



**Micro, Small and Medium Enterprise
Development Plan**

2011 - 2016

Micro, Small, and
Medium Enterprise
Development Plan
for 2011 to 2016

TABLE OF CONTENTS

Acronym

Executive Summary	i
1. Introduction.....	1
1.1. MSMED Plan: Focusing on the Challenges to MSME Growth and Development.....	1
1.2. Philippine MSME Sector: Characteristics and Contribution to the Economy.....	5
1.3. Philippine SME Development Plan 2004-2010	12
1.4. Results of the Implementation of the SMED Plan 2004-2010	15
2. MSME Development Strategy for 2011 to 2016.....	21
2.1. Definition of Four Outcome Portfolios.....	21
2.2. Issues and Concerns.....	22
2.3. MSMED Plan 2011 to 2016 Results Framework.....	26
2.4. Implementation Approach to Deliver the Committed Results	32
2.5. MSMED Plan Thematic Areas.....	34
3. MSMED Plan Management.....	38
3.1. Implementation and Management Structure.....	38
3.2. Coordination and Convergence.....	39
3.3. Monitoring and Evaluation and Knowledge Management	40
Appendix 1. Stakeholder Workshop Participants.....	41
Appendix 2. Highlights of SMED Plan 2004-2010 Accomplishment Report.....	49
Appendix 3. Stakeholder Consultation Process.....	70
Appendix 4. Distribution of MSMEs Employment by Sector and by Region.....	72

Acronym

A2F	Access to Finance
A2M	Access to Markets
ASEAN	Association of Southeast Asian Nations
APEC	Asia-Pacific Economic Cooperation
BDT	Bureau of Domestic Trade
BE	Business Environment
BETP	Bureau of Export Trade Promotion
BMSMED	Bureau of Micro, Small and Medium Enterprise Development
BSMED	Bureau of Small and Medium Enterprise Development
BSOs	Business Support Organizations
CALABARZON	Cavite, Laguna, Batangas, Rizal, and Quezon
CIDA	Canadian International Development Agency
CITC	Cottage Industry Technology Center
CITEM	Center for International Trade Expositions and Missions
CSR	Corporate Social Responsibility
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
FGDs	Focus Group Discussions
GDP	Gross Domestic Product
GFI	Government Financial Institutions
GTZ	German Technical Cooperation
HRD	Human Resource Development
ICT	Information and Communication Technology
KISS	Keep It Short and Simple
KM	Knowledge Management
LGUs	Local Government Units
M&E	Monitoring and Evaluation
MPC	Multi-Purpose Cooperative
MSMEs	Micro, Small and Medium Enterprises
MSMED	Micro, Small and Medium Enterprise Development
NCR	National Capital Region
NFA	National Food Authority

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

NWPC	National Wages and Productivity Commission
OECD	Organization for Economic Cooperation and Development
OFWs	Overseas Filipino Workers
OTOP	One Town One Product
P&E	Productivity and Efficiency
PDDCP	Product Development and Design Center of the Philippines
PITC	Philippine International Trading Corporation
PTTC	Philippine Trade Training Center
RA	Republic Act
RBM	Results-Based Management
RODG	Regional Operations and Development Group
SBGFC	Small Business Guarantee and Finance Corporation
SET-UP	Small Enterprise Technology-Upgrading Program
SMEs	Small and Medium Enterprises
SMED	Small and Medium Enterprise Development
SMEDSEP	SME Development for Sustainable Employment Program
SULONG	SME Unified Lending Opportunities for National Growth Program
UP-ISSI	University of the Philippines- Institute for Small Scale Industries

Executive Summary

The 2011-2016 Micro, Small and Medium Enterprise (MSME) Development Plan aims to address the key challenges and constraints that continue to prevent the MSME sector from realizing its full potential and boosting the country's industrial growth. To achieve this, the Plan lays out the overall framework to guide the formulation of action plans towards a more harmonized approach to MSME development. It was developed in close consultation with national, regional, and provincial stakeholders. It will be implemented through a convergence of stakeholder efforts with regular monitoring, validation, and updating by stakeholders under the stewardship of the MSME Development Council.

MSME Sector: Performance and Challenges to Growth

The Philippine MSME sector is seen as a critical driver for the country's economic growth. The sector serves not only as supplier and subcontractor to large enterprises and exporters but also as part of the support system for logistics services. The MSME sector accounted for 99.6% of total establishments in the country, and contributed 61.2% of the country's total employment and 35.7% of total value added. However, the growth of the MSME sector has not been vigorous enough to propel the economy.

Firm size distribution has not changed much in the past two decades as the proportion of medium sized enterprises has remained small. As a result, the country's industry structure is often characterized by a missing or hollowed middle. The share of medium enterprises remained miniscule at 0.4% while that of small enterprises was almost unchanged at 7.7%. In terms of employment and value added contribution, MSMEs registered modest shares of 31.2% and 30.8%, respectively. Micro enterprises meanwhile formed the bulk of enterprises with a share of 91.6%. They accounted for a share of 4.9% of total value added and 30% of total employment.

The performance of MSMEs has remained constrained by various factors that prevent them from realizing their potentials and surviving and growing in a highly competitive environment. These include high cost of doing business, lack of access to finance and market information, and low productivity and competitiveness. While the poor business conditions have affected the performance and competitiveness of all enterprises, the impact is perceived to be more difficult for MSMEs given their relatively small size and limited resources. Many MSMEs are unable to qualify for bank loans because they lack the necessary track record and collateral. The lack of credit information also deters banks from lending to MSMEs as it is more difficult to

determine their creditworthiness. With their limited management and financial capabilities, many MSMEs have remained domestic oriented rather than take the risks of focusing on export markets. Another key concern is the low productivity of MSMEs due to lack of access to new technology, weak technological capabilities, and failure to engage in innovation and research and development activities.

The Plan's Vision

It is within this context that the 2011-2016 MSMED Plan focuses on addressing the critical constraints to the growth and development of the MSME sector. To develop a vibrant MSME sector, the Plan envisions the implementation of measures to create an enabling business environment and provide government support not only to improve MSME access to finance and expand market access but also to strengthen MSME productivity and competitiveness and their linkage with large enterprises and value chain networks. Moreover, coordination and monitoring of activities among national agencies and local government units (LGUs) will also be intensified to harmonize the implementation of the Plan.

Four Outcome Portfolios

The participants in the consultation process with major stakeholders defined the following four major outcome or result portfolios, namely BE, A2F, A2M, and P&E. Measures will be formulated in regional and provincial action plans to deliver the expected results for each portfolio. By implementing these measures, the Plan targets a 40% contribution of the sector to total value added and generation of 2M employment by 2016.

Business Environment (BE)

- The cost of doing business (taxes, fees, etc.) is affordable to MSMEs.
- The institutional support structures for the development of start-up and existing MSMEs are in place.
- The policies necessary to develop the MSME sector are crafted and being fully implemented.
- Support for MSME development is results based, coordinated, harmonized, and sustained by capable stakeholders at the national and local levels.
- An entrepreneurial mindset is pervasive among MSMEs and other MSME stakeholders.
- Soft and hard infrastructures for MSME development are established.
- The information required by MSMEs are available and accessible.
- MSMEs are gender-responsive and environment-friendly.

Access to Finance (A2F)

- The financial products, services, and support programs that MSMEs need are sustainably available and accessible even for start-up MSMEs and those in the countryside.
- The cost of obtaining MSME loans is reasonable and affordable.
- The requirements that MSMEs need to comply with to obtain loans are reasonable and manageable.
- The process that MSMEs need to follow and documents that must be submitted to obtain loans are simplified and streamlined.
- MSMEs are trained in financial management and are able to understand and speak the language of financial institutions, while financial institutions are trained to understand and speak the language of MSMEs.
- Financial products and services for MSME lending are gender-responsive and environment-friendly.
- The information needed by MSMEs to access financial resources is available and easily accessible.
- The assistance extended by stakeholders to MSMEs in accessing funds is coordinated, responsive, and effective.

Access to Markets (A2M)

- MSMEs have maintained their existing markets and penetrated new and emerging markets locally and globally.
- MSMEs are competitive locally and globally.
- Marketing support systems are established and are sustainably operating.
- MSMEs are implementing the value chain approach and are benefiting from it.
- MSMEs are using information technology and intellectual property system to develop a sustainable market share and gain competitive advantage for their products and services.
- Market information needed by MSMEs is available and freely accessible.
- MSMEs have considerable share in the sustainable development market locally and globally.
- Government support programs [(e.g. One Town, One Product (OTOP) Program)] to help MSMEs access local and global markets are coordinated and highly satisfactory.

Productivity and Efficiency (P & E)

- Government programs and policies on productivity enhancement are coordinated, effective, and highly satisfactory.
- The MSME workforce is highly motivated and is equipped with the appropriate skills and attitude needed by MSMEs.
- The working environment of MSMEs fosters greater productivity and efficiency among the workforce.
- MSMEs are using gender-responsive and environment-friendly technologies.
- MSMEs are compliant with international quality standards.
- MSMEs are using state of the art productivity enhancing technologies.
- Information on productivity enhancement is available and freely accessible.

The Plan will take into consideration global themes and cross-cutting issues related to gender, climate change, corporate social responsibility, and migration. It will likewise support the adoption of local and regional economic development, sector development, and market system development approaches.

1. Introduction

The MSMED Plan of the Philippines aims to promote, support, strengthen, and encourage the growth and development of MSMEs in all productive sectors of the economy. It seeks to raise the sector's contribution to gross value added (GVA) and employment generation in line with the government's mission of lifting the nation out of poverty as declared by President Benigno Aquino III in his inaugural speech on 30 June 2010. It intends to improve the business environment for MSMEs, increase their access to finance, allow them to penetrate new markets and maintain and expand existing ones, and raise their level of productivity and efficiency using a results-based management approach.

The MSMED Plan was developed in consultation with national, regional, and provincial stakeholders. A participatory approach was adopted involving a series of stakeholder consultation, validation, and recalibration workshops participated in by representatives from the private sector, LGUs, national government agencies, the academe, and civil society (Appendix 1). It outlines a framework that is meant to guide the subsequent development of provincial MSME development plans for a harmonized approach to MSME development in the Philippines. It is meant to be implemented through a convergence of stakeholder efforts and regularly monitored, validated, and updated by stakeholders under the stewardship of the MSME Development Council. It is crafted to further empower enablers to implement the provisions of the plan in the most effective and efficient manner.

1.1. MSMED Plan: Focusing on the Challenges to MSME Growth and Development

In almost every country, MSMEs dominate the business sector in terms of number of establishments. Often dubbed as the backbone of the economy or the linchpin of economic development, the MSME sector is critical for investment and economic growth, job creation, local taxation, productivity enhancement, and technological innovation. It is for this reason that countries and international organizations are implementing programs to promote MSME development. The OECD¹ for example, has established the Centre for Entrepreneurship, MSMEs and Local Development to promote an entrepreneurial society in the OECD area. The APEC² is working towards building the MSME sectors' capacity to

¹ The Organization for Economic Co-operation and Development (OECD) is an association of thirty countries and a forum where governments work together to address global economic, social, and governance concerns.

² The Asia-Pacific Economic Cooperation (APEC) was established to enhance economic growth and prosperity in the Asia-Pacific region. It is also a forum for fostering cooperation and trade among countries in the region.

engage in international trade. In Southeast Asia, the ASEAN³ is implementing the ASEAN Policy Blueprint for MSME Development to accelerate the growth and development of MSMEs in the ASEAN region.

In the Philippines, the MSME sector is seen as a critical driver for the country's economic growth. The sector serves as supplier and subcontractor to large enterprises and forms a strategic component of the export value chain. MSMEs provide a support system not only for parts but also for logistics services. This can improve and strengthen domestic linkages and enhance the efficiency and competitiveness of large enterprises. The MSME sector also plays a vital role in the economy being the entry point for entrepreneurs to build new businesses some of which will grow into large businesses that will create wealth and employment.

The MSME sector accounted for 99.6% of total establishments in the country (see Table 1). MSMEs contributed 61.2% of the country's total employment and 35.7% of total value added. The growth of the MSME sector, however, has not been vigorous enough to propel the economy. Firm size distribution has not changed much in the past two decades as the proportion of medium sized enterprises has remained small. As a result, the country's industry structure is often characterized by a missing or hollowed middle. The share of medium enterprises remained miniscule at 0.4% while that of small enterprises was almost unchanged at 7.7%. Micro enterprises meanwhile formed the bulk of enterprises with a share of 91.6%. In terms of employment contribution, MSMEs registered a modest share of 31.2% while micro enterprises contributed 30%. MSME value added contribution was moderate at 30.8% while micro enterprises accounted for a share of 4.9%. In terms of labor productivity measured by value added per worker, micro enterprises registered the lowest as expected with their labor productivity being only about 10% of the labor productivity of large enterprises. The labor productivity of small enterprises was 52% of large enterprises' labor productivity while for medium enterprises, it was about 82% of large enterprises' productivity.

³ The Association of Southeast Asian Nations (ASEAN) is comprised by ten member-states: Indonesia, Thailand, Malaysia, Philippines, Singapore, Brunei Darussalam, Viet Nam, Lao PDR, Myanmar, and Cambodia. It is working towards the establishment of the ASEAN Economic Community by 2015 and to transform ASEAN into a region with free movement of goods, services, investment, skilled labor, and freer flow of capital (ASEAN Economic Community Blueprint).

Table 1: MSME Profile

	Total	Micro	Small	Medium	Large	MSMEs
2008 Number of Enterprises	761,409	697,077	58,292	3,067	2,973	758,436
% Distribution		91.6	7.7	0.4	0.4	99.6
2008 Employment	554,4590	1,663,382	1,314,065	418,058	2,149,085	3,395,505
% Distribution		30.0	23.7	7.5	38.8	61.2
2006 Value Added (in million pesos)	2,108,546	103,918	431,340	216,685	1,356,603	751,943
% Distribution	100	4.9	20.5	10.3	64.3	35.7
2006 Value added per worker (in pesos)	380,289	62,474	328,248	518,313	631,247	221,452
% of large enterprises		9.9	52.0	82.1		

Source: National Statistics Office

The performance of MSMEs has remained constrained by various factors that prevent them from realizing their potentials and surviving and growing in a highly competitive environment. The key challenges that MSMEs often face are high cost of doing business, lack of access to finance and market information, and low productivity and competitiveness.

The World Bank's Ease of Doing Business Survey showed a worsening of the overall ranking of the Philippines (out of 183 countries) from 141 in 2008 to 144 in 2009. The indicators show that the Philippines has performed significantly below East Asian countries particularly in the number of start-up procedures, cost to register business (measured in terms of % of gross national income per capita), and time to enforce a contract (see Table 2). While our neighbors have reduced the number of documents to import and export, the Philippines has not done the same. In terms of cost to import and export, the Philippines is also among the highest in the region (see Table 3). The poor business conditions have affected the performance and competitiveness of both MSMEs and large enterprises. The impact is perceived to be more difficult for MSMEs given their relatively small size and limited resources.

Table 2: Cost of Doing Business Indicators

Country	Number of start-up procedures		Time to start a business (days)		Cost to register business (% of GNI pc)		Procedures to enforce a contract		Time to enforce a contract (days)		Rigidity of employment index: 0 (less rigid) to 100 (very rigid)	
	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009	2004	2009
Philippines	15	15	60	52	25.4	28.2	37	37	862	842	29	29
Indonesia	12	9	151	60	131	26	39	39	570	570	40	40
Malaysia	9	9	30	11	25.1	11.9	30	30	600	585	10	10
Singapore	7	3	8	3	1	0.7	21	21	120	150	0	0
Thailand	8	7	33	32	6.7	6.3	35	35	479	479	11	11
Viet Nam	11	11	56	50	30.6	13.3	34	34	356	295	33	21

Source: World Bank, Doing Business 2005 and 2010 (<http://www.doingbusiness.org>)

Table 3 : Trading Across Borders Indicators

Country	Documents to export (number)		Time to export (days)		Cost to export (US\$ per container)		Documents to import (number)		Time to import (days)		Cost to import (US \$ per container)	
	2005	2009	2005	2009	2006	2009	2005	2009	2005	2009	2006	2009
Philippines	8	8	17	16	800	816	8	8	18	16	800	819
Indonesia	7	5	25	21	546	704	9	6	30	27	675	660
Malaysia	7	7	18	18	432	450	7	7	14	14	385	450
Singapore	4	4	5	5	416	456	4	4	3	3	367	439
Thailand	9	4	24	14	848	625	12	3	22	13	1042	795
Viet Nam	6	6	24	22	669	756	8	8	23	21	881	940

Source: World Bank, Doing Business 2006, 2007, and 2010 (<http://www.doingbusiness.org>)

Access to finance is one of the most critical factors affecting the competitiveness of MSMEs. Many are unable to qualify for bank loans because they lack the necessary track record and collateral. The lack of credit information also deters banks from lending to MSMEs as it is more difficult to determine their creditworthiness. MSMEs do not have financial expertise to manage a healthy cash flow. This in turn affects their ability to secure potential lenders and investors.

With their limited management and financial capabilities, many MSMEs have remained domestic oriented rather than take the risks of focusing on export markets. MSMEs cite the lack of information as the reason for their inability to access markets abroad. Another key concern is the low productivity of MSMEs due to lack of access to new technology, weak technological capabilities, and failure to engage in innovation and research and development activities. Knowledge, skill, and innovation are key sources of competitiveness. Note that while globalization and increasing regional integration has

intensified the competitive pressures in both domestic and regional markets, this development has also presented new opportunities for MSMEs such as larger export markets and deeper participation in production networks or value chains.

It is within this context that the 2011-2016 MSMED Plan focuses on addressing the critical constraints to the growth and development of the MSME sector. To develop a vibrant MSME sector, the Plan envisions implementing measures to create an enabling business environment and provide government support not only to improve MSME access to finance and expand market access but also to strengthen MSME productivity and competitiveness and their linkage with large enterprises and value chain networks.

1.2. Philippine MSME Sector: Characteristics and Contribution to the Economy

Republic Act 9501 or the Magna Carta for Micro, Small and Medium Enterprises defines the MSME sector as enterprises with an asset size (less land) of up to Php100M. By employment size the sector is defined as establishments with less than 200 employees. As Table 1 shows, the MSME sector is made up of about 758,436 MSMEs across the country in 2008. The bulk of enterprises (91.6%) are composed of micro enterprises. Small enterprises accounted for a share of around 7.7% while medium enterprises registered a very small share of less than 1% of the total (0.4%). Large enterprises had about the same share as medium enterprises (0.4%) (Figure 1). With the very small proportion of medium sized enterprises, the country's structure has been characterized by a hollowed or missing middle.

