority component of the program.

Design Week Philippines partners with the metros' key creative hubs to celebrate design. With the tagline "Design Tribes," Design Week Philippines was a nine-day borderless creative festival held from 14-22 April 2018. It boasted a powerhouse team of 41 partners, and 32 events in 16 venues across the metropolitan. It featured a series of design talks, design tours, hands-on workshops, exhibitions, art booths, live performances, outdoor film showing, and a weekend market, among others.

The activities gathered creative tribes and aficionados, engaging them to spark greater creativity and innovation. Major partner events included: Manila FAME with CITEM, Nesta's Creative Enterprise Programme with British Council Philippines, Hollowblock Presents: OTTOMONNDI with Pineapple Lab, Glug Creative Socials with ASpace, EUREKA Series: Poblacion Re-Imagined, and South Arts Festival.

Over 1,000 PH MSMEs join APEC MSME Marketplace. The Asia-Pacific Economic Cooperation (APEC) MSME Marketplace (www.apecmsmemarketplace.com) is a cross-border business-to-business

(B2) platform, which highlights MSME products and trade facilitation services in the APEC region. The Marketplace now caters to 11,750 registered users, of which 1,378 are Philippine MSMEs.

Over 76,000 in need of PH trade information benefit from PNTR. The Philippine National Trade Repository (PNTR) serves as a single source of comprehensive, accurate, and current information on all trade-related matters. It is a trade facilitation initiative geared towards transparency and ease of doing business, providing businesses easier access to information and helps facilitate their compliance with prescribed regulations.

The complete inventory of Non-Tariff Measures (NTMs) for both imports and exports, including the legal basis for each item, and mapped to the different ASEAN Harmonized Tariff Nomenclature (AHTN) codes is available through the PNTR. To further improve the experience of exporters, importers, and others, the following enhancements and upgrades to the PNTR were made:

- Built-in AHTN mapping table at the top of each commodity was added to the commodity search engine;
- Under National Trade Laws, every law was linked to the actual PDF file;
- FAQs were added and a new logo for PNTR was designed; and
- Mobile device viewing improvements were made, especially on the data from the Tariff Commission.

The PNTR is now ranking first in Google search for “trade requirements in the Philippines”, and fourth for “trade procedures in the Philippines”. In 2018, the site had 76,029 unique visitors, and received 1,795,875 hits.

APPENDIX 1: MSME Development Plan 2017-2022 Framework

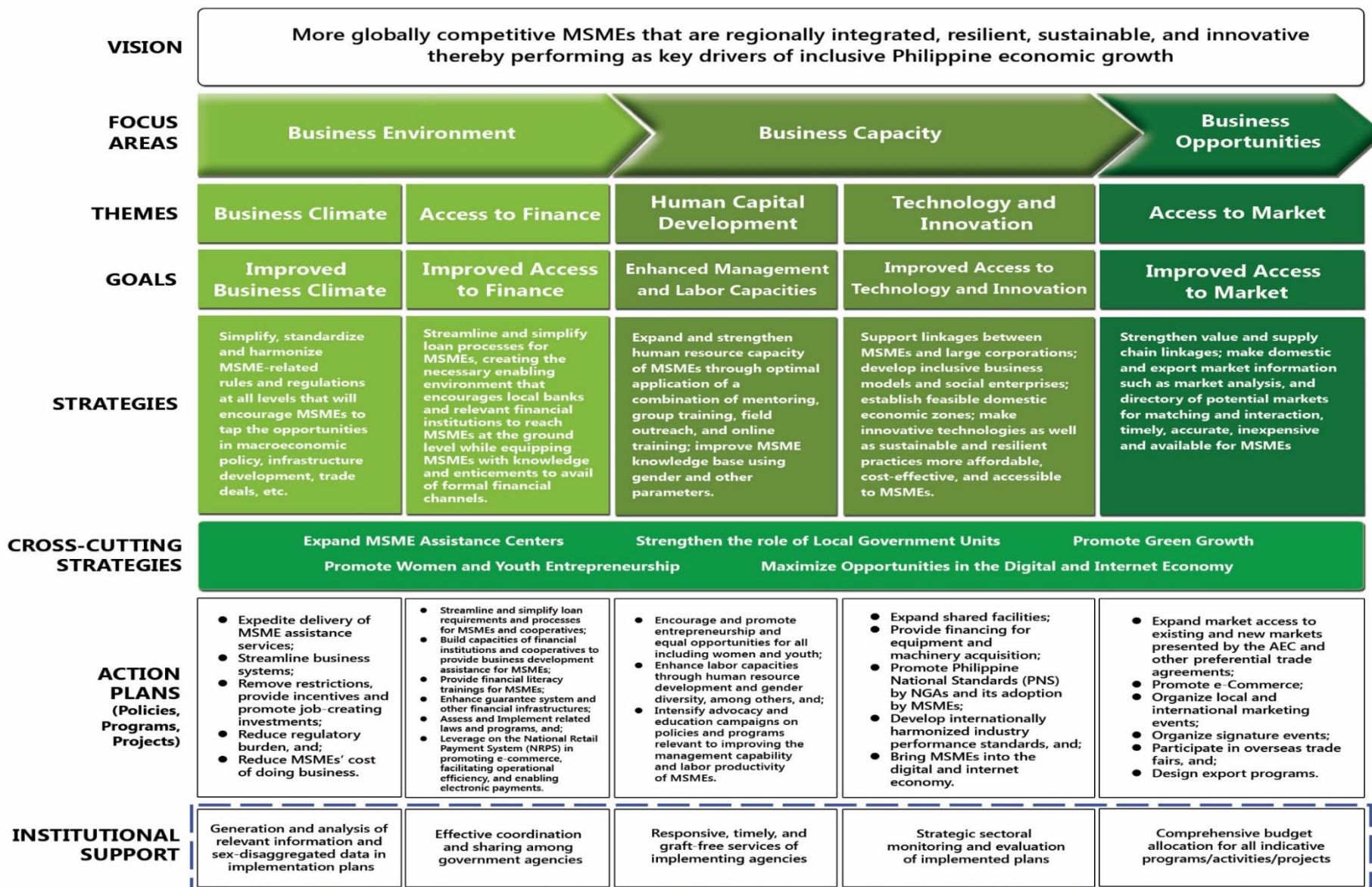


Table 1: MSMED Plan 2017-2022 Overall KPI

OVERALL INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENT		REMARKS
				2017	2018	
Increase in employment of MSME	Total Employment (PSA)	4,879,179	8.284M	4,922,251 <i>(out of 7,832,089 total employment)</i>	5,714,262 <i>(out of 9,043,063 total employment)</i>	
Percentage increase in number of registered MSMEs	Number of Establishments (PSA)	911,768	1,094,122 <i>(20% increase)</i>	920,677 <i>(out of 924,721 total enterprises)</i>	998,342 <i>(out of 1,003,111 total enterprises)</i>	
	Number of registered Enterprises with LGUs* (LGUs / PBR)	---	TBD	1,348,559	1,368,340	
	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% ³	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.

³ 2006 PSA data. Note that the 2013 and 2014 ASPBI manufacturing value added is 24.34% and 20.91%, respectively.

Table 2: MSMED Plan 2017-2022 Business Climate KPIs

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS		REMARKS
				2017	2018	
No. of Negosyo Centers established	NC Report (Negosyo Center-PMU)	297 NCs	350 ⁴	343	271	2014 – 5 NCs 2015 – 145 NCs
No. of business assistance facilitated by the Negosyo Centers	NC Report (Negosyo Center-PMU)	634,591	1,271,598 (10% increase yearly)	647,372	976,124	
Increased customer Satisfaction	NC Report (Negosyo Center-PMU)	85%	90%	99%	100%	
Number of Barangay Micro-Business Enterprises (BMBEs) ⁵ registered increased	Number of BMBEs Registered (Negosyo Center-PMU)	2,009	60,000	12,868	31,627	
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	---	---	
	New Business	360,590	---	470,550	508,160	
	Business Renewal	61,179	---	64,504	73,846	
Number of agencies which have streamlined their processes	NCC/EODB Report (EODB Council/DTI-CB)	---	---	---	---	

⁴ 202 NCs established from January to September 2017; 150 NCs for 2018. Although no target has been set for 2019-2022, NC will continue to expand at a rate of 10% or more yearly.

⁵ BMBEs are enterprises with asset size of less than Php 3M

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

INDICATORS	SOURCE	BASELINE (2016)	TARGET (2022)	ACCOMPLISHMENTS		REMARKS
				2017	2018	
Percentage of SMEs with bank loans/line of credit	Small enterprises (World Bank Enterprise Survey ⁶)	22.6%		---		
	Medium enterprises (World Bank Enterprise Survey ⁷)	38.9%		---		
Percentage of SMEs with a checking or savings account	Small enterprises (World Bank Enterprise Survey ⁸)	90.9%		---		
	Medium enterprises (World Bank Enterprise Survey ⁹)	96.2%		---		
Proportion of microenterprises availing P3 and other micro financing increased	Number of P3 borrowers (SB Corp)	2,500	19,000	20,104		
	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	---	---		

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

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

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

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

Percentage of MSME loans to total business loans	Amount of loans availed by MSMEs (BSP Reports)	---	---	---		
Number of MSMEs accepting digital payments		---	---	---		
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	
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	
Number of new and innovative common service facilities established	Number of SSFs	2,196		2,231		
	Number of FabLabs	---		---		
	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	
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"> • PhP109.93M (total sales from Trade Fairs) • PhP13M (Go Lokal! Sales) 	<ul style="list-style-type: none"> • PHP 192.05 M (Total Sales from Domestic Trade Fairs) • PHP 78.5 M (Total Sales from Go Lokal!) 	
	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	---	---	---	---	