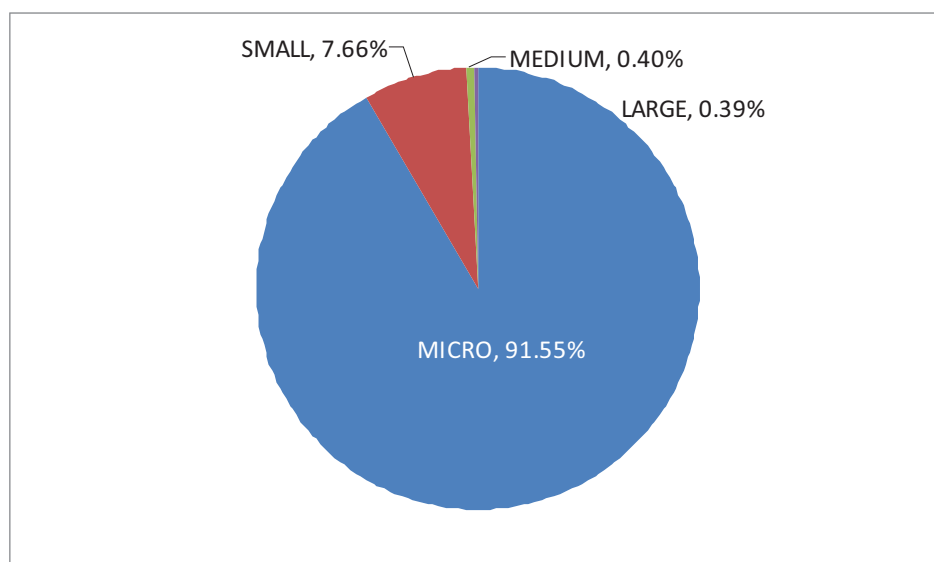
Classification of MSMEs in the Philippines

	Asset Size (PhpM) ^a	Employment ^b
Large	> 100	> 200
Medium	15.001–100	100–199
Small	3.001–15	10–99
Micro	≤ 3	1–9

Source: ^a RA 9501

^b National Statistics Office

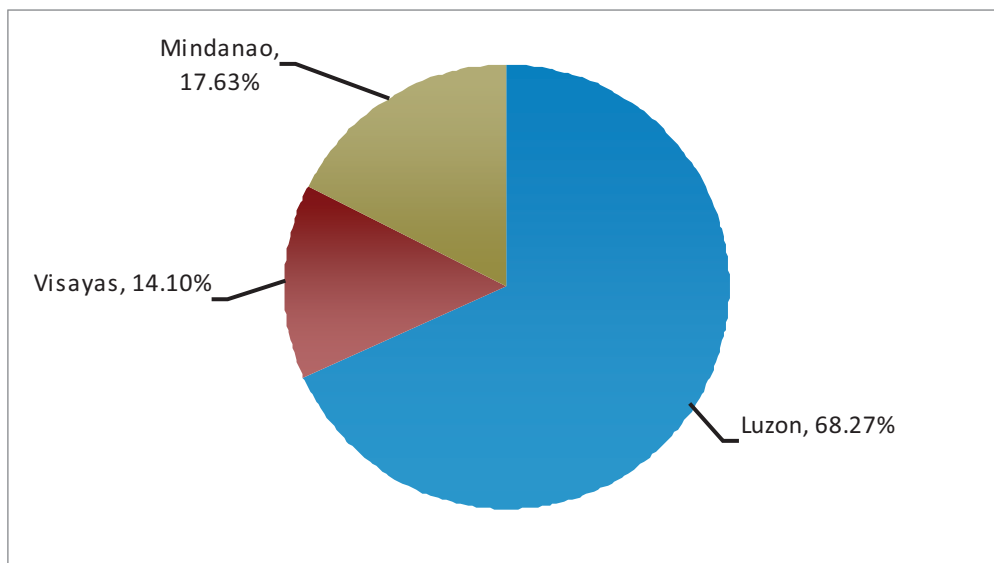
Figure 1: Distribution of Philippine MSMEs by Size



Source: National Statistics Office, 2008

In terms of geographic dispersion, most MSMEs are located in Luzon (68%), followed by Mindanao (18%) and the Visayas (14%). Metro Manila hosts the most number of MSMEs (26%) or about 40% of the total number in Luzon. Central Visayas which has 6% of the total MSMEs and the Davao Region with its 5 % share in total MSMEs have the highest number of MSMEs in the Visayas (42%) and Mindanao (27%), respectively (Figure 2).

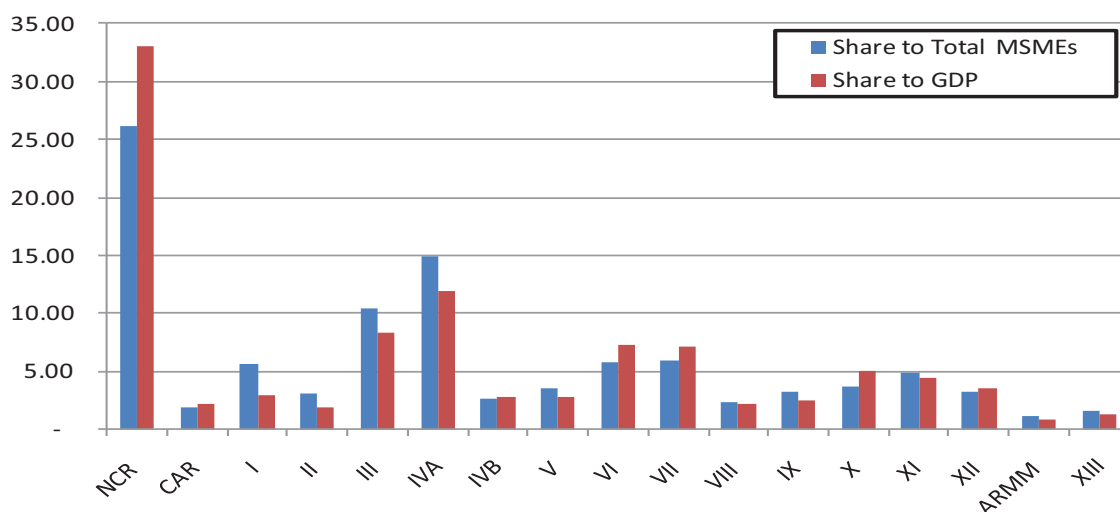
Figure 2: Distribution of Philippine MSMEs by Major Island Group



Source: National Statistics Office, 2008

Regional concentration of MSMEs is largely associated with economic activity and population size. Metro Manila, where 26% of MSMEs are located, contributed 33% of GDP in 2008. Metro Manila, CALABARZON and Central Luzon, the top three regions that add the greatest value to GDP (53%) are hosts to 51% of MSMEs. The entire island of Luzon, which produces 66% of GDP, accounts for 68% of total MSMEs. The Visayas and Mindanao, where 14% and 18% of MSMEs are located add 17% and 18% to GDP, respectively (Figure 3).

Figure 3: Distribution of MSMEs by Region vs Regional Contribution to Philippine GDP



Source: National Statistics Office, 2008

In terms of employment distribution, the NCR contributed the highest in 2008 with a share of around 41% (see Table 4). CALABARZON is far second with a share of 16% of the total followed by Central Visayas and Central Luzon with equal shares of 7.7%. Among MSMEs, the largest employment contribution was accounted for by the National Capital Region with a share of 36% followed by CALABARZON with a 13% share. Next is Central Luzon with a share of 9% and Central Visayas with a 7% share.

Table 4: MSME Employment Distribution by Size and Region

REGION	Employment by Size of Establishment					
	TOTAL	MICRO	SMALL	MEDIUM	LARGE	MSMEs
Philippines	5,544,590	1,663,382	1,314,065	418,058	2,149,085	3,395,505
National Capital Region	40.72	27.83	43.32	43.82	48.50	35.79
Cordillera Administrative Region	1.18	1.73	1.22	0.99	0.77	1.44
Ilocos Region	2.66	5.33	2.74	2.02	0.66	3.92
Cagayan Valley	1.34	2.90	1.30	0.83	0.26	2.03
Central Luzon	7.70	9.86	8.74	8.05	5.32	9.21
CALABARZON	16.14	13.85	12.08	14.85	20.65	13.29
Mimaropa	1.34	2.59	1.32	0.50	0.54	1.84
Bicol Region	2.12	3.86	2.24	1.75	0.76	2.97
Western Visayas	4.28	5.76	5.20	4.77	2.49	5.42
Central Visayas	7.72	6.13	7.26	8.70	9.05	6.89
Eastern Visayas	1.41	2.51	1.51	1.39	0.50	1.98
Zamboanga Peninsula	1.68	2.86	1.70	1.14	0.85	2.20
Northern Mindanao	2.93	3.86	3.28	2.89	2.02	3.51

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Davao Region	4.28	4.94	4.40	4.94	3.56	4.73
SOCKSARGEN	2.84	3.25	2.17	1.99	3.10	2.68
Autonomous Region In Muslim Mindanao	0.50	1.05	0.33	0.42	0.20	0.69
CARAGA	1.16	1.69	1.17	0.95	0.77	1.40

Source: National Statistics Office, 2008

Overall, almost 50% of MSMEs are engaged in wholesale and retail trade while 14% and 12% are in the manufacturing and hotels and restaurants sectors, respectively (Table 5)⁴. Micro and small enterprises are characterized by the same structure with micro enterprises largely dominated by wholesale and retail trade with a share of 52% followed by manufacturing with a 14% share and hotels and restaurants with 12%. For small enterprises, wholesale and retail trade accounted for a share of around 30% followed by manufacturing with a share of 17% and hotels and restaurants with a 13% share.

Table 5: Number of Establishments by Size and Industry Sector

Industry	Size of Establishment					
	TOTAL	MICRO	SMALL	MEDIUM	LARGE	MSMEs
All Industries	761,409	697,077	58,292	3,067	2,973	758,436
Agriculture, Hunting and Forestry	0.52	0.36	2.05	4.27	4.41	0.51
Fishing	0.17	0.13	0.61	0.82	0.87	0.17
Mining and Quarrying	0.04	0.03	0.17	0.33	0.64	0.04
Manufacturing	14.76	14.43	16.75	30.65	35.96	14.68
Electricity, Gas and Water	0.18	0.07	1.18	3.81	3.50	0.17
Construction	0.29	0.17	1.43	3.20	2.96	0.28
Wholesale and Retail Trade	49.78	51.76	29.97	14.61	9.79	49.93
Hotels and Restaurants	12.27	12.30	12.66	6.46	2.05	12.31
Transport, Storage and Communications	1.14	0.91	3.46	4.92	3.83	1.13
Financial Intermediation	3.38	2.97	8.22	3.91	4.00	3.38
Real Estate, Renting and Business Activities	5.92	5.75	6.89	11.93	18.94	5.87
Education	1.78	1.04	9.95	9.55	7.57	1.76
Health and Social Work	4.09	4.25	2.16	3.78	3.46	4.09
Other Community, Social and Personal Services	5.68	5.81	4.48	1.76	2.02	5.70

Source: National Statistics Office, 2008

Medium enterprises are dominated by manufacturing (31%) followed by wholesale and retail trade (15%) and real estate, renting and business activities (12%). Large enterprises have almost the same structure as medium enterprises dominated by manufacturing (36%) followed by real estate, renting and business activities (19%) and wholesale and retail trade (10%).

⁴ See also Appendix 4 for the regional breakdown

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

The same picture emerges in terms of the structure of the MSME sector's employment contribution with wholesale and retail trade contributing the bulk of employment at 35% (see Table 6). This is followed by manufacturing with a contribution of around 19% and hotels and restaurants with 12%. For micro enterprises, wholesale and retail trade contributed 47 % of the total, followed by manufacturing with a 15% share and hotels and restaurants with 13%. For small enterprises, wholesale and retail trade had a 26% share, followed by manufacturing and hotels and restaurants with contributions of 19% and 13%, respectively. For medium enterprises, the highest contribution came from manufacturing (31%) followed by wholesale and retail trade (14%) and real estate, renting and business activities (12%). For large enterprises, manufacturing registered an employment share of almost 37% followed by real estate, renting and business activities with a share of about 21% and financial intermediation with a 10% share.

Table 6: Employment Structure by Size and Industry Sector

Industry	Size of Establishment					
	TOTAL	MICRO	SMALL	MEDIUM	LARGE	MSMEs
PHILIPPINES	5,544,590	1,663,382	1,314,065	418,058	2,149,085	3,395,505
Agriculture, Hunting and Forestry	2.65	0.56	2.45	4.33	4.05	1.76
Fishing	0.50	0.20	0.63	0.89	0.57	0.45
Mining and Quarrying	0.37	0.05	0.20	0.32	0.74	0.14
Manufacturing	25.78	15.33	19.11	30.82	36.96	18.70
Electricity, Gas and Water	1.61	0.15	1.52	4.03	2.33	1.16
Construction	2.10	0.29	1.81	3.33	3.43	1.25
Wholesale and Retail Trade	23.87	47.48	25.99	14.45	6.13	35.10
Hotels and Restaurants	8.15	13.40	13.27	6.22	1.34	12.46
Transport, Storage and Communications	3.46	1.43	3.88	4.92	4.50	2.81
Financial Intermediation	7.13	4.69	6.55	3.55	10.07	5.27
Real Estate, Renting and Business Activities	12.53	5.99	7.26	11.83	20.94	7.20
Education	5.95	1.79	11.21	9.64	5.22	6.40
Health and Social Work	2.62	2.95	2.31	3.93	2.30	2.82
Other Community, Social and Personal Service Activities	3.28	5.69	3.80	1.75	1.39	4.48

Source: National Statistics Office, 2008

In terms of value added, the MSME sector contributed 35.7% of the total with manufacturing contributing the largest share of 6.87% (see Table 7). Wholesale and retail trade and repair contributed 6.58% followed by financial intermediation with a share of 6%. Within the sector, small enterprises accounted for the largest share of 20.5%. Medium enterprises followed with a share of 10.3% while micro enterprises registered a share of 4.9%. Among small enterprises, wholesale and retail trade and repair contributed the most with a share of 4.07% followed by manufacturing with a share of 3.82% while financial intermediation was next with a share of 3.35%. For medium enterprises, manufacturing

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

accounted for the biggest share of 2.77% followed by electricity, gas and water with a share of 1.92% and financial intermediation with 1.87%. For micro enterprises, wholesale and retail trade and repair represented the largest contribution of 1.73%.

Table 7: Value Added Structure by Size and Employment Size, 2006

	TOTAL	MICRO	SMALL	MEDIUM	LARGE	MSMEs
Total (in million pesos)	2,108,546	103,918	431,340	216,685	1,356,603	751,943
Agriculture; hunting and forestry	0.79	0.01	0.22	0.09	0.47	0.32
Fishing	0.15	0.00	0.02	0.02	0.10	0.04
Mining and quarrying	1.86	0.92	0.01	0.40	0.53	1.33
Manufacturing	32.91	0.28	3.82	2.77	26.05	6.87
Electricity; gas and water	8.35	0.02	2.92	1.92	3.49	4.86
Construction	1.64	0.02	0.46	0.23	0.92	0.72
Wholesale and retail trade; repair of motor vehicles; motorcycles and personal and household goods	8.24	1.73	4.07	0.78	1.66	6.58
Hotels and restaurants	1.91	0.16	1.10	0.20	0.46	1.46
Transport; storage and communications	14.09	0.11	1.58	0.65	11.76	2.33
Financial intermediation	16.21	0.80	3.35	1.87	10.19	6.02
Real estate, renting and business activities	7.67	0.62	1.56	0.71	4.78	2.88
Education	3.15	0.08	0.84	0.45	1.78	1.37
Health and social work	1.18	0.08	0.18	0.13	0.79	0.40
Other community; social and personal service activities	1.85	0.09	0.34	0.06	1.36	0.49
Total	100.0	4.9	20.5	10.3	64.3	35.7

Source: 2006 Census of Philippine Business and Industry (CPBI), National Statistics Office.

1.3. Philippine SME Development Plan for 2004-2010

The SMED Plan for 2004-2010 was crafted in 2004 under the stewardship of the MSME Development Council of which the DTI Secretary acts as the Chair. The Plan was designed to serve as the framework for developing the MSME sector and was meant to integrate and harmonize all related efforts currently or prospectively undertaken by government, private sector and development partner institutions.

The SMED Plan was developed in line with Republic Act 6977 or the Magna Carta for Micro, Small and Medium Enterprises which laid down the legal basis for a comprehensive approach to promote, develop, and assist MSMEs in the Philippines. Enacted in 1991, the law is a landmark legislation guided by three principles for setting the pace of MSME development: minimal set of rules and simplification of procedures and requirements; private-sector participation in the implementation of MSME policies and programs; and coordination of government efforts to develop the MSME sector. The law created the SBGFC and required all lending institutions to set aside at least 8% of their total loan portfolio to MSMEs. It also created the MSMED Council, which was mandated to carry out the provisions of the law and be primarily responsible for the development of the Philippine MSME sector. One of the MSMED Council's main functions was to formulate a comprehensive strategy to promote SMEs and integrate it into other Philippine development plans.

The SMED Plan for 2004 to 2010 was meant to help in graduating MSMEs to higher levels of business undertakings and upgrading their productivity and value-added capabilities. It was expected to help improve the gross value added of the MSME sector from 32% to 40% and create 3.4 million jobs by 2010 (Figure 4). Three main development approaches and eight key strategies were outlined to ensure the achievement of the following goals:

1. Support individual enterprises. The first approach was meant to improve the performance of MSMEs at the enterprise level. This involves helping improve their productivity and efficiency and expanding their markets locally and abroad. Efforts were therefore exerted to:
 - a) Provide MSMEs access to comprehensive and focused support for enhancing managerial and technological capabilities, tapping business opportunities, and becoming competitive in the local and international markets; and

- b) Provide support for identifying and developing business opportunities through the development of business ideas that promote the expansion and diversification of the country's industrial structure.
2. Assist priority industries. The second approach involves helping industries tap new international markets. This is done by implementing improved trade promotion initiatives and value chain development approaches. Programs, activities and projects were thus undertaken to:
- a) Strengthen support to growth industries that are active in international markets to sustain and enhance their competitiveness and improve their access to the domestic market.
 - b) Provide support for industrial linkages of MSMEs with leading industries to strengthen the country's industrial structure.
3. Improve the business enabling environment. The third strategic approach requires an improvement of the regulatory environment to encourage MSMEs to register or formalize their businesses. It is also meant to ensure sustainability of existing businesses and the graduation of MSMEs to higher level of operation. This called for initiatives to:
- a) Develop financing support programs and strengthen the institutions that provide direct and appropriate financial services to MSMEs;
 - b) Streamline the systems providing MSME support programs and incentives;
 - c) Streamline the implementation of MSME policies and regulations; and
 - d) Strengthen and build the capabilities of institutions that generate and implement programs for MSME development.

Figure 4: SMED Plan 2004 to 2010 Implied Results Framework

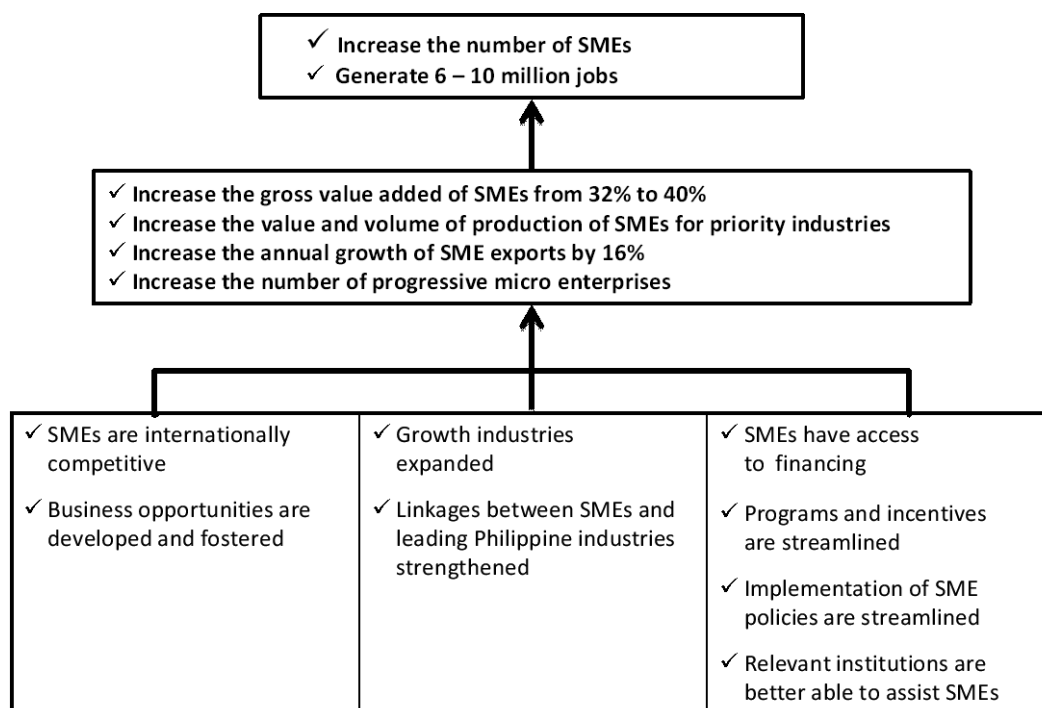


Table 8: Activity Groups and Activity Group Heads

Activity Group No.	Activity Group Name	Activity Group Heads
1	SME Information Support	BMSMED
2	SME Counseling and Advisory and Upgrading of SME Centers	BMSMED
3	Facilitating Partnership / Linkages for Competitive Support	BDT
4	Enhanced Support for Trade Fairs and Access to Market Services	CITEM
5	Product Development and Design Services	PDDCP
6	Industry Productivity and Quality	NWPC
7	Information Technology Appreciation and Application	PTTC
8	Entrepreneurship Training	UP-ISSI
9	SME Financing Support Programs	SBGFC
10	Streamlining of Business Regulatory Requirements	BMSMED
11	Advocacy of SME-related Laws	BMSMED
12	SME Institutions Restructuring	BMSMED

The SMED Plan identified 48 activities to implement these strategies, which were incorporated into the work programs of 12 activity groups in 2005. The groups were headed by lead agencies under the stewardship of the DTI-BMSMED, which serves as the secretariat to the MSMED Council (Table 8).

The activity groups were streamlined into four outcome portfolios in 2007 when the MSMED Council, through DTI-BMSMED, implemented the results-based management (RBM) approach in carrying out the Plan (Table 9). The RBM initiative was meant to mainstream results-based management to national and local stakeholders; build the capacity of these stakeholders to manage results; harmonize national and local MSME development frameworks and their concomitant M&E frameworks; and implement a participatory development approach through a combination of the top-down with bottom-up development planning. Through the initiative, the DTI-BMSMED conducted planning workshops to harmonize the national with local MSMED plans, while refocusing the implementation of these plans from 12 activity groups to four outcome portfolios. Capacity-building workshops were also conducted around the country to prepare MSME development stakeholders to implement a results-based approach to MSME development in their areas.

Table 9: Outcome Portfolio Managers and Champions

Outcome Portfolio Number	Outcome Portfolio Name	Portfolio Manager	Portfolio Champion
1	Business Environment	BMSMED	PCCI
2	Access to Markets	BDT	PCCI
3	Access to Finance	SB Corp.	PCCI
4	Productivity and Efficiency	NWPC	PCCI

1.4. Results of the Implementation of the SMED Plan for 2004 to 2010

Table 10 summarizes the outputs of the major MSME programs and projects of the government identified in the SMED Plan (details of the programs and projects are in Appendix 2). The outcomes are expressed in terms of number of MSME beneficiaries, amount of loans provided along with the corresponding sales and employment generated.

Table 10: Major Accomplishments of the SMED Plan’s Programs and Projects

Program	Major Outputs
1. Business Environment	
1.1 Streamlining business registration requirements	<ul style="list-style-type: none"> • Streamlined the issuance of mayor’s permit in 100 cities and municipalities in Central Luzon and installed internal monitoring systems in 26 cities and municipalities allowing LGUs to implement streamlined business processes • Developed the DTI Business Profile Management System (BPMS) for business matching and prioritizing business development services • BFAD completed 70% of its Integrated Information System (BIIS), an automated system in licensing establishments and registering products • DTI-BMSMED published handbooks: “Streamlining Business Registration in LGUs” and “Simplifying Business Permit and Licensing Process of LGUs”
2. Access to Finance	
2.1 SULONG Program	<ul style="list-style-type: none"> • Released Php197.82B in loans to 178,094 MSMEs from 2004 to April 2010; 2.9M jobs generated
2.2 Microfinance Program	<ul style="list-style-type: none"> • Released Php169.24B in loans to 6.1M microfinance clients nationwide from July 2004 to April 2010; 3 million jobs generated
2.3 RA 6977: Magna Carta for MSMEs	<ul style="list-style-type: none"> • Granted loans to MSMEs from Php234.4B in 2003 to Php288B in 2010
3. Access to Markets	
3.1 OTOP Program	<ul style="list-style-type: none"> • Generated export sales of US\$417M and domestic sales of Php10B • Assisted 29,639 MSMEs; 312,118 jobs generated
3.2 Market Development	<ul style="list-style-type: none"> • Organized local and international trade fairs that assisted 6,673 companies generating export sales amounting to US\$1.1B and domestic sales of Php4.3B • Provided buyer-supplier matching

	<p>assistance to 6,383 MSMEs generating domestic sales of Php814.4M and exports of US\$82M</p> <ul style="list-style-type: none"> • Provided product research and development assistance to 3,674 MSMEs
4. Productivity & Efficiency	
4.1 DOST SET-UP	<ul style="list-style-type: none"> • From 2006 to 2009, assisted 4,394 firms in technology transfer and commercialization, generated 162,891 jobs • Assisted 2,143 firms in packaging and labelling during the same period • Provided 4,158 technology trainings to 12,380 firms in the same period

Overall, the programs were able to achieve the following:

- Generated 6.5M direct and indirect jobs;
- Encouraged the registration and formalization of MSMEs by helping improve the business and investment enabling environment of MSMEs;
- Provided Php 367.39B in loans to support more than 6.3M requests from MSMEs around the country;
- Generated Php 20.12B worth of domestic MSME sales and U.S. \$1.8B of total MSME exports;
- Provided capacity building programs to enhance the level of 115,604 MSMEs' local and international competitiveness; and
- Empowered and built the capacity of provincial MSME development stakeholders to develop and implement provincial MSME development plans that are harmonized with national MSME development.

The SMED Plan was reviewed through a joint evaluation study conducted by the DTI and the GTZ in 2009. Relevant portions of the report are reproduced below⁵:

1. According to the four principal result areas, the achievements of the SMED Plan may be summarized as follows:
 - a) Interaction and dialogue have improved significantly, creating goodwill, building up synergies and better preconditions for effective implementation of a national MSME strategy. The SMED Plan made MSMEs feel protected and taken care of, strengthening their desire to invest and grow.
 - b) Positive changes towards improved access to finance have taken place. However, smaller MSMEs are benefiting less than the more established ones. Policies relating to the bankability of MSMEs might therefore have to be further developed. Credit is essential to facilitate investments, which are a precondition for employment generation.
 - c) MSMEs are struggling to invest into skills, technology and quality, and finding access to markets. The present offer of training and advice appears suitable for established MSMEs. To assist smaller firms, more professional knowledge to counsel them on finding new markets needs to be built up. A2M appears to be less a priority than it should be.
 - d) The offer of productivity related services appears diversified, well accessible, and professional. The links between services related to productivity and those related to market access seem to require a stronger focus.
 - e) Overall, the four outcome portfolios are well chosen. The portfolios complement each other and highlight the key factors for a competitive MSME sector. It is recommended to keep the four outcome portfolios in principle, with adjustment in the balance between them in line with the observations made above.

⁵ Copy of the evaluation report is available from DTI-BMSMED upon request or may be downloaded from www.smedsep.ph

2. The harmonization of the national and subnational SMED Plans helped to coordinate support activities of institutions, contributed to a new spirit of cooperation and opened avenues for improved interaction and trust between provincial and national levels. Points of concern are the low awareness of the SMED Plan; the difficulty, compared to other programs, of attributing observed improvements to the SMED Plan; and the lack of documented success stories. Enablers also wish for a stronger bottom-up process in planning. Regional focus group discussions, with similar participation, showed that views of MSMEs and enablers differed significantly with regard to what support services are required.
3. Key informant interviews were held with representatives of national agencies who are heads of SMED Plan activity groups. Their attitude towards the SMED Plan is in principle positive. The Plan is understood as an umbrella, but not as a strategy providing new directions. Agencies have their own budgets and plans. With or without the SMED Plan, they will continue implementing their programs. They wish for more involvement, suggesting frequent meetings for dialogue and alignment. The agencies report progress to BSMED, using their own formats, as BSMED's M&E formats are regarded as complicated and taxing. The need for impact monitoring is appreciated. Agencies expressed goodwill and interest in closer cooperation as well as their wish for receiving feedback from BSMED.
4. MSMEs have developed in terms of turnover, but hardly in terms of employment. The low investment activity is a cause for concern. Both smaller and larger MSMEs have grown, but not MSMEs of medium size, indicating that a certain threshold has to be overcome along the growth process. The lack of growth among medium sized enterprises is evident in the almost small share of the sector and this has not changed much in the last two decades.
5. MSMEs have improved product / service quality and reduced prices in the past. Competitive pressure is growing. MSMEs have realized that they need to diversify, modernize, improve skills, and invest into modern technology. They want to expand their businesses, which is closely connected with product improvements and finding new markets. They require support in this.
6. MSMEs see little improvement in access to credit. More MSMEs are making use of nonfinancial support services, also confirming that access and quality of services have significantly improved.

7. Enablers assert that MSMEs had improved their performance in terms of number of enterprises being set up. They estimate that the number of MSMEs in their areas has increased (more or less 10 %) since the start of the MSMED Plan. Enablers are more positive than MSMEs with regard to improvements of the business environment, but in principle they confirm the views of MSMEs. The National MSMED Plan is credited with having contributed to the improved situation. Enablers also confirm that public private cooperation has become better, equally crediting the SMED Plan for this.
8. The harmonization process of the SMED Plan was positively evaluated. Its important impact is to be seen in the enhanced public private dialogue and interaction between public and private stakeholders, which is regarded as a strong foundation for the effective continuation of SME development. Promotion of the SMED Plan and its advocacy did not result in its widespread knowledge. However, MSMEs and stakeholders seem to derive comfort from knowing that a plan exists that considers their requirements.

To attain sustainable MSME growth, there is a need to seriously address the high cost of doing business, imperfect capital market, and weak competitiveness of Philippine industries. This would require a broader range of policies and effective implementation and coordination among the different national agencies involved in MSME development together with LGUs. It is important to note that despite the many government policies and programs directed to the MSME sector, the lack of strong coordination among the national agencies and local government units has weakened their implementation. Clearly, an evaluation of these programs is crucial to improve decision making at all levels, i.e, management, policy, and budget allocations.

2. MSME Development Strategy for 2011 to 2016

The MSMED Plan for 2011 to 2016 was prepared following a multi-step process of stakeholder consultations around the country (Appendix 3). Regional consultation workshops were first conducted in 11 regions that collectively host 54% of total Philippine MSMEs. These workshops were attended by representatives from the MSME sector, business support organizations, national government agencies, LGUs, the academe, civil society and international development institutions that could provide regional and provincial level perspectives. The workshops generated the following:

2.1. Definition of Four Outcome Portfolios

The implementation of MSME Development Plan for 2011 to 2016 will be similarly clustered around the four outcome portfolios identified by stakeholders during the implementation of the SMED Plan for 2004 to 2010. In order to set the tone and level off on their meaning, participants defined the four portfolios during the consultation process for the MSMED Plan for 2011 to 2016 as follows:

1. Business Environment (BE)

“Business Environment is a dynamic practice and culture of governance that fosters the establishment, development, sustainability, and competitiveness of socially responsible and environment-friendly MSMEs.”

2. Access to Finance (A2F)

“Access to Finance is the sustained availability of reasonably priced, socially responsible, and environment-friendly financial products, services, and support programs that are designed for MSMEs, and that MSMEs can conveniently and readily access.”

3. Access to Markets (A2M)

“Access to Markets is the sustained ability of MSMEs to be competitive in selling their products and services to existing and new markets, both domestic and international, under a climate of fair, free, socially-responsible and environment-friendly trade practices.”

4. Productivity and Efficiency (P&E)

“Productivity and Efficiency refers to the production and delivery of competitive, standards-compliant, socially-responsible, and environment-friendly products and services that generate optimum economic returns.”

2.2. Issues and Concerns

The MSMED Plan for 2011 to 2016 is meant to deliver a set of results that would lead to the improvement in the value added contribution of the MSME sector and the creation of new jobs. These results directly address the following issues and concerns highlighted by the stakeholders during the consultation process:

2.2.1. BE

Concerns about BE range from the high cost of doing business to the lack of information services (Box 1). Several stakeholders also highlighted the difficulties in registering their businesses, obtaining licenses, and the absence of convergence of support from the government. Stakeholders also pointed out the lack of an entrepreneurial mindset. This poses a challenge to policymakers in terms of designing policies that will attract young entrepreneurs with the requisite skills and capability to enter the sector.

Box 1. Synthesis of BE Concerns

- | |
|--|
| <ol style="list-style-type: none">1. <i>There is high cost of doing business (taxes, fees, etc.).</i>2. <i>Business registration and licensing procedures are tedious, lengthy, complicated, and expensive.</i>3. <i>Efforts to develop the BE are not coordinated, harmonized, and sustained by concerned agencies.</i>4. <i>There is inadequate support for start up enterprises.</i> |
|--|

5. *Business development is too focused on micro enterprise development with little attention given the concerns of small and medium enterprises.*
6. *Several regions lack the infrastructure and utilities needed to promote business and investments for MSMEs.*
7. *Some regions are prone to risks (i.e. peace and order, natural disasters, etc.).*
8. *Government service providers are not gender-responsive.*
9. *Laws and policies supporting MSME development are not fully enforced.*
10. *Several regions lack investment codes while some regions that do, are not implementing them.*
11. *LGUs lack the capacity to support and promote the MSME sector.*
12. *People are not entrepreneurial and prefer to be employed instead of putting up their own businesses.*
13. *Business establishments are not environment-friendly.*
14. *Knowledge management⁶ is lacking.*

2.2.2. A2F

Stakeholders' concerns regarding A2F may be summarized as those relating to the borrowers, the lenders, and government policies (Box 2). From the side of the borrowers, the concerns relate to their inability to obtain funds because of the stringent requirements imposed by financial institutions. On the part of the banks, they are concerned about the bankability of MSMEs and the riskiness of lending to MSMEs. The stakeholders also pointed out the inadequacy of government policies to address the concerns of MSMEs and the policies' non-responsiveness to gender concerns.

Box 2. Synthesis of A2F Concerns

1. *Funds are available but MSMEs find these difficult to access because of stringent and voluminous requirements as well as the slow processing time of their loan applications.*
2. *MSMEs find it difficult to borrow funds from banks because of the collateral requirements.*
3. *MSMEs find the minimum loan requirement and the short repayment period restrictive.*
4. *The financial packages for MSMEs in several regions are only available in urban areas.*
5. *There is a mismatch of financing programs for MSMEs.*
6. *MSMEs in several regions lack the capacity for financial management.*
7. *MSMEs in several regions do not have the capacity to borrow from formal sources.*
8. *MSMEs do not have access to venture capital funds.*
9. *It is difficult to restructure loans.*
10. *SMEs have limited access to information regarding the sources of funds for MSMEs and on how to access these funds.*
11. *Financial institutions do not consider the environment when they lend to MSMEs.*

⁶ The explicit and systematic management of processes enabling vital individual and collective knowledge resources to be identified, created, stored, shared, and used for benefit. Its practical expression is the fusion of information management and organizational learning (from <http://www.adb.org/documents/information/knowledge-solutions/glossary-of-knowledge-management.pdf>).

- 12. The interest rate charged by financial institutions to MSMEs is very high.*
- 13. There is lack of government financial support to MSMEs.*
- 14. Banks in several regions are not keen on lending to MSMEs.*
- 15. Policies related to access to finance are not gender-responsive.*
- 16. There are no funds available for start-up MSMEs in several regions.*
- 17. Government-owned and controlled corporations' funds for MSMEs are not well utilized.*

2.2.3. A2M

Concerns related to the MSME sector's A2M may be summarized as those relating to their inability to expand their domestic markets and penetrate international markets (Box 3). There were also concerns regarding particular segments of their value chain as well as access to market information. The issue about lack of gender responsiveness, environment, stiff competition against the informal sector, and cheap imports were also highlighted.

Box 3. Synthesis of A2M Concerns

- 1. Most MSMEs are not competitive enough to expand their markets locally and globally.*
- 2. MSMEs are not proactive in seeking markets and responding to market needs.*
- 3. MSMEs seldom have long-term marketing plans.*
- 4. Stiff competition from unregistered enterprises and cheap imports are eroding the MSMEs' market share.*
- 5. Most MSMEs do not have access to market hubs where their products could be displayed or sold.*
- 6. MSMEs have limited access to organized marketing networks of independent producers.*
- 7. MSMEs have limited access to mainstream domestic markets, i.e. malls and shopping centers and growth centers.*
- 8. MSMEs lack market driven marketing activities such as more focused and institutionalized fairs and events.*
- 9. MSMEs have poor packaged and labelled products.*
- 10. MSMEs have limited capacity for product development and design.*
- 11. MSMEs lack the capacity to use modern technology, i.e. Internet, for marketing purposes.*
- 12. MSMEs lack the capacity to practice fair, free, socially-responsive, and environment-friendly trade practices.*
- 13. MSMEs lack the certification and accreditation needed to penetrate new markets.*
- 14. MSMEs lack access to market information.*
- 15. There is inadequate marketing support by NGAs and LGUs for promotion activities by MSMEs, i.e. trade fair participation, product collaterals.*
- 16. Marketing support for MSMEs given by stakeholders is not coordinated.*

2.2.4. P&E

The concerns of stakeholders pertain to MSMEs' lack of access to technology, lack of government support on productivity enhancement, and the negative effect of the inconsistent supply and high price of utilities (Box 4). Concerns were also raised on the inability among MSMEs to comply with international standards and the lack of an appropriately skilled workforce. Stakeholders also highlighted the need to improve working conditions to raise the productivity of the MSME workforce.

Box 4. Synthesis of P&E Concerns

1. *MSMEs are unable to access productivity programs due to their high cost.*
2. *The inconsistent supply and high cost of water and electricity reduce the productivity of MSMEs.*
3. *MSMEs lack information and education on productivity.*
4. *The level of productivity of MSMEs in the region is reduced by their poor working condition.*
5. *MSMEs are not using gender-responsive production processes.*
6. *The production systems of MSMEs in the region are not environment-friendly.*
7. *MSMEs are not compliant with international quality standards.*
8. *MSMEs are faced with the lack of a motivated and skilled labor force.*
9. *MSMEs are not implementing HRD programs to improve their level of productivity and efficiency.*
10. *MSMEs are reeling from piracy of high skilled workers.*
11. *ICT use among MSMEs is not pervasive.*
12. *MSMEs are not investing in productivity-enhancing technologies.*
13. *Vocational and technical schools do not offer learning programs that are responsive to MSME needs.*
14. *The services of government-subsidized technology/packaging centers are expensive.*
15. *Government programs and policies on productivity enhancement are inconsistent, and the agencies implementing them are not coordinated.*

2.3. MSMED Plan 2011 to 2016 Results Framework

2.3.1 Creating employment and increasing contribution to GDP

By focusing on the four outcome portfolios and intensifying coordination and monitoring of activities among national agencies and LGUs, the MSMED Plan targets the generation of 2M employment by 2016.

The MSMED Plan is also meant to raise the economic contribution of MSMEs to 40% of GVA (used as proxy figure for GDP⁷). At its current level of 35.7%, the targeted increase would place the Philippines at par with the share of the MSME sector to GDP of other countries in the region.

Countries	Year	GDP
Thailand ^a	2009	37.8%
Indonesia ^b	2006	53.28%
Malaysia ^c	2005	32%
Viet Nam ^d	2007	39%

Sources:

a. *White Paper on MSMEs 2008 and Trend of 2009 Note: GDP data do not include the agriculture sector*

b. *Dr. Utama H. Padmadinata, Deputy Chairman for Technology Policy Assessment, Feature Stories: The Importance of SME Innovation Center in Indonesia, SME condition in Indonesia, 2007-12-31*

c. *SME Annual Report 2008, National SME Development Council*

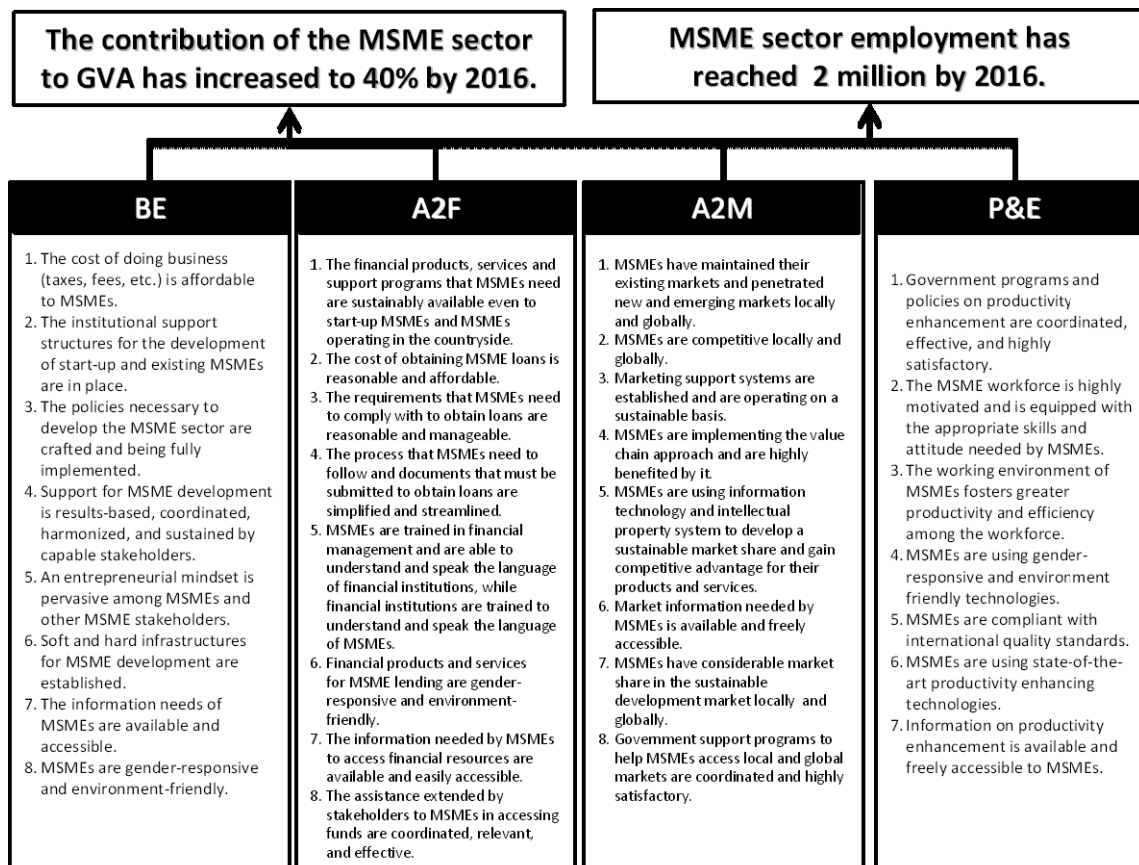
d. *Ho Sy Hung. 2007. "Strengthening supporting industries in Vietnam: Linking Vietnamese SMEs into global value chains." Agency for SME Development, Ministry of Planning and Investment, Ha Noi*

These targets are preliminary and shall be reviewed and recalibrated at the end of the series of action planning workshops to be conducted in 2011. They will thereafter be periodically reviewed in order to incorporate new information gathered at the industry/sectoral, local, national, and international levels.

These targets will be delivered by focusing MSME development around the four identified outcome portfolios. Each portfolio is composed of a set of outcomes proposed by stakeholders during the consultation workshops for the preparation of the 2011-2016 MSMED Plan. These outcome portfolios and the aforementioned goals comprise the results framework for the MSMED Plan for 2011 to 2016 (Figure 5).

⁷ No data available on contribution of MSMEs to GDP

Figure 5. MSMED Plan 2011 to 2016 Results Framework



The results statements (or expected outcomes) describe the state of each portfolio that needs to be realized to raise the MSME sector’s economic contribution and create jobs. The MSMED Plan is designed to deliver these goals using action plans that will be crafted by local and regional stakeholders. The results statements were crafted based on the issues and concerns highlighted by the participants during the consultation workshops. The statements were validated in a two-step process with national stakeholders giving their critique of the statements first, followed by regional stakeholders from Northern Luzon, Southern Luzon, Visayas, and Mindanao.

2.3.2. BE Outcome Portfolio

The BE portfolio is made up of eight results statements that describe an enabling business environment relating to the MSMED Plan goals in a cause and effect framework (Figure 6).

1. The cost of doing business (taxes, fees, etc.) is affordable to MSMEs.
2. The institutional support structures for the development of start up and existing MSMEs are in place.

3. The policies necessary to develop the MSME sector are crafted and being fully implemented.
4. Support for MSME development is results-based, coordinated, harmonized, and sustained by capable stakeholders at the national and local levels.
5. An entrepreneurial mindset is pervasive among MSMEs and other MSME stakeholders.
6. Soft and hard infrastructures for MSME development are established.
7. The information required by MSMEs are available and accessible.
8. MSMEs are gender-responsive and environment-friendly.

2.3.3. A2F Outcome Portfolio

The A2F portfolio is made up of eight results statements describing a level of access to financing to realize the Plan's goals (Figure 7).

1. The financial products, services and support programs that MSMEs need are sustainably available and accessible even for start-up MSMEs and those in the countryside.
2. The cost of obtaining MSME loans is reasonable and affordable.
3. The requirements that MSMEs need to comply with to obtain loans are reasonable and manageable.
4. The process that MSMEs need to follow and documents that must be submitted to obtain loans are simplified and streamlined.
5. MSMEs are trained in financial management and are able to understand and speak the language of financial institutions, while financial institutions are trained to understand and speak the language of MSMEs.
6. Financial products and services for MSME lending are gender-responsive and environment-friendly.
7. The information needed by MSMEs to access financial resources is available and easily accessible.
8. The assistance extended by stakeholders to MSMEs in accessing funds is coordinated, responsive, and effective.

2.3.4. A2M Outcome Portfolio

The A2M portfolio is made up of eight results statements describing the expanded access to markets needed by MSMEs (Figure 8).

1. MSMEs have maintained their existing markets and penetrated new and emerging markets locally and globally.
2. MSMEs are competitive locally and globally.
3. Marketing support systems are established and are sustainably operating.
4. MSMEs are implementing the value chain approach and are highly benefited by it.
5. MSMEs are using information technology and intellectual property system to develop a sustainable market share and gain competitive advantage for their products and services.
6. Market information needed by MSMEs is available and freely accessible.
7. MSMEs have considerable share in the sustainable development market locally and globally.
8. Government support programs [e.g. One Town, One Product (OTOP) Program] to help MSMEs access local and global markets are coordinated and highly satisfactory.

2.3.5. P & E Outcome Portfolio

The P&E portfolio is made up of seven results statements describing the enhanced state of the MSME sector's productivity and efficiency (Figure 9).

1. Government programs and policies on productivity enhancement are coordinated, effective, and highly satisfactory.
2. The MSME workforce is highly motivated and is equipped with the appropriate skills and attitude needed by MSMEs.
3. The working environment of MSMEs fosters greater productivity and efficiency among the workforce.
4. MSMEs are using gender-responsive and environment-friendly technologies.
5. MSMEs are compliant with international quality standards.
6. MSMEs are using state-of-the-art productivity enhancing technologies.
7. Information on productivity enhancement is available and freely accessible.

Figure 6. BE Result Statements

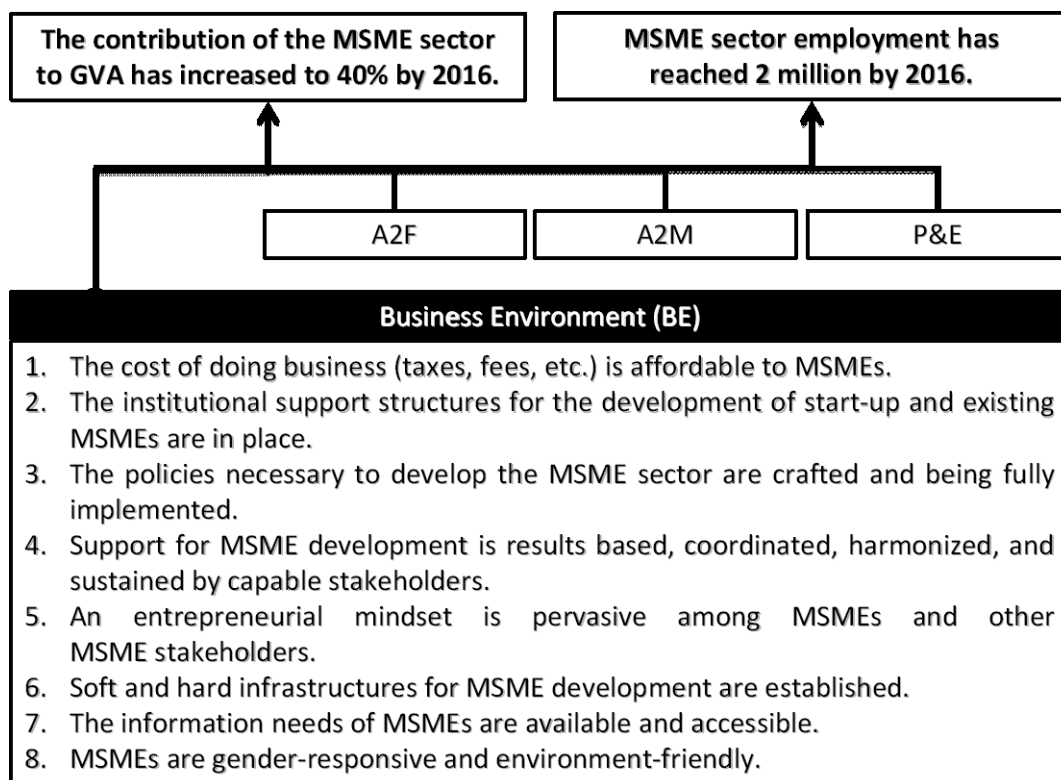


Figure 7. A2F Result Statements

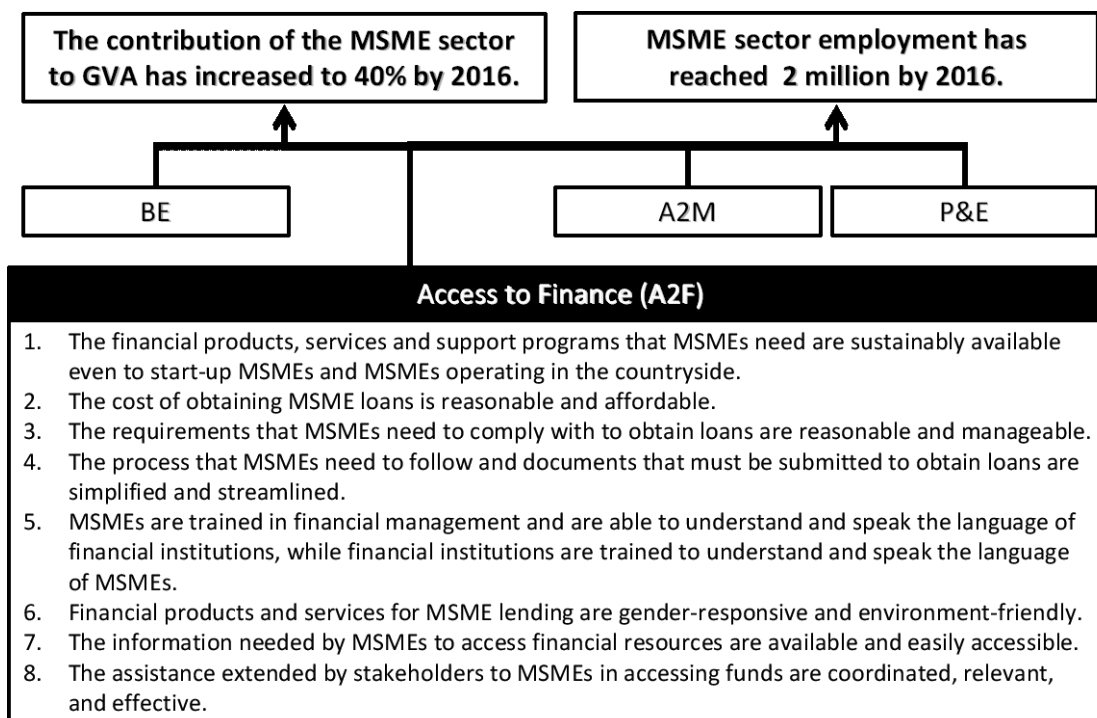


Figure 8. A2M Result Statements

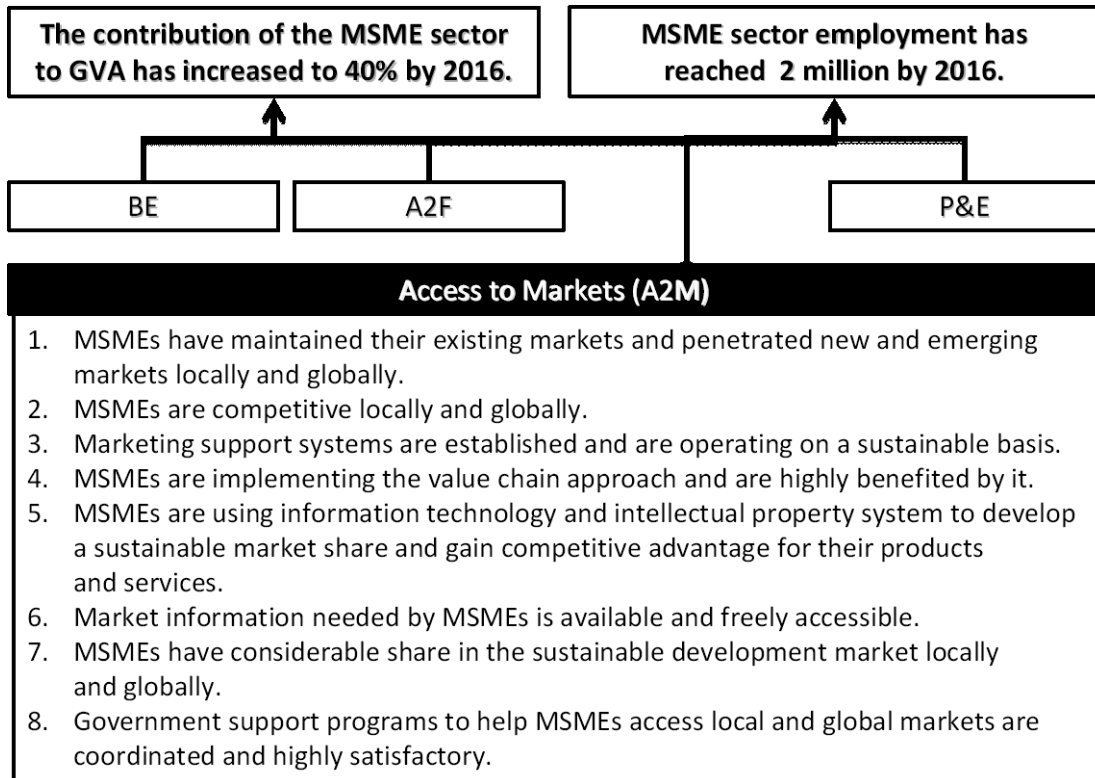
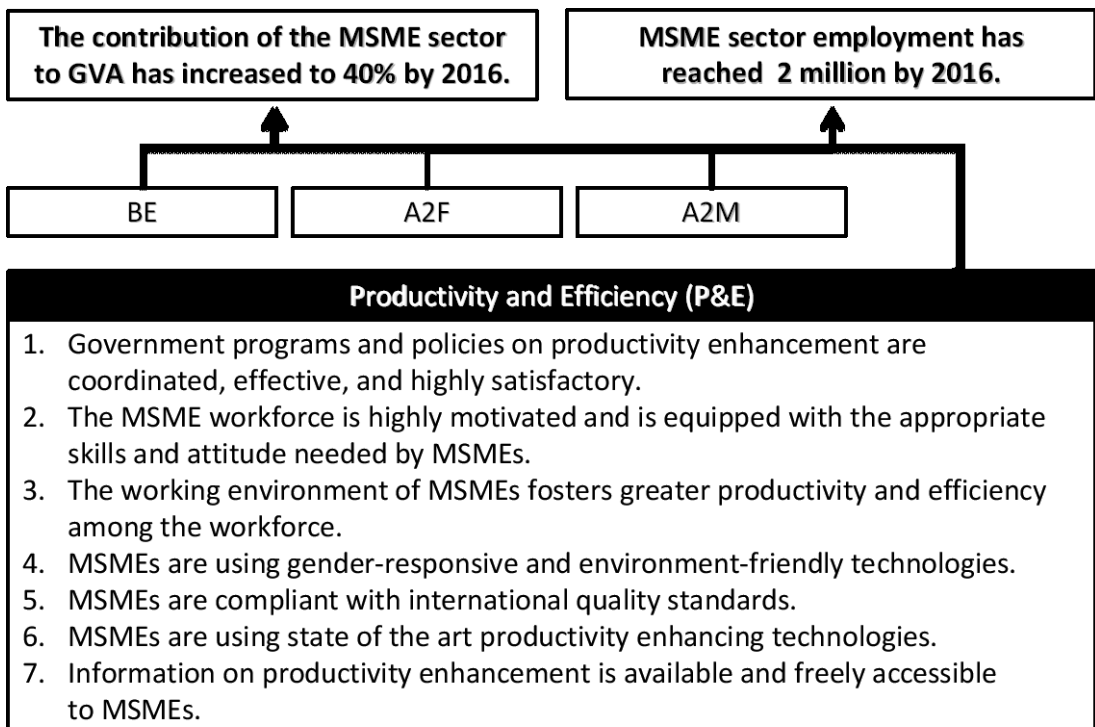


Figure 9. P&E Result Statements



2.4. Implementation Approach to Deliver the Committed Results

The MSME Development Plan for 2011 to 2016 puts great emphasis on the role of local and regional stakeholders in the delivery of the MSMED Plan's committed results. It therefore supports the adoption of three approaches that international experience suggests are relevant in this regard (Figure 10).

Figure 10. MSME Development Plan Implementation Approach



2.4.1. Local and Regional Economic Development Approach

Enhancing local and regional competitiveness through the local and regional economic development (LRED) approach generates investments and promotes growth and development by harnessing the competitive advantages of a locality and its local and regional enterprises. It helps local economies to better position themselves within their immediate and adjacent territories. It also offers the following advantages:

1. The approach espouses the principles of subsidiarity⁸ and participatory development. It highlights the importance of the private sector in local development, which international experience has found to be critical in highly decentralized governance structures such as the Philippines.

⁸ The principle of subsidiarity calls for actions to be taken and implemented at a level appropriate to the problem they address. Hence, problems that could be addressed at the LGU level need not wait for actions from NGAs. Using this approach would make the MSMED Plan for 2011 to 2016 more responsive to the needs of MSMEs.

2. The approach advocates the paradigm that an LGU is an economic space. It highlights the roles given by the Local Government Code to LGUs as champions of economic development, allowing other stakeholders to better work alongside local governments.
3. The approach promotes market-based solutions. Action-oriented local and regional development planning exposes local competitiveness and opportunities as well as local issues and concerns. Because of this, stakeholders are better informed to craft tailored interventions that address these circumstances.
4. The approach catalyzes the establishment of upstream and downstream economic activities. It allows stakeholders to identify gaps in the local section of value chains and encourages the emergence of businesses to fill in these gaps.
5. The approach adopts a systemic view to competitiveness. It strengthens the multidimensional aspects of competitiveness at micro level, meso level, macro level, and even at meta level.

2.4.2. Sector Development Approach

Enhancing sector competitiveness through a sector development approach is meant to emphasize the need to go beyond product or industry-based interventions and into the development of manufacturing and service processes that form relevant value chains with high economic potential. This is meant to ensure that the growth of the MSME sector would become sustainable as the issues and concerns that MSMEs face from production to distribution are surfaced and addressed. Sector development also offers the following advantages:

1. The approach is meant to improve the competitiveness of entire value chains. This systemic view is more economical - minimizing the redundancies in upgrading efforts designed to assist individual industries.
2. The approach fosters cooperation and trust along the value chain.
3. The approach is more relevant and targeted as the strategies emanate from the stakeholders themselves.
4. The approach is consistent with the principle of participatory development.

2.4.3. Market System Development Approach

Local and regional economic development as well as sector development are not sustainable unless a functioning and sustainable market system exists or is emerging. The market system development approach therefore ensures that such system is in place at the micro, meso, and macro levels. A consistent market system development also leads to the following advantages:

1. The approach allows stakeholders to address market failures both at the demand and supply sides of the service market, allowing MSMEs to be more competitive.
2. The approach develops the capacities and competitiveness of market actors including the private sector, government, business membership organizations, and informal networks. These actors enhance the efficiency and effectiveness of MSME development efforts around the country.
3. The approach promotes efficiency in the use of government funds as it advocates for a refocusing of government roles from directly providing those business development services which are already offered by the private sector, to the creation of an enabling environment for business and investments.

2.5. MSMED Plan Thematic Areas

The MSME Development Plan for 2011 to 2016 will be implemented around four emerging global themes that in the case of the Philippines can greatly contribute to MSMEs' competitiveness. These themes are climate change/green growth, gender mainstreaming, migration, and CSR (Figure 11). The Plan encourages the incorporation of these global themes into the MSME development strategies and consequently into the provincial action plans. The extent of their incorporation will depend on the views and objectives of local stakeholders.

Figure 11. MSME Development Plan Thematic Areas



2.5.1. Gender mainstreaming

Gender, as a thematic area in the MSME Development Plan, encourages the local stakeholders to analyze the business environment for the key characteristics and the context in which female and male entrepreneurs operate, and how they may be similar or different from each other. The approach focuses not only on women's and men's access to resources and opportunities, but also attempts to understand in much greater detail, in consideration of the gender roles, the constraints and potentials the entrepreneurs face in putting up as well in expanding their respective businesses. Gender mainstreaming, applied appropriately, can have positive effects on the business climate, productivity, and overall economic growth. And in a country where women owners comprise more than half of the registered businesses (in 2008, 49% DTI business registrants were female, 42% male) and where they are unhindered from accessing MSME services, their potential as successful entrepreneurs is a competitive advantage that the country must harness to propel itself to higher economic growth.⁹

⁹ Private Sector Promotion (SMEDSEP) Program (2010). Enhancing Competitiveness through Gender Mainstreaming, Strategy Brief #3.

2.5.2. Migration

Migration is an important factor in the economic development of the Philippines, but its potential has not yet been tapped. Migration creates opportunities for MSME development in at least three ways: It raises potential investment capital for the establishment of MSMEs in the countryside considering that two-thirds of OFWs are coming from or residing in rural areas. The remittances sent by the OFWs can be channelled towards entrepreneurial endeavours/pursuits like agribusiness and help in the further development of the MSME sector. It can also improve the demand for MSME products and services in the Philippines and even in the host country. Finally, the increased know-how (brain gain) of the OFWs could lead to new forms of businesses, knowledge transfer, and raise the productivity and efficiency of MSMEs.

2.5.3. Climate Change / Green Growth

Climate change is seen as a great threat for the Philippines. From a different perspective, it can bring business opportunities to MSMEs. Adopting “green growth” strategies leads to greater resource efficiency, thereby making the MSMEs more competitive. MSMEs can also produce goods and services that respond to the demand for “green products”. Such products are in high demand for example in Europe and could help Philippine MSMEs penetrate that market.

2.5.4. Corporate Social Responsibility (CSR) and linkages with Large Companies

Large enterprises often implement CSR initiatives from which MSMEs can benefit. MSMEs can supply raw materials and services to large enterprises thereby assist the growth of MSMEs. They can also be the beneficiaries of CSR activities such as capacity building or technology transfer programs that would help them improve their competitiveness.

Improving the existing linkages of MSMEs with large domestic enterprises and multinational corporations is important not only to increase domestic value added and employment but also to help diffuse new technologies and skills and management practices. Strengthening the productive capacity of MSME parts and components suppliers and subcontractors would be crucial for successful linkages creation and the growth and development of strong and competitive industries.

Globalization and Regional Integration

Globalization is characterized by the rising trend in trade and investment liberalization along with increasing economic integration through bilateral and regional trading arrangements. The Philippines has been active in participating in free trade agreements (FTAs). Currently, the country has a total of 12 FTAs¹⁰, six are concluded (Japan-Philippines, Korea-ASEAN, China-ASEAN, AFTA, Japan-ASEAN and ASEAN-Australia and New Zealand), one is under negotiation (ASEAN-India), and five are proposed (China-Japan-Korea FTA, ASEAN+3, ASEAN+6, ASEAN-EU, and US-Philippines). Moreover, in response to globalization, a new form of industrial organization emerged known as global and regional production networks. These are common in automotive, electronics, machinery, and garments and textile industries.

These external developments driven by globalization pose both challenges and opportunities for MSMEs. Through outsourcing and subcontracting activities, MSMEs can participate in production networks, which can provide access to markets as well as access to newer technologies. The interplay of factors such as new technology, exporting in competitive markets, and clustering of foreign investment can generate substantial spill-overs and externalities to the domestic economy leading to growth and improved performance of the MSME sector. However, with increased competition from imports due to the removal of trade barriers, less competitive firms might have difficulties in surviving a more open and highly competitive market environment.

¹⁰ Asia Regional Integration Center, www.aric.adb.org.

3. MSMED Plan Management

3.1. Implementation and Management Structure

The MSME Development Plan for 2011 to 2016 identifies the results necessary to raise the MSME sector's contribution to GVA to 40% and generate 2M employment. The action plans necessary to deliver these results will be crafted and managed at the local and regional levels following the principle of subsidiarity. They will address the four outcome areas, apply the three development approaches, and take into account the four global themes according to the situation in the locality. As mandated by RA 9501 or the Magna Carta for Micro, Small and Medium Enterprise Development, the MSMED Council will shepherd the implementation of the MSME Development Plan. The Council will, however, manage at the outcome level and leave the management of the action plans to local and regional stakeholders. In order to strengthen local and regional MSME development, regional and provincial MSMED Councils will be organized (where none currently exists) and their capacity to implement results-based management enhanced. The national, regional, and provincial MSMED Councils will also hold regular dialogues to ensure regular coordination. BMSMED as the Council secretariat will submit periodic reports to the Council on the progress and accomplishment of the plan.

3.1.1. Portfolio Management Approach

The implementation of the MSMED Plan for 2011 to 2016 involves a significant amount of coordination work for all those concerned. With stakeholders at the national, regional, and local levels, and with these stakeholders representing different institutions and therefore, different reporting lines, the information flow between and among them will be convoluted to say the least. In order to systematize MSME development management, therefore, the MSMED Plan will be implemented following a portfolio management approach introduced at the latter part of the implementation of the MSMED Plan for 2004 to 2010. The approach will be institutionalized to ensure sustainability and impact.

The portfolio management approach relies on the networks (or MSMED Councils) created following Magna Carta. The local networks will be enjoined to create four committees to focus on each of the outcome portfolios discussed earlier and to take charge of delivering the portfolio results at the local level. The committees may elect a portfolio team composed of a portfolio champion (representing the private sector) and portfolio managers (representing the government). The same structure may be established at the regional

level. The regional portfolio teams will, however, focus on MSME development of the region. The local and regional portfolio teams will be encouraged to regularly meet to strengthen the networks but will work as co-equal stakeholders.

3.2. Coordination and Convergence

The Plan's targets will be delivered through the synergy and cooperation among agencies involved in MSME development. These stakeholders include national and local government agencies, private sector organizations, and development partners, among others. These institutions maintain their respective mandates, budgets and planning timelines in crafting and implementing the MSMED Plan. Constraints arising from the foregoing will be mitigated as follows:

3.2.1. Mandate

The agencies involved in MSME development will be mandated to implement the MSMED Plan for 2011 to 2016. The identified roles of these agencies as well as the necessary administrative orders that will be adopted/effective up to the local level will be issued by the respective heads of these agencies and disseminated (and their implementation monitored) by the local MSMED Council secretariats at the provincial and regional levels and by BMSMED as the national MSMED Council secretariat. For projects that require the participation of different agencies, a joint administrative order will be signed by the heads of agencies and furnished DTI-BMSMED that will consolidate accomplishments arising from the same.

3.2.2. Resources

The agencies involved in MSME Development will also earmark the necessary resources to implement its assigned activities under the MSMED Plan for 2011 to 2016. The results of these activities will be included in the agencies' major final outcomes and form part of their deliverables.

3.2.3. Timeline

The national and local agencies involved in MSME development will coordinate their planning timeline to ensure that the implementation of the MSMED Plan for 2011 to 2016 will be harmonized. The MSMED Council secretariat will monitor the agencies' planning cycle as well as the incorporation of the MSMED Plan into the agency plans and strategies.

3.3. Monitoring and Evaluation and Knowledge Management

The DTI-BMSMED, being the Secretariat to the National MSMED Council will serve as the M&E and KM hub for MSME development in the Philippines.

1. As the M&E hub, DTI-BMSMED will consolidate reports with help from the provincial and regional M&E focal persons in DTI and other NGAs. The M&E framework that will be maintained by DTI-BMSMED will, however, focus on results. Reports on outputs will be maintained at the subnational level where it will be more relevant. The M&E reports that the M&E hub will generate will be made available online and will also be disseminated to stakeholders.
2. As the KM hub, DTI-BMSMED will develop a KM strategy to collect, process, and disseminate relevant knowledge to MSME stakeholders to ensure an effective and efficient information flow. The information managed by the KM hub will be arranged around the four outcome portfolios.
3. To ensure the initiative's sustainability, the M&E and KM functions of DTI-BMSMED and the other focal persons who will form part of the M&E and KM activity whether from DTI, other NGAs, or from Regional and Provincial MSMED Councils, will be provided adequate budget and will form part of the regular budgeted functions of the DTI-BMSMED and the NGAs. The key deliverables of these agencies will also include these M&E and KM functions.

Appendix 1. Stakeholder Workshop Participants

Regional Consultation



Region V (Legaspi City) 08 April 2010 - DOST, DTI, DOLE, NEDA, DA, NGOs, LGUs, Chamber/Trade Association/SMEs



Region XI (Davao City) 12 April 2010 - DOST, DTI, DOLE, TESDA, NEDA, DA, Academe, NGOs, LGUs, SB Corp., LBP



Region X (Cagayan De Oro) 13 April 2010 – DOST, DTI, DOLE, TESDA, DILG, DAR, Academe/NGOs, LGUs, PCW, RTWPB, Chamber/Trade Association/SMEs, MSMEDC Chair/Vice-Chair



Region VI (Iloilo City) 15 April 2010– DOST, DTI, DOLE, TESDA, NEDA, DA, NGOs, LGUs, Academe, R/PMSMEDC Chair/Vice-Chair, Chamber/Trade Association/SMEs



Region IV-A (Laguna) 18 May 2010– DOST, DTI, DOLE, PCW, RTWPB, DENR, DILG, DAR, DA, DBP, NGOs , Academe, LGUs, P/MSMEDC Chair/Vice-Chair, Chamber/Trade Association/SMEs



Region I (La Union) 21 May 2010– DOST, DTI, DOLE, DILG, DENR, NEDA, DA, LGUs, TESDA, RTWPB, NGOs , Academe, Chamber/Trade Association/MSMEs



CAR (Baguio City) 24 May 2010– DOST, DTI, DOLE, RTWPB, DENR, DILG, DA, NEDA, TESDA, NGOs , Academe, LGUs, Chamber/Trade Association/MSMEs



Region XII (Gen. Santos City) 01 June 2010 – DTI, DOLE, TESDA, DENR, PCW, RTWPB, BSP, NGOs , Academe, LGUs,R/PMSMEDC Chair/Vice-Chair, Chamber/Trade Association/MSMEs



Region VII (Cebu City) 03 June 2010 – DTI, DOLE, DOST, TESDA, DILG, DAR, Academe/NGOs, LGUs, PCW, RTWPB, Chamber/Trade Association/SMEs, MSMEDC Chair/Vice-Chair



Region IX (Zamboanga) 07 June 2010 – DOST, DTI, DOLE, TESDA, DA/BFAR, DILG, DAR, PIA, Academe/NGOs, LGUs, DBP, LBP, Chamber/Trade Association , GAD, SMEs



CARAGA (Butuan) 09 June 2010 – DTI, TESDA, NEDA, DILG, NGOs, LGUs, SB Corp., PCW, ILO, R/PMSMEDC Chair/Vice-Chair, Chamber/Trade Association/SMEs

National Consultation



Business Environment (BE) 15 June 2010 - DTI, PCW, FDA, SEC, DENR, PIDS, OWWA, GTZ , IPO, LMP, Chamber/Trade Association,



Access to Finance (A2F) 15 June 2010 - DTI, RBAP, LBP, PCFC, SB Corp., PCW, OWWA, NLDC, GTZ Chamber/Trade Association, TIDCORP, CTB, SSS, AIM, BSP



Productivity and Efficiency (P&E) 16 June 2010 - DTI, PCW, Academe, TESDA, OWWA, Chamber/Trade Association, CICT, NWPC, DAP, SERDEF, UPISSI



Access to Markets (A2M) 16 June 2010 - DTI, PCW, IPO, EDC, Chamber/Trade Association, OWWA, , SERDEF

Island Validation Workshop



Northern Luzon Group (Region CAR, 1, 2, 3) 25 June 2010 - DTI, DILG, LGU, PSMEDC, NGOs, Chamber/Trade Association/MSMEs, GTZ



Visayas Group (Region 6, 7, 8) 02 July 2010 - DTI, NEDA, LGU, DOST, PSMEDC, NGO, Chamber /Trade Association/MSMEs, LBP, Academe



Mindanao Group (Region 9, 10, 11, 12, 13) 06 July 2010 - DTI, LGU, DOST, Academe, DENR, DA, Chamber/Trade Association/MSMEs, SB Corp., NEDA



Southern Luzon Group (Region 4A, 4B, 5) 09 July 2010 - DTI, LGU, PMSMEDC, CDA, NWPC, Chamber/Trade Association/MSMEs, RDC

Appendix 2. Highlights of SMED Plan 2004-2010 Accomplishment Report

1. Business and Investment Enabling Environment

The BIEE portfolio team, headed by the DTI-BMSMED and composed of government agencies, private sector stakeholders, and development partners focused its effort on improving the BIEE to encourage MSMEs to register and/or formalize their business. The programs, activities, and projects (PAPs) identified by the team were also meant to improve the country's ranking in the Doing Business Survey of the World Bank Group and to encourage cities and municipalities to align their quality management systems related to business registration procedures to ISO standards. These PAPs may be classified into two major groups: those related to the streamlining of business registration requirements both at the national and local government levels and those that involve advocacy work to generate stakeholder support.

Streamlining Business Registration Requirements

In the area of streamlining business registration requirements, the BIEE portfolio team was able to accomplish the following:

- a. The team, with help from MSME development stakeholders, was able to help at least 100 cities and municipalities in Central Luzon, initiate the streamlining of the issuance of their respective mayor's permits. Moreover, 26 cities and municipalities were also able to install an internal monitoring system to allow these LGUs to implement streamlined business processes.
- b. The Canadian International Development Agency – Local Government Support Program Phase 2 (CIDA-LGSP2) implemented capacity building activities in 2007 resulting in 107 LGUs reporting improvements in their officers' skills in tax revenue management and running public economic enterprises. CIDA-LGSP2 also helped LGUs harness information technology in LGU management information system, install computerized business permit and licensing as well as real property tax systems, revise revenue codes and incentive plans, conduct tax mapping activities and organize and strengthen their MSMED Councils. It also helped replicate to other LGUs the experience of the local government of Cabuyao, Laguna in setting up a one-stop shop for MSMEs.

- c. The GTZ with both its Private Sector Promotion Program (SMEDSEP) and its Decentralization Program implemented capacity building interventions for LGUs in the Visayas regions to streamline their business permit and licensing systems (BPLS). In total, 124 LGUs in the Visayas streamlined their BPLS through these joint efforts. This led to a substantial reduction in the number of steps, forms, and signatures for both new and renewing business registrants and to a reduction in bureaucratic costs by 80%.

From 2006 to 2008, the streamlining of the BPLS processes led to:

- a 17% average increase in the number of business registrants; and
- a 26% average increase in the amount of business tax collected.

The general positive results of the BPLS streamlining effort of the LGUs were affirmed by business registrants. In a customer satisfaction survey, these registrants showed an increased level of satisfaction from 2006 to 2009 from “below average” before the LGUs streamlined their BPLSs to “above average” after the LGUs continuously enhanced their system of issuing the mayor’s business permit.

- d. The Asia Foundation assisted one city in Luzon, seven cities, and 11 municipalities in Mindanao in improving their BPLS. These LGUs reported increases in business tax collection, faster service delivery team, and more participation from the private sector in systems improvement.
- e. The DTI has commenced the implementation of the Business Profile Management System (BPMS) project in the first half of 2007. The BPMS is meant to allow agencies to update their clients’ profiles at a faster and more efficient manner. This would not only allow government agencies to better assist their clients’ needs, it would also allow the agencies to leverage on each others’ resources for greater development impact and to encourage the registration and formalization of more MSMEs.
- f. The BFAD was able to complete 70% of the BFAD Integrated Information System (BIIS) which is an automated system in licensing establishments and registering products. The BIIS is intended to simplify and eventually, completely decentralize the process for MSMEs. A fast lane system was also set up in each regional Center for Health Development to process the license to operate applications of MSMEs.

- g. The SEC has set up the i-register System to put an end to the previously cumbersome and time consuming process of data retrieval at the SEC. The system has enabled applicants to download forms for free 24 hours a day 7 days a week, allowing for faster registering and lower cost of doing business.

Advocacy

In the area of advocacy, the BIEE portfolio team was able to deliver the following accomplishments:

- a. DTI-BMSMED published the handbook entitled “Streamlining Business Registration in LGUs: Six Good Practices” in the second semester of 2006. The publication is a recipe book to motivate LGUs to streamline their respective business permit and licensing system. The good practices identified in the handbook are expected to contribute to improving the rank of the Philippines in the World Bank Group survey in terms of ease of registering business. DTI-BMSMED disseminated approximately 13,000 copies in print and compact discs to national, regional, and provincial government agencies, cities and municipalities, and the private sector assisting MSMEs.
- b. A follow-up to the book was published by DTI-BMSMED in 2008. The toolkit entitled “Simplifying Business Permit and Licensing Process of Local Governments” offers a simple and easy to follow step-by-step procedure on how BPLS can be improved. BPLS reforms can account for increasing employment, generating higher business and tax revenues, and improving delivery of services.
- c. The IFC completed the Doing Business in the Philippines survey it conducted for 21 selected cities in 2007. The survey was meant to establish an objective basis for comparing the performance of priority cities, provide information to investors, and stimulate competition among localities based on their adherence to international best practices in local governance and reduction of the cost of doing business. The study resulted in the programming of targeted assistance to four cities (Manila, Marikina, Quezon City, and Davao) to implement reform to provide the best prospects for demonstration effect, scale-up and broad dissemination of results.

- d. The Export Development Council, the Philippine Exporters Confederation, Philippine Chamber of Commerce and Industry and Bureau of Customs forged a memorandum of agreement to get the support of private sector experts in conducting a study to assess the Philippines' compliance with the provision of the revised Kyoto Convention (RKC). The RKC is an international initiative meant to improve trade facilitation by modernizing and committing to make transparent customs procedures around the world. In relation to this, PHILEXPORT assisted the United Nations and International Organizations Office in securing letters of concurrence to the Instrument of RKC accession from the concerned agencies (Bureau of Customs, Philippine Ports Authority, Manila International Airport Authority, Department of Agriculture, and Philippine Economic Zone Authority), and facilitated the amendment of the Customs Code, among others.
- e. The Philippine Chamber of Commerce and Industry conferred the Most Business Friendly Awards to 4 municipalities and 7 cities, for their efforts in adopting and implementing user-friendly business related procedures in their localities, thus promoting local trade and investment. It is based primarily on the city or municipality's adoption of business-friendly procedures, particularly in the issuance of Business Permits, Building and Occupancy Permits, and Real Property Tax Declaration, in line with the principles of simplicity, fairness, accuracy, transparency, and speed.
- f. DTI-BMSMED provided resource persons to over 53 briefings sessions and advocacy events on the Barangay Micro Business Enterprises (BMBEs) Act that were participated in by not less than 3,300 micro enterprises and prospective BMBE registrants. The bureau also disseminated over 7,500 copies of the Guide to the BMBEs Act of 2002. The BMBEs Act of 2002 encourages the formation and growth of barangay micro business enterprises by granting them incentives and other benefits.
- g. The DTI-Bureau of Export Trade Promotion and PHILEXPORT participated in the Asia Pacific Council for Trade Facilitation and Electronic Business. This is expected to benefit the participants through shared information on developments, networking with Asian and international organizations involved in trade facilitation, and participation in setting standards in business transactions.

- h. The Philippine Center for Entrepreneurship, a non-stock, non-profit organization advocates a change in mindset and attitude through its Go Negosyo advocacy program which started in 2005. PCE believes that Filipinos can address poverty in the country by engaging in entrepreneurship and developing an optimistic, passionate, creative and innovative, resourceful, diligent, and persevering character. PCE encourages individuals to take charge and make the most of their resources and abilities by utilizing and transforming these into viable businesses. To date, PCE has undertaken the following:
- Conducted the “Babae: Tagumpay Ka ng Bayan-Women Entrepreneurship Summit” last 08 March 2010 at World Trade Center. More than 20,000 individuals attended and participated in the Summit.
 - From Dec. 2009 to June 2010, 20 Negosems (Negosyo Seminars) were conducted in 20 regions and areas around the country. Around 12,786 existing and aspiring entrepreneurs benefited from these Negosems.
 - Mounted 40 Go Negosyo caravans, summits, and forums attended by 170,000 aspiring and existing entrepreneurs.
 - Some 250 respected and accomplished entrepreneurs have been recognized through the Go Negosyo Most Inspiring Entrepreneur Awards.
 - PCE targets over 1,800 aspiring and existing entrepreneurs to attend the series of Negosyo Seminar Series (Negosem). The Negosem is a two-day seminar on the How-To’s of Entrepreneurship that aims to help micro and small negosyantes learn about the basics of establishing an enterprise.
- i. The Private Sector Promotion SMEDSEP jointly implemented by DTI and GTZ has successfully introduced Local and Regional Economic Development, Value Chain Promotion, and Market System Development as three approaches to improve the BIEE in the Philippines.

Other DTI Programs

Project *Bayong*

DTI has started the implementation of the *Bayong* as a source of sustainable livelihood and as contributor to preserving the environment. *Bayong* is the traditional market bag made of natural leaves such as *pandan*, *huri*, *sabutan*, romblon and abaca which is abundant in the countryside. About seven regions are already enrolled in the project and trainings are being conducted for the weaves/micro entrepreneurs (MEs) from the simple *Bayong*-making to specialized dyeing techniques.

Booming popularity to replace plastic bags, the “green” initiative of the Department was showcased in the 5th Eco-friendly Products International Fair (EPIF) last 19-22 March 2009 at the SMX Convention Center.

Since 2009 to June 2010, investments generated posted at Php 5.273M while domestic sales reached Php26.649M. The project was able to employ 1,746 OSYs, displaced workers, PWDs, women, among others. Through the project, 599 MSMEs were assisted while 289 new ones were created.

Region 5 launched the *Gamitin ang Bayong* Project last 05 February 2010 with Sorsogon, Albay and Camarines Sur as its pilot provinces. Four Regions (4A, 5, 7, and 13) implemented Trainings, Product Development and Marketing activities in their respective areas.

In Region 2, the San Lorenzo RIC/Women’s Group of Lallo, Cagayan was a recipient of the Citation Award for the Bayong Project as Most Environment Friendly OTOP. It also conducted two Training programs for their bayong clients and business consultancy in relation to the incoming PRODEV.

Water Lily Project in Laguna

The Water Lily Project in Laguna aims to provide emergency employment opportunities to OSYs and unemployed residents of identified coastal/lakeside communities by way of cleaning up the Laguna de Bay and the seven lakes in San Pablo City. This is made

possible by processing water lilies into raw materials for community-based livelihood enterprises such as organic fertilizer production, green charcoal, *bayong*, footwear, and other handicrafts.

Out of the 15 municipalities under the CLEEP, 10 towns were given livelihood assistance in the form of training, product design, marketing assistance, among others. Another 10 municipalities were added to the project. At present, DTI Laguna has trained and developed a total of 1,097 weavers, provided jobs to 830 gatherers, 57 for production of organic fertilizers, 69 for green briquettes, and 10 from anchor firms.

The DTI-Laguna, through the LEAP, transformed water hyacinth from weed/waste to establish community based enterprises producing handicrafts, organic micronutrients fertilizers (OMF), and green briquettes.

The DTI hired water hyacinth gatherers for emergency employment program and provided them three-month salaries. It also gave livelihood assistance in the form of technology trainings, product design ideas, and marketing assistance resulted to the development of 22 community based enterprises and eight sole proprietors engaged in waterlily handicrafts, five OMF producers, and two green briquette producers. This endeavor resulted in the generation of Php4.38M of domestic sales, Investment of Php20.83M and creating 2,544 jobs consisting of water hyacinth gatherers, weavers, workers from the OMF production, and charcoal briquetors.

Pangasius

Pangasius, otherwise known as Cream Dory, has been building reputation as basic and alternative ingredient to several culinary and local cuisines. Because of its appeal to market and low maintenance to cultivate, it has generated interest from among existing fishpond operators in Mindanao and, to date, investment on hatchery and grow out values at Php 61M. A total of 16 techno demo farms were established in Mindanao, 17 hectares of growout ponds were developed and loaded with 850 MT of fingerling stocks; one processing plant and one hatchery were also established.

Total investments as of 2009 was placed at Php144.58M. In Region 12, 27 farmers whose combined land area of 2.5 hectares and investments of Php6.2M have started their small

and backyard production. Domestic sales posted Php158.127M while 172 jobs were generated and 23 MSMEs were assisted while three more were created.

With the launching of Pangasius in Polomolok, South Cotabato held on 11 June 2009 and was graced by the President, the event paved the way to promote opportunities for MSMEs and exporters, encourage participation of LGUs in the development of appropriate areas with continuous water sources potential for pangasius culture, open financing windows among GFIs for pangasius-related investments, and maximize the use of 20 technology ponds with total fish stocks of 75,000. The aforementioned ponds are subsidized by feed suppliers and fishpond owners.

Project Bamboo

The “Bamboo”, one of the country’s native materials, is viewed as a possible source of employment and alternative income. In April 2009, CITC conducted a consultative workshop in Maragondon, Cavite to discuss the creation of a group designed as core producers of bamboo slats. A total of 40 individuals composed of farmers, harvesters, owners/planters, LGU and barangay officials participated in the said workshop. Maragondon is eyed as one of the hubs for bamboo slats.

On the technical aspect of the bamboo project, consultancy and product sample making/prototyping services were conducted. CITC clients were assisted in the following:

- Engineered bamboo sample making
- Bamboo propagation
- Bamboo planks and tiles manufacturing; and
- Types of adhesive used in bamboo products manufacturing

Capitalizing on its desirable characteristics, the Engineered Bamboo project aims to increase the demand for bamboo as raw materials, an alternative source of supplemental income to farmers in the rural areas. Further actions undertaken by the Department in accelerating the Bamboo project are as follows:

- Designed and fabricated Bamboo Primary Processing Machines which are introduced and already used by established Bamboo Primary Processing Centers or NODEs;

- Produced samples like crushed bamboo panels, floorboards, *sawali* boards, etc. Applications of these products were made through the fabrication of school desk, stackable chairs, structural components, and many others;
- Established NODEs in Abra and Tarlac. Other communities for NODEs establishment had been identified;
- Delivered series of business development services to established NODEs;
- Established Milling and Composing Plant or HUB in CITC. Other MSMEs to be established as HUBs had been identified.

The E-Bamboo project which was launched in Pampanga has already generated 257 new jobs, assisted 50 MSMEs, created 7 new entrepreneurs and generated Php1.991M in domestic sales. The project was able to turn-over its first batch of manufactured desks last October 5, 2009 to the G. Paule Elementary School in Sta. Catalina, Lubao, Pampanga with the President witnessing the turn-over ceremonies.

The Executive Order creating the Philippine Bamboo Industry Development Council (PBIDC) was approved by President Gloria Macapagal Arroyo last March 2010. In Region 3, four nodes have been established and identified three potential nodes, one hub established with two potential ones. It has also identified nursery plantations and bamboo plantations in the area. Some of the assistances provided were the following: seven Managerial & Entrepreneurial trainings, six skills Trainings, three benchmarking activities and eight Market Matching activities.

CAR, on the other hand, established one hub in the region. It also conducted Capability training for the Processing Center and Capability training on Bamboo Nursery Management in Langiden, Abra. A GIS of the Bamboo Raw Materials was likewise established.

Sub-contracting Partners on Innovation (SPIN)

The SPIN Program, a joint initiative of DTI and private organizations, aims to provide employment to rebel returnees and poor in conflict free areas as sub-contractors to various exporters through a “Big Brother” partnership.

Rebel returnees and indigents underwent skills training such as craftsmanship, weaving, among others. In 2009, there were 15 exporters linked in the program. There are 12 regions throughout the country implementing the SPIN Project – Regions 1, 2, 3, 4A, 6, 7, 8, 10, 11,12, CARAGA, and CAR.

Total jobs generated reached 7,671 while 268 MSMEs were created and 65 existing ones were assisted. Total investments were pegged at Php10.83M, domestic sales at Php132.32M and exports at US\$16.51M.

Among the products produced include *hapao* baskets, placemats, handicrafts/trays, rattan products, among others.

Rural Microenterprise Promotion Programme (RuMEPP)

This 7-year programme assisted by the International Fund for Agricultural Development (IFAD) will enable poor households and entrepreneurs to get technical and financial support for microenterprises which can, in turn, benefit other families through new job opportunities. Also, the Programme will assist the Small Business Guarantee and Finance Corporation (SBGFC) and microfinance institutions (MFIs) to strengthen their operations and expand their reach to poor families.

As of 30 June 2010, a total of Php230.03M has been released under its microfinance credit component serving a total of 32,990 micro entrepreneurs (MEs) while 11,004 MEs benefited from the various business development services they have extended.

Philippine Product Depot

The Depot is located at HK Sun Plaza, Roxas Boulevard, Pasay City was launched on 11 August 2009. Renamed Tindahang Pinoy, it houses over 1,000 OTOP products coming from all regions nationwide to promote products made of indigenous materials. In 2009, the Product Depot generated a total of about Php4.6M in sales.

Microwavable Saba

The DTI in collaboration with the private sector, has identified the Microwavable Saba Banana as one of its priority and flagship projects through its RODG. Microwavable Saba and its derivatives are answers to the markets call for healthy food. Using a combination of new technologies in processing the cardaba banana, products like banana fries, spring roll, and the microwavable cardaba packs have successfully penetrated the Middle East, US, and Canada among others as markets because of the demand of millions of OFWs in those countries. Potential export market includes Australia, Japan, and Korea. Targeting 20% of the 11M OFWs would mean 6.6M kilograms for microwavable bananas alone.

This can be translated into an aggregate of almost 800-ha new small farm plantation which would provide a relatively good income and livelihood for no less than 400 farmers (2 ha each).

During the 1st quarter of 2010, two meetings among project stakeholders were made. During the said meetings, DTI-DS, DOLE-DS, United Sugarcane Planters of Davao (USPD) MPC, Provincial Agriculturist, SAGREX and representatives of target beneficiaries were able to craft action plan for the furtherance of the project. Likewise, project proposal was formulated and submitted to DOLE for the provision of the project funds.

Last June, project fund amounting to P400,000.00 was downloaded from DOLE-XI to USPD, being the partner institution. Another meeting was made to finalize schedule of activities given that fund is already available. Starting July 2010, technology trainings on banana planting/production are scheduled in four areas covered by the project. This will be handled by the Office of the Provincial Agriculturist and SAGREX. Availability of banana seedlings is also assured by SAGREX.

Virtual Poultry

The Virtual Poultry Farming Program brings about the establishment of a poultry company that will be co-owned by Maharlika and Oversees Workers Welfare Administration (OWWA) member-investors. The latter will then be holders of newly issued 7% Redeemable Preferred Shares. Hence, North Star Poultry Equities, Inc. (North Star) has been incorporated as part of the Program.

North Star will operate poultry farms in various sites across the country with Maharlika tapped as the management company. The functions of the latter include overseeing the general upkeep of the poultry company, maintaining the profitability of its operations, and implementing the same farm and market systems that have been proven to work for many years now. For annually paid management fees, Maharlika will serve to protect the interest of the shareholders of North Star by guaranteeing the efficiency of its poultry operations.

The Program aims to develop OWWA members into keen participants in the poultry industry as holders of preferred shares of financially stable poultry company. It can be a good start for leading OWWA members to place their money in safe investments that they were previously not knowledgeable about. The Program is seen as a vital tool that will help transform OWWA members into educated investors and will help them secure for themselves and their families a well-provided future. The project was launched last 05 January 2010 at Marco Polo, Davao City with former President Gloria Macapagal-Arroyo. Promotion of the project is on-going. Promotional flyers were disseminated to clients and to the delegates of the National OTOP Congress last 12 March 2010.

Veggie Noodles

PGMA instructed Benguet State University (BSU) to develop veggie noodles as an affordable and nutritious food alternative and to be put into immediate production and marketing / distribution. The project was piloted in Regions 1, 2, CAR, and 3.

PGMA also directed the DTI to support marketing concerns of the project and together with the Peoples' Credit and Finance Corporation (PCFC) to come up with a micro-credit loan facility that would ensure quick access to financing assistance required by vegetable growers, small scale processors and other stakeholders.

To ensure that the veggie noodle is carried out, an inter-agency group was created in May 2008. This was headed by DOST and comprised of DA, DTI, NFA, DSWD, PCE / Go Negosyo, RFM, and Liwayway. A Technical Working Group was formed at the regional level. Partnership with small-scale noodle makers / potential tool processors / farmers and accessed their capability as tool processors for squash canton noodles since they are not fully ready due to limited facilities and low productivity.

To build capability of beneficiaries, benchmarking activities have been facilitated by DTI Region 1 to the Benguet Vegetable Processing Center to observe the operation of the

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

center possibly adopt the RFM/BSU technology to transfer technology to small scale processors. To date, a total of 46 company/ association producers (8 in Region 1, 17 in Region 2, 6 in Region 3 and 15 in CAR) from the pilot areas are engaged in veggie noodles production.

2. A2F

The A2F portfolio team headed by the SB Corporation and comprised by government and private financial institutions as well as a number of development partners focused its effort on increasing the amount of funds available for MSME financing and on encouraging and building the capacities of MSMEs to access these funds. The team delivered the following accomplishments during the period:

SULONG Program

From 2004 to April 2010, Government Financial Institutions (GFIs) of the MSME Unified Lending Opportunities for National Growth (SULONG) program released about Php197.818B loans to MSMEs (Table 1). The funds released under the program supported 178,094 enterprises (Table 2) and 2.893M jobs (Table 3) all over the country. For January to April 2010, the SULONG program released Php10.487B to 11,739 enterprises, supporting 138,417 jobs.

Table 1. Loans Released by Government Financial Institutions to MSMEs

GFI	2004	2005	2006	2007	2008	2009	Apr. 2010	Cumulative Total
DBP	9,872	10,488	11,051	8,515	11,630	7,592	2,776	61,924
LBP	12,560	17,431	16,214	16,353	20,001	21,883	6,989	111,432
NLDC	115	25	60	47	36	32	2	317
PhilEXIM	404	154	202	328	283	276	15	1,661
QUEDANCOR	831	560	1,133	548	184	15	-	3,272
SB Corp*	3,268	2,939	3,443	2,690	3,005	1,825	655	17,825
SSS**	166	129	304	97	455	186	50	1,387
Total for the Year***	27,216	31,727	32,407	28,576	35,596	31,809	10,487	197,818

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Table 2. Number of SULONG MSME Accounts

GFI	2004	2005	2006	2007	2008	2009	Apr. 2010	TOTAL
DBP	1,656	1,271	935	1,890	1,502	564	166	7,984
LBP	11,471	11,249	10,098	9,860	11,323	10,289	3,354	67,644
NLDC	216	166	383	305	260	217	16	1,563
PhilEXIM	59	23	17	75	64	73	6	317
QUEDANCOR	873	435	737	394	125	1	-	2,565
SB Corp	1,605	1,786	2,096	1,052	1,091	785	249	8,664
SSS	6	9	18	9	56,301	25,066	7,948	89,357
Total for the Year	15,886	14,939	14,284	13,585	70,666	36,995	11,739	178,094

Landbank of the Philippines led the GFIs in assisting deserving MSMEs with a cumulative origination of Php111.432B. It was followed by Development Bank of the Philippines with Php61.924B and the SB Corporation with Php17.825B. Other major contributors are the Philippine Export-Import Credit Agency (PhilExim), Quendan Rural Credit Guarantee Corporation (Quedancor), National Livelihood Support Fund (NLSF), National Livelihood Development Corporation (NLDC), and Social Security System (SSS)

Table 3. Jobs Supported by the SULONG Program

GFI	2004	2005	2006	2007	2008	2009	Apr.2010	TOTAL
DBP	246,804	131,102	138,139	106,431	145,381	94,902	34,704	897,463
LBP	313,988	217,892	202,680	204,410	250,018	273,542	87,358	1,549,888
NLDC	2,880	316	744	584	451	404	29	5,408
PhilEXIM	10,099	1,925	2,520	4,097	3,539	3,448	186	25,814
QUEDANCOR	20,786	6,996	14,156	6,852	2,306	181	-	51,277
SB Corp	81,700	36,740	43,036	33,622	37,560	22,815	8,193	263,666
SSS	4,150	1,613	3,795	1,208	56,301	25,376	7,948	100,391
Total for the Year	680,407	396,584	405,070	357,204	495,556	420,668	138,417	2,893,907

The SULONG Program likewise attempted to address some of the key issues in MSME financing such as: standardization of loan requirements; use of uniform and competitive rates; timeliness of action on loan request; increased outreach to private development partners; and information dissemination of program to beneficiaries.

Microfinance

From July 2004 to April 2010 a total of Php169.237B was released to 6.065M microfinance clients nationwide and generated some 2.99M new jobs. From January to April 2010 alone, Php8.7B was released to 364,196 microfinance clients nationwide, which generated 163,035 new jobs.

From July 2004 to April 2010, the highest amount of loan releases or Php33.849B were channelled to Central Luzon (Region 3) benefiting 763,406 microfinance clients. This was almost 20% of the total national releases amounting to Php169.237B. Cagayan Valley (Region 2), follows wherein Php18.235B were released to 431,866 clients; CALABARZON (Region 4-A) ranked third with Php16.408B lent to 631,938 clients; Central Visayas (Region 7) came in fourth with Php14.495B loaned out to 734,511 clients; followed respectively by Northern Mindanao (Region 10) with Php13.671B loaned to 409,511 clients; and, Western Visayas (Region 6) with Php13.241B given out to 619,840 clients. Aside from generating a total of 1.633M new jobs in the said regions, these loan releases significantly augmented and diversified the income of micro-entrepreneurs as well as greatly contributed to the realization of the super-regional development thrusts, under which these regions belong.

Top Regional Microfinance Accomplishments (July 2004 to April 2010)

Region	Loans Released (in billion PhP)	No. of Beneficiaries
3	33.849	763,406
2	18.235	431,866
4-A	16.408	631,938
7	14.495	734,511
10	13.671	409,511
6	13.241	619,840

Special Micro Financing Program for the Transport Sector

Another microfinance program of the Arroyo administration is the Micro-financing Program dedicated to the spouses and immediate family members of drivers and conductors of public utility vehicles (PUVs). The President during the forum on Alternative Fuels for Public Transport held on 16 July 2008 directed the release of a PhP500 million fund sourced from the additional VAT revenues in response to the issues raised by drivers and conductors on the volatility of oil prices. The program is administered by the PPSB. As of 22 June 2010, PPSB has already released PhP340.966M to 64,451 beneficiaries. This includes the grant of special financing for the rehabilitation of typhoon damaged vehicles amounting to PhP20.396M for 337 beneficiaries.

Mandatory Allocation of Credit Resources to MSMEs

Pursant to the provisions of RA 6977: Magna Carta for MSMEs (as amended by RA 8289 and RA 9501), all lending institutions shall set aside at least 8% for micro and small enterprises and at least 2% for medium enterprises of their total loan portfolio and make it available for MSME credit. As of March 2010, the banking sector has lent out to the MSME sector a total of Php288B, an increase of 22% from the Php234.4B recorded as of end-2003.

Projects with Development Partners

Other MSME financing initiatives during the period included the GTZ funded MSME Financing Support implemented by the PSP SMEDSDEP. The program in its first phase helped set up fully operational and streamlined MSME finance units in nine Anchor Banks consisting of seven rural banks and the two thrift banks. These were the Rural Bank of Dulag in Region 8, Fairbank in Region 7, and the Rural Bank of Victorias in Region 6. The two thrift banks were the Philippine Postal Savings Bank and the Dunganon Bank. The MSME finance units have an MSME Credit Manual in place, streamlined MSME finance procedures, and trained bank executives and loan officers/appraisers. In the second phase, PSP SMEDSEP cooperated with UP ISSI and established the cash flow based lending approach C3 firmly in the banking system of the Philippines. Together with the pool of fourteen external certified trainers they were been able to train around 850 staff of 150 banks and cooperatives. The CIDA-Private Enterprise Accelerated Resource Linkages

Project Phase 2 (CIDA-PEARL2) conducted “fund source mapping” during the period - providing a list and profile of various funding organizations for MSMEs in the Philippines.

3. A2M

The A2M portfolio team is headed by the DTI-BDT and is primarily made up of provincial and national government agencies tasked with implementing marketing and promotion programs, industry associations and development partners. During the period, the team focused on implementing programs, activities and projects (PAPs) meant to help MSMEs sell their products locally and abroad. These PAPs include giving assistance related to research and development and logistics management. The team delivered these accomplishments during the period:

OTOP Program

The OTOP of the DTI implemented various activities that generated exports sales of US\$417M and domestic sales of Php10B during the period. The program also created 312,118 jobs and assisted 29,639 MSMEs.

Table 4. OTOP Performance (2004 – 1st Sem. 2010)

Performance Indicator	2004	2005	2006	2007	2008	2009	1 st sem. 2010	Total
Investments (PhP M)	565.0	814.1	1,891.3	2,330.5	2,618.1	1,663	703.265	10,585.3
Employment	1,431.0	70,439.0	70,609.0	70,733.0	85,419.0	84,268.0	32,578	415,477
Exports (US \$ M)	0.2	85.2	92.2	105.4	106.9	173.91	48.016	611.83
Domestic Sales (PhP M)		1,302.4	1,808.3	2,773.8	3,565.2	3,614	1,623.73	14,687.4
MSMEs Assisted		4,396.0	5,968.0	6,785.0	6,883.0	9,384	5,993	39,409

Source: DTI-RODG

Market Development

To support local enterprises, marketing and promotion programs and projects helped MSMEs sell their products locally and abroad.

Local and International Trade Fairs. CITEM, BDT, BETP and PITC organized national and international trade fairs and missions that assisted 6,673 companies and generated export sales worth US\$1.08B and domestic sales of Php4.3B.

Buyer-Supplier Matching. Direct buyer-supplier matching assistance were also provided to 6,383 MSMEs, generating Php814.38M in domestic sales and US\$82M worth of exports.

Product Research and Development. The PDDCP, through its product research and development services, enabled 3,674 MSMEs nationwide to develop new products, label and package designs for food and non-food products. A total of 1,884 potential MSMEs were given design services such as design consultations, design recommendations and design ideas.

Logistics Management. The PITC assisted 17 MSME exporters in utilizing common bonded warehouses which facilitated their access to imported raw materials, improving their price competitiveness, allowing them to generate Php127.44M worth of sales. The Cooperative Development Authority (CDA) also assisted 10 cooperatives in Regions 3, 4-A, and CAR, by encouraging the use of common service facilities for agricultural and livelihood activities using equipment donated by the CDA-JICA Project on Improvement of Farmers Income.

Value Chain. PSP SMEDSEP supported DTI in the Visayas and beyond to introduce and implement the Value Chain approach.

4. P&E

The P&E portfolio team, headed by the DOLE-NWPC, made up of government agencies and stakeholders from the academe, the private sector, and development partners, implemented various programs, activities and projects meant to increase the level of output and competitiveness of MSMEs. The PAPs were targeted at the MSMEs themselves and BSOs tasked with helping MSMEs improve their level of productivity and efficiency.

A total of 115,604 MSMEs availed of business development services extended by various government agencies to improve enterprise productivity and efficiency. The range of services includes consultancy, technical and entrepreneurship training, laboratory analysis, and provision of technical information as follows:

The DTI MSME Centers extended training, business consultancy, and technical information services to potential and existing MSMEs. Over 800,000 MSME information materials were disseminated through these centers and through the various training and advocacy activities that they spearheaded.

For first quarter of 2010, DOLE-NWPC and the Bureau of Working Condition provided 21 training and consultancy services to 79 MSMEs on the use of simple productivity technologies and Industrious, Systematic, Time-conscious, Innovative, strong Value for work (ISTIV) Program -- a values-driven human resource strategy for quality and productivity improvement, and Work Improvement for Small Enterprises.

The PTTC, CITC, DTI Regional and Provincial Offices, UP-ISSI, TRC of DOST, and EntrePinoy Volunteers Foundation Inc., provided entrepreneurship and livelihood training courses that benefited MSMEs, prospective entrepreneurs and students. PTTC, for example, crafted and implemented specialized training programs as “eSMEs on the Web: Training for the Development and Deployment of Websites for MSMEs” and “Doing Business on the Web: E-Commerce made Easy for MSME Exporters”.

The DA, PTTC, DOST, Bureau of Fisheries and Aquatic Resources and BFAD provided training and technical assistance on food safety such as Good Agricultural Practice, Good Manufacturing Practice and Hazard Analysis and Critical Control Points.

The Development Academy of the Philippines, Center for Quality and Competitiveness, conducted 5S training for 20 members of International Franchising Corporation

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

(FRANCORP) and Productivity and Quality and 5S orientation to 44 micro enterprise beneficiaries at Daet, Camarines Norte.

The DOST-SET-UP assisted MSMEs enhance their productivity and competitiveness through extension and enhancement of science and technology activities and technology interventions. From 2006 to 1st quarter 2010, the program has generated employment of 162,891.

Table 6. SET-UP Performance (2006 - 2009)

IMPACT	2006	2007	2008	2009	1qtr. 2010	TOTAL
I. Technology Transfer and Commercialization						
a. No. of Technology Interventions	1,041	1,247	3,484	3,591	744	10,107
b. No of Existing Firms Assisted	750	945	1,202	1,497		4,394
c. Employment Generated	30,653	35,033	60,786	27,755	8,664	162,891
II. Packaging and Labeling						
a. Packaging and Labeling Design Provided	431	440	764	422	101	2,158
b. No of Firms Assisted	436	388	897	422		2,143
III. Technology Training						
a. No. of Trainings Conducted	1,027	859	974	607	691	4,158
b. No. of Firms Assisted	3,020	3,405	3,584	2,371		12,380
c. No. of Participants	23,979	21,949	26,554	15,711		88,193

Source: DOST-SETUP

PTTC implemented the following training programs; “eSMEs on the Web: Training for the Development and Deployment of Websites for SMEs” and “Doing Business on the Web: E-Commerce made Easy for MSME Exporters”. The DA, PTTC, DOST, BFAR and BFAD provided training and technical assistance on food safety such as Good Agricultural Practice, Good Manufacturing Practice and Hazard Analysis and Critical Control Points.

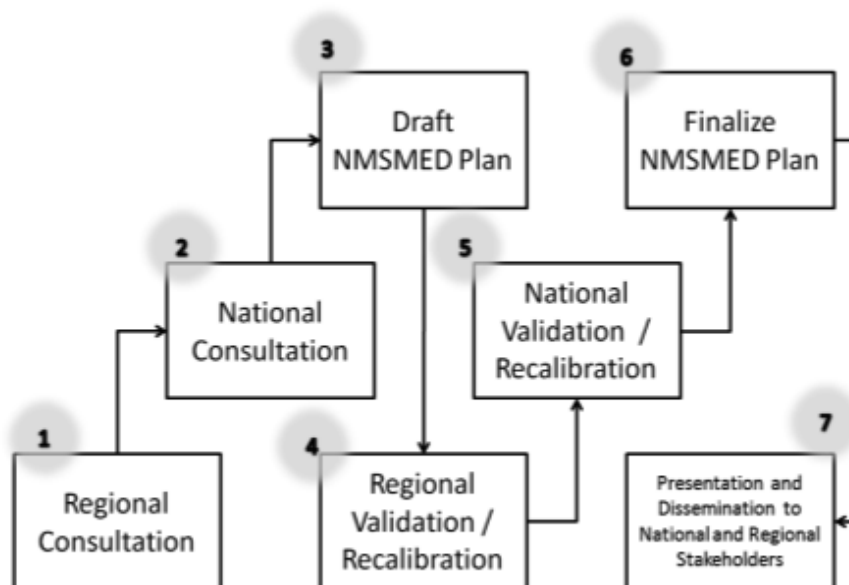
Services provided by development partners and the private sector

The CIDA-PEARL2 program implemented a Project Management Cycle Training activity that assisted 34 BSOs in developing their organizational and management capabilities to deliver better services to their MSME members. The Philippine Franchise Association implemented the Franchise and Accelerate the Sustainable Transformation (FAST) Ventures Project in eight target regions. The project improved the technical capacities of PFA personnel and the competencies of the 8 PCCI local partners in terms of screening and selecting “franchise-able” companies that can be improved through franchising.

Appendix 3. Stakeholder Consultation Process

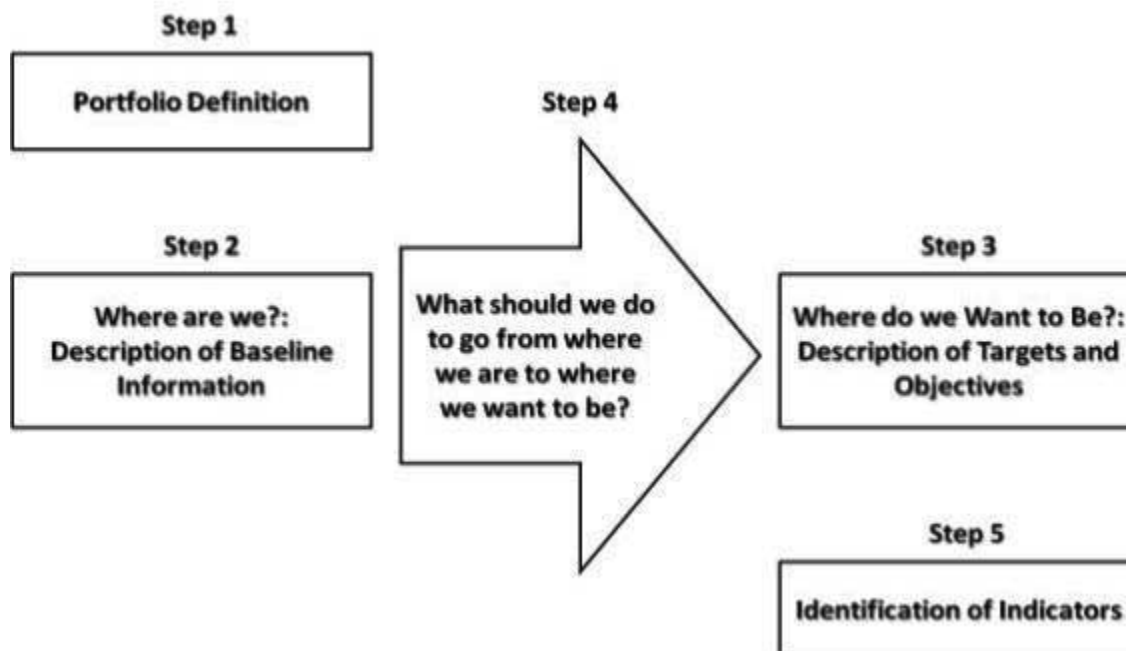
The MSME Development Plan for 2011 to 2016 was prepared following a multi-step process of stakeholder consultations around the country. Regional consultation workshops were first conducted in 11 regions that collectively host 54% of total Philippine MSMEs. These workshops were attended by representatives from the MSME sector, business support organizations, NGAs, LGUs, the academe, civil society, and international development institutions that could provide regional and provincial level perspectives.

Stakeholder Consultation Process



The workshops were conducted using a participatory approach to ensure that participants could individually provide inputs to the MSMED Plan. Everybody were asked to give their inputs on the following major issues (Figure 15): where we are now (baseline), where we want to be (target), and how do we go from where we are to where we want to be (strategies and action plans). The participants were also asked to provide their own definition of the four outcome portfolios, which they also later synthesized to arrive at a single regional definition for each portfolio. This was meant to ensure that the participants could level off on their understanding and analysis for the rest of the workshop sessions. To prepare for an eventual implementation of a participatory monitoring and evaluation strategy, the participants were also asked to provide the set of indicators that would allow them to measure whether the MSMED Plan for 2011 to 2016 is progressing as expected.

Workshop Information Flow



The synthesized output of the regional consultation workshops were presented to stakeholders at the national level. The participants in the latter activity include the same class of stakeholders, except that they are now representatives of institutions that operate on a national scope. The perspectives they provided were therefore expected to supplement the regional outputs for a more holistic MSMED Plan for 2011 to 2016. Four national consultation workshops were conducted to give participants an opportunity to focus their discussions on the four outcome portfolios. The workshops were also designed to allow for maximum participation by stakeholders.

The synthesis of the regional and national consultation workshops were then presented in four island group validation and recalibration workshops. The island workshops included the original set of participants who attended the regional workshops. This is to allow them an opportunity to validate whether the synthesized report correctly reflected their initial thoughts and inputs. Participants from the regions that were unable to hold regional consultation workshops were also included in the island group workshops in the hope of capturing other relevant information that may have been missed in the previous workshops. The validated report is presented to the national MSMED Council for final validation and approval.

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Appendix 4. Distribution of MSMEs Employment by Sector and by Region

Region/Industry	TOTAL	Total Employment			
		MICRO	SMALL	MEDIUM	LARGE
NATIONAL CAPITAL REGION	2,257,621	462,851	569,282	183,199	1,042,289
Agriculture, Hunting and Forestry	2,607	260	944	1,403	s ²
Fishing	8,148	373	353	1,360	6,062
Mining and Quarrying	3,571	87	1,544	s ¹	1,940
Manufacturing	363,747	52,591	113,931	47,226	149,999
Electricity, Gas and Water	19,501	124	2,007	1,531	15,839
Construction	81,614	2,080	13,964	8,571	56,999
Wholesale and Retail Trade	479,000	215,575	153,892	37,575	71,958
Hotels and Restaurants	169,715	59,283	81,964	12,381	16,087
Transport, Storage and Communications	127,843	10,264	30,813	11,558	75,208
Financial Intermediation	271,323	21,698	32,696	9,939	206,990
Real Estate, Renting and Business Activities	489,034	44,048	72,289	32,768	339,929
Education	109,425	9,440	32,825	11,322	55,838
Health and Social Work	58,245	18,326	10,007	3,730	26,182
Other Community, Social and Personal Service Activities	73,848	28,702	22,354	4,157	18,635
CORDILLERA ADMINISTRATIVE REGION	65,410	28,700	16,066	4,153	16,491
Agriculture, Hunting and Forestry	277	25	252	-	-
Fishing	14	14	-	-	-
Mining and Quarrying	s	-	s	s	s
Manufacturing	13,597	3,095	1,106	1,147	8,249
Electricity, Gas and Water	1,979	43	994	s ¹	942
Construction	411	75	336	s ¹	-
Wholesale and Retail Trade	18,264	13,400	3,645	1,219	s ²
Hotels and Restaurants	10,760	5,624	3,649	337	1,150
Transport, Storage and Communications	685	274	411	-	-
Financial Intermediation	2,448	887	1,561	s ¹	-
Real Estate, Renting and Business Activities	4,721	1,812	638	2,271	s ²
Education	8,384	619	3,068	824	3,873
Health and Social Work	1,564	1,040	524	s ¹	-
Other Community, Social and Personal Service Activities	2,306	1,792	514	-	-
ILOCOS REGION	147,383	88,690	35,997	8,424	14,272
Agriculture, Hunting and Forestry	890	374	516	-	-
Fishing	402	121	281	-	-
Mining and Quarrying	543	251	292	-	s ¹
Manufacturing	28,148	20,679	3,927	1,116	2,426
Electricity, Gas and Water	4,181	156	939	1,016	2,070
Construction	1,129	280	849	-	s ¹
Wholesale and Retail Trade	50,144	37,858	9,637	1,685	964
Hotels and Restaurants	19,614	11,271	5,071	1,333	1,939
Transport, Storage and Communications	1,965	1,123	842	s ¹	-
Financial Intermediation	7,083	3,729	3,354	s ¹	-
Real Estate, Renting and Business Activities	4,921	3,620	618	683	-

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Region/Industry	TOTAL	Total Employment			
		MICRO	SMALL	MEDIUM	LARGE
Education	15,292	1,047	7,553	1,105	5,587
Health and Social Work	5,234	2,412	1,395	1,427	s ²
Other Community, Social and Personal Service Activities	7,837	5,769	2,068	-	s ¹
CAGAYAN VALLEY	74,462	48,227	17,145	3,462	5,628
Agriculture, Hunting and Forestry	1,037	123	914	-	s ¹
Fishing	67	22	45	-	-
Mining and Quarrying	s	s	-	-	-
Manufacturing	12,400	9,760	1,276	1,364	s ²
Electricity, Gas and Water	2,225	161	698	424	942
Construction	407	64	343	-	-
Wholesale and Retail Trade	28,954	24,153	4,801	s ¹	-
Hotels and Restaurants	8,066	6,391	1,675	s ¹	-
Transport, Storage and Communications	1,042	497	545	s ¹	-
Financial Intermediation	5,645	1,997	2,167	1,481	s ²
Real Estate, Renting and Business Activities	2,386	1,524	862	s ¹	s ¹
Education	7,878	752	3,959	1,015	2,152
Health and Social Work	2,369	1,022	1,347	s ¹	s ¹
Other Community, Social and Personal Service Activities	1,986	1,761	225	-	-
CENTRAL LUZON	426,917	164,076	114,899	33,633	114,309
Agriculture, Hunting and Forestry	9,955	2,162	4,514	1,009	2,270
Fishing	816	297	519	s ¹	-
Mining and Quarrying	80	32	48	-	-
Manufacturing	139,644	28,022	24,921	13,853	72,848
Electricity, Gas and Water	9,152	259	3,260	2,652	2,981
Construction	4,124	468	1,573	605	1,478
Wholesale and Retail Trade	114,018	79,359	26,942	3,107	4,610
Hotels and Restaurants	38,704	18,291	15,164	3,079	2,170
Transport, Storage and Communications	6,733	1,455	2,048	881	2,349
Financial Intermediation	16,875	7,936	8,207	732	-
Real Estate, Renting and Business Activities	27,167	7,895	2,896	2,011	14,365
Education	30,256	2,587	17,886	4,059	5,724
Health and Social Work	12,986	5,610	3,073	1,339	2,964
Other Community, Social and Personal Service Activities	16,407	9,703	4,154	s ¹	2,550
CALABARZON	895,060	230,426	158,751	62,089	443,794
Agriculture, Hunting and Forestry	7,280	1,324	4,290	1,666	s ²
Fishing	874	322	552	-	-
Mining and Quarrying	343	42	301	-	-
Manufacturing	500,203	37,747	44,820	36,647	380,989
Electricity, Gas and Water	10,397	205	2,617	1,940	5,635
Construction	7,802	639	2,219	667	4,277
Wholesale and Retail Trade	152,742	109,353	31,542	4,029	7,818
Hotels and Restaurants	52,291	30,081	19,574	2,636	s ²
Transport, Storage and Communications	9,530	1,576	3,205	1,646	3,103
Financial Intermediation	21,936	10,981	8,565	519	1,871

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Region/Industry	TOTAL	Total Employment			
		MICRO	SMALL	MEDIUM	LARGE
Real Estate, Renting and Business Activities	39,136	11,965	4,087	2,543	20,541
Education	46,261	4,897	26,147	6,111	9,106
Health and Social Work	18,798	6,655	4,405	3,366	4,372
Other Community, Social and Personal Service Activities	27,467	14,639	6,427	1,367	5,034
MIMAROPA	74,191	43,077	17,386	2,100	11,628
Agriculture, Hunting and Forestry	3,427	968	2,459	-	-
Fishing	3,451	838	1,875	s ¹	738
Mining and Quarrying	1,268	136	1,132	s ¹	s ¹
Manufacturing	9,560	8,219	1,341	s ¹	s ¹
Electricity, Gas and Water	2,248	228	1,226	s ¹	794
Construction	299	37	262	-	-
Wholesale and Retail Trade	31,361	20,009	11,352	-	s ¹
Hotels and Restaurants	6,945	4,726	2,219	s ¹	s ¹
Transport, Storage and Communications	2,979	1,683	1,296	s ¹	-
Financial Intermediation	3,255	1,648	1,607	-	-
Real Estate, Renting and Business Activities	1,603	1,437	166	-	-
Education	3,432	518	2,454	460	-
Health and Social Work	1,213	636	577	s ¹	-
Other Community, Social and Personal Service Activities	3,150	1,994	632	524	s ²
BICOL REGION	117,341	64,236	29,419	7,333	16,353
Agriculture, Hunting and Forestry	896	277	619	-	-
Fishing	497	256	241	-	-
Mining and Quarrying	250	36	214	s ¹	-
Manufacturing	15,407	9,938	3,585	1,061	823
Electricity, Gas and Water	9,078	114	1,112	1,529	6,323
Construction	1,510	106	1,404	-	s ¹
Wholesale and Retail Trade	45,783	35,748	6,735	1,284	2,016
Hotels and Restaurants	10,769	6,646	3,441	682	s ²
Transport, Storage and Communications	3,037	737	1,237	1,063	s ²
Financial Intermediation	4,998	2,288	2,710	s ¹	-
Real Estate, Renting and Business Activities	3,891	2,241	1,650	s ¹	s ¹
Education	13,570	1,277	6,736	1,297	4,260
Health and Social Work	3,477	1,415	1,192	870	s ²
Other Community, Social and Personal Service Activities	4,178	3,157	1,021	s ¹	-
WESTERN VISAYAS	237,548	95,788	68,283	19,955	53,522
Agriculture, Hunting and Forestry	27,241	545	5,775	6,162	14,759
Fishing	2,329	343	1,110	876	s ²
Mining and Quarrying	301	62	239	s ¹	-
Manufacturing	34,535	15,889	8,267	2,020	8,359
Electricity, Gas and Water	5,340	255	1,276	610	3,199
Construction	2,072	139	470	1,463	s ²
Wholesale and Retail Trade	68,919	43,211	18,663	1,895	5,150
Hotels and Restaurants	25,569	14,017	9,958	1,594	s ²

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Region/Industry	TOTAL	Total Employment			
		MICRO	SMALL	MEDIUM	LARGE
Transport, Storage and Communications	5,731	881	2,261	s ¹	2,589
Financial Intermediation	13,112	5,393	4,971	460	2,288
Real Estate, Renting and Business Activities	14,730	5,167	2,563	3,194	3,806
Education	19,798	1,843	9,091	2,498	6,366
Health and Social Work	8,633	2,580	992	-	5,061
Other Community, Social and Personal Service Activities	9,238	5,463	3,051	724	s ²
CENTRAL VISAYAS	428,304	101,977	95,452	36,363	194,512
Agriculture, Hunting and Forestry	10,392	538	2,452	1,649	5,753
Fishing	1,920	235	1,278	407	-
Mining and Quarrying	1,000	28	972	s ¹	s ¹
Manufacturing	160,359	16,435	23,349	15,248	105,327
Electricity, Gas and Water	6,450	134	1,547	872	3,897
Construction	8,652	221	1,624	1,365	5,442
Wholesale and Retail Trade	85,866	46,918	24,301	3,430	11,217
Hotels and Restaurants	34,821	15,528	11,890	2,526	4,877
Transport, Storage and Communications	9,981	1,554	3,756	1,740	2,931
Financial Intermediation	12,285	6,363	4,844	1,078	s ²
Real Estate, Renting and Business Activities	52,365	5,336	4,196	3,616	39,217
Education	21,633	1,280	9,774	2,652	7,927
Health and Social Work	9,826	2,292	1,541	1,345	4,648
Other Community, Social and Personal Service Activities	12,754	5,115	4,630	943	2,066
EASTERN VISAYAS	78,036	41,721	19,853	5,801	10,661
Agriculture, Hunting and Forestry	3,679	171	475	s ¹	3,033
Fishing	497	231	266	-	-
Mining and Quarrying	s	s	-	-	-
Manufacturing	12,300	7,760	1,526	686	2,328
Electricity, Gas and Water	4,156	116	942	1,382	1,716
Construction	1,708	171	1,537	s ¹	s ¹
Wholesale and Retail Trade	28,618	21,210	6,083	1,325	s ²
Hotels and Restaurants	6,567	4,457	2,110	-	-
Transport, Storage and Communications	2,131	707	1,424	s ¹	s ¹
Financial Intermediation	3,863	1,873	1,990	-	-
Real Estate, Renting and Business Activities	3,892	1,670	693	500	1,029
Education	6,035	582	3,532	1,921	s ²
Health and Social Work	1,743	728	414	601	s ²
Other Community, Social and Personal Service Activities	2,847	2,045	802	s ¹	-
ZAMBOANGA PENINSULA	93,036	47,613	22,371	4,783	18,269
Agriculture, Hunting and Forestry	2,950	250	519	s ¹	2,181
Fishing	2,783	65	683	s ¹	2,035
Mining and Quarrying	1,638	17	1,621	-	s ¹
Manufacturing	17,124	7,494	3,164	851	5,615
Electricity, Gas and Water	2,152	59	675	s ¹	1,418
Construction	622	47	575	s ¹	-

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Region/Industry	TOTAL	Total Employment			
		MICRO	SMALL	MEDIUM	LARGE
Wholesale and Retail Trade	35,021	25,753	7,503	518	1,247
Hotels and Restaurants	9,040	6,320	2,720	s ¹	-
Transport, Storage and Communications	2,647	409	539	1,699	s ²
Financial Intermediation	4,306	2,025	2,281	s ¹	-
Real Estate, Renting and Business Activities	3,555	1,790	548	375	842
Education	5,783	518	2,856	2,409	s ²
Health and Social Work	2,801	705	877	389	830
Other Community, Social and Personal Service Activities	2,614	2,161	453	-	-
NORTHERN MINDANAO	162,653	64,161	43,088	12,091	43,313
Agriculture, Hunting and Forestry	13,813	478	2,623	1,163	9,549
Fishing	50	50	s ⁰	-	-
Mining and Quarrying	45	45	s ⁰	-	-
Manufacturing	30,988	9,286	5,611	2,463	13,628
Electricity, Gas and Water	4,045	67	1,203	1,164	1,611
Construction	2,478	99	528	696	1,155
Wholesale and Retail Trade	49,894	30,974	12,801	1,349	4,770
Hotels and Restaurants	15,733	10,170	4,998	565	-
Transport, Storage and Communications	5,788	526	1,319	3,943	s ²
Financial Intermediation	8,498	3,415	3,785	1,298	s ²
Real Estate, Renting and Business Activities	9,922	3,232	1,727	s ¹	4,963
Education	12,128	1,480	5,808	1,682	3,158
Health and Social Work	4,916	1,486	1,530	1,238	662
Other Community, Social and Personal Service Activities	4,355	2,908	1,447	-	-
DAVAO REGION	237,130	82,160	57,766	20,657	76,547
Agriculture, Hunting and Forestry	45,458	595	4,620	4,323	35,920
Fishing	526	65	461	s ¹	-
Mining and Quarrying	1,635	54	54	1,527	s ²
Manufacturing	31,613	11,686	8,668	3,873	7,386
Electricity, Gas and Water	3,142	191	600	2,351	s ²
Construction	1,860	202	835	s ¹	823
Wholesale and Retail Trade	68,101	37,938	18,842	3,148	8,173
Hotels and Restaurants	23,124	14,401	6,672	1,111	940
Transport, Storage and Communications	7,417	831	1,343	1,674	3,569
Financial Intermediation	9,383	3,636	3,770	1,977	s ²
Real Estate, Renting and Business Activities	16,730	4,292	2,977	1,764	7,697
Education	13,952	1,411	5,662	1,905	4,974
Health and Social Work	6,872	2,138	1,494	1,026	2,214
Other Community, Social and Personal Service Activities	7,317	4,720	2,597	s ¹	s ¹
SOCCSKSARGEN	157,574	54,069	28,517	8,300	66,688
Agriculture, Hunting and Forestry	13,267	1,120	1,725	954	9,468
Fishing	5,118	120	1,076	710	3,212
Mining and Quarrying	493	493	s ⁰	-	s ⁰

Micro, Small, and Medium Enterprise Development Plan for 2011 to 2016

Region/Industry	TOTAL	Total Employment			
		MICRO	SMALL	MEDIUM	LARGE
Manufacturing	45,061	8,808	4,101	1,156	30,996
Electricity, Gas and Water	2,540	169	597	1,014	760
Construction	874	71	803	s ¹	s ¹
Wholesale and Retail Trade	36,869	25,247	7,946	864	2,812
Hotels and Restaurants	11,311	8,708	2,231	372	-
Transport, Storage and Communications	2,568	305	897	s ¹	1,366
Financial Intermediation	4,735	2,329	2,406	-	s ¹
Real Estate, Renting and Business Activities	17,755	2,057	778	355	14,565
Education	8,805	1,030	5,112	1,144	1,519
Health and Social Work	4,751	1,261	1,233	1,309	948
Other Community, Social and Personal Service Activities	3,427	2,815	612	-	-
AUTONOMOUS REGION IN MUSLIM MINDANAO	27,818	17,434	4,368	1,751	4,265
Agriculture, Hunting and Forestry	1,981	80	253	s ¹	1,648
Fishing	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-
Manufacturing	4,923	2,504	368	385	1,666
Electricity, Gas and Water	874	71	414	389	-
Construction	-	-	-	-	-
Wholesale and Retail Trade	11,050	9,477	1,573	-	s ¹
Hotels and Restaurants	3,429	3,099	330	-	-
Transport, Storage and Communications	1,111	721	390	s ¹	-
Financial Intermediation	578	447	131	-	-
Real Estate, Renting and Business Activities	281	241	40	-	-
Education	2,607	55	1,861	691	-
Health and Social Work	445	258	187	-	-
Other Community, Social and Personal Service Activities	539	481	58	-	-
CARAGA	64,106	28,176	15,422	3,964	16,544
Agriculture, Hunting and Forestry	1,546	81	239	1,226	s ²
Fishing	162	162	s ⁰	-	-
Mining and Quarrying	5,005	19	303	-	4,683
Manufacturing	14,321	5,115	1,620	394	7,192
Electricity, Gas and Water	1,965	67	649	1,249	s ²
Construction	692	53	639	s ¹	s ¹
Wholesale and Retail Trade	18,914	13,575	4,550	789	s ²
Hotels and Restaurants	5,610	3,918	1,692	s ¹	-
Transport, Storage and Communications	923	259	664	s ¹	-
Financial Intermediation	5,023	1,290	2,399	s ¹	1,334
Real Estate, Renting and Business Activities	2,460	1,255	552	s ¹	653
Education	4,442	497	2,935	1,010	s ²
Health and Social Work	1,362	504	858	s ¹	s ¹
Other Community, Social and Personal Service Activities	1,681	1,461	220	-	-

Note: Data suppressed for confidentiality reasons (under Commonwealth Act 591 of 1940)

s⁰ - combined with employment size "micro"

s¹ - combined with employment size "small"

s² - combined with employment size "medium"

The 2008 List of Establishments was based on Field Updating conducted by the office in barangays with growth centers, other areas where significant change in status/updates of establishments were observed to have occurred and updates from feedbacks on the surveys undertaken by the office and supplemented by lists from different secondary sources.

Source :

*NATIONAL STATISTICS OFFICE
Industry and Trade Statistics Department
Statistical Sampling and Operations Division
2008 List of Establishments*

For information, contact:

The MSMED Council Secretariat

c/o Bureau of Micro, Small and Medium Enterprise Development (BMSMED)

Department of Trade and Industry (DTI)

5/F Trade and Industry Building

361 Sen. Gil J. Puyat Ave., Makati City

Tel. (632) 890.4968 | 897.7596 | 897.1693

Fax (632) 896.7916

E-mail: bmsmed@dti.gov.ph

www.dti.gov.ph