

MSME Development in the Philippines



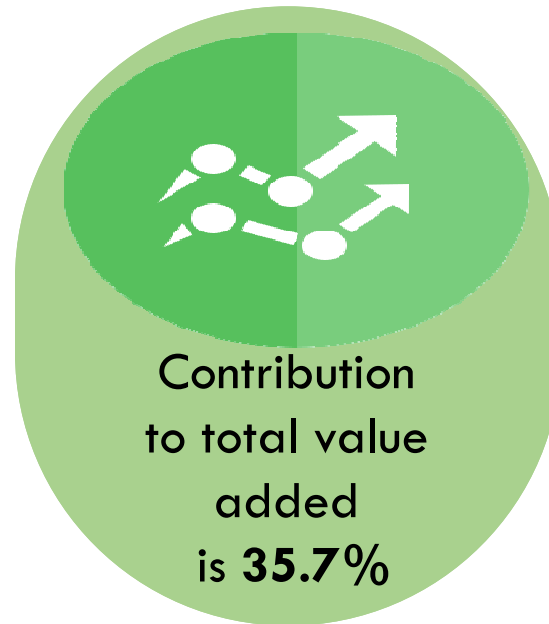
Overview and Economic Contribution of MSMEs

The Magna Carta for MSMEs defines MSMEs (using asset size) as follows:

Micro - Up to ₱3,000,000

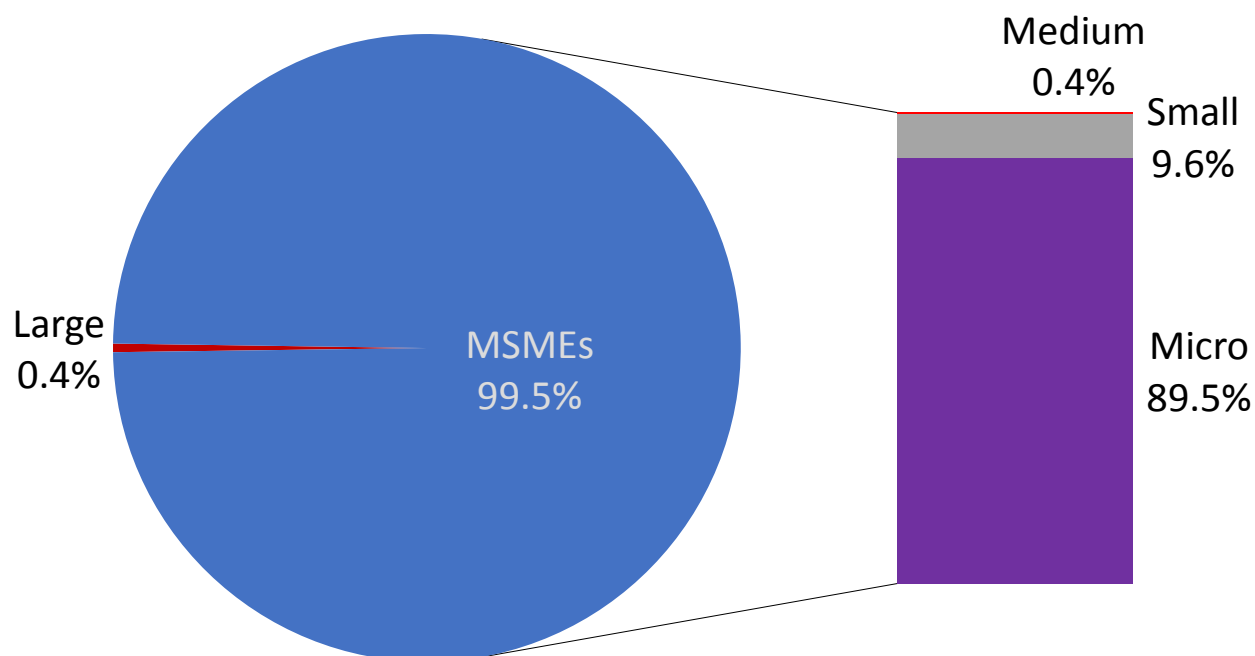
Small - ₱3,000,001 – ₱15,000,000

Medium - ₱15,000,000 – ₱100,000,000



MSMEs account for **99.5%** of the total number of establishments

Distribution of establishments by enterprise size

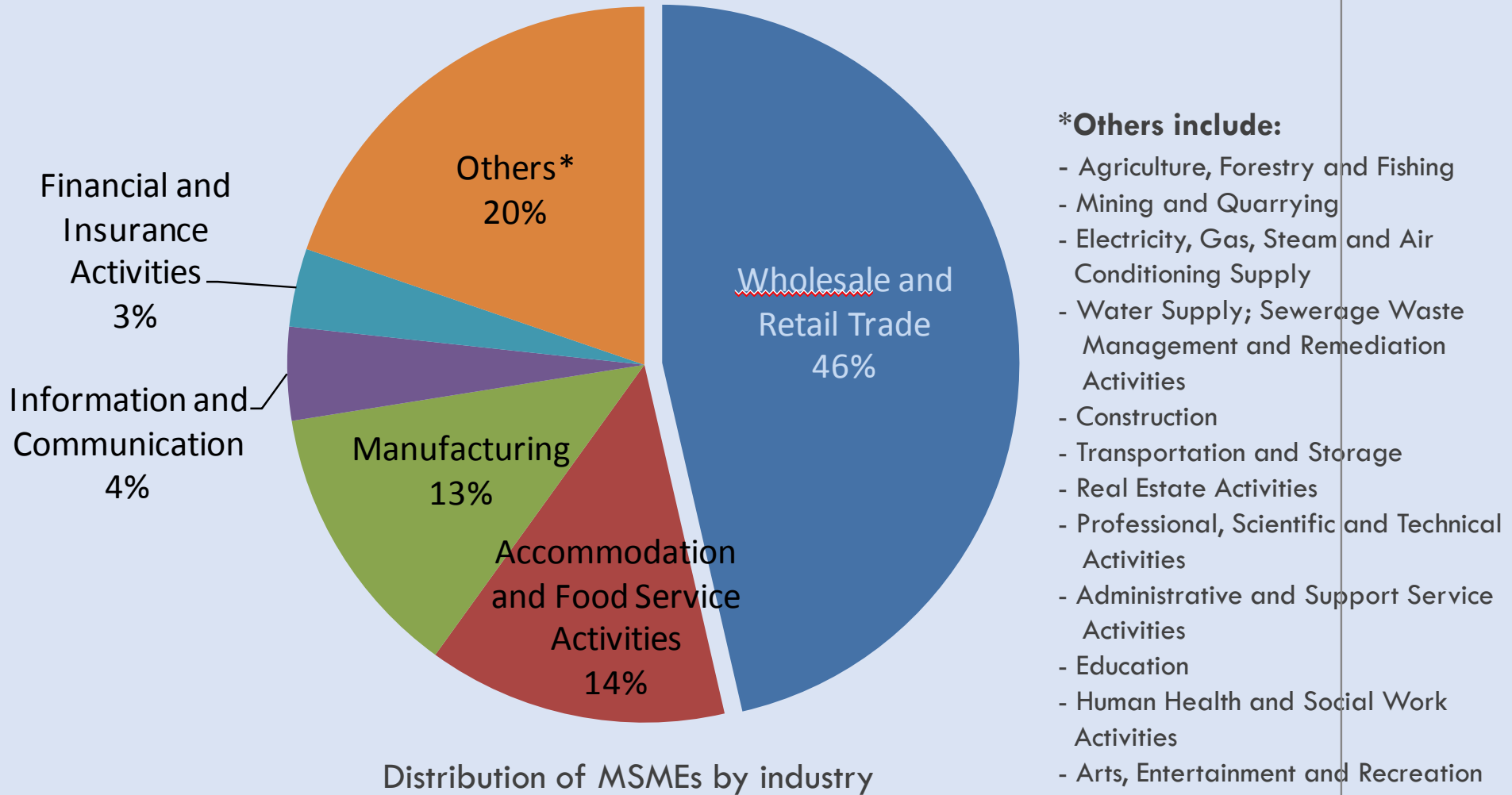


Micro	806,609
Small	86,367
Medium	3,863
Large	4,075
Total	900,914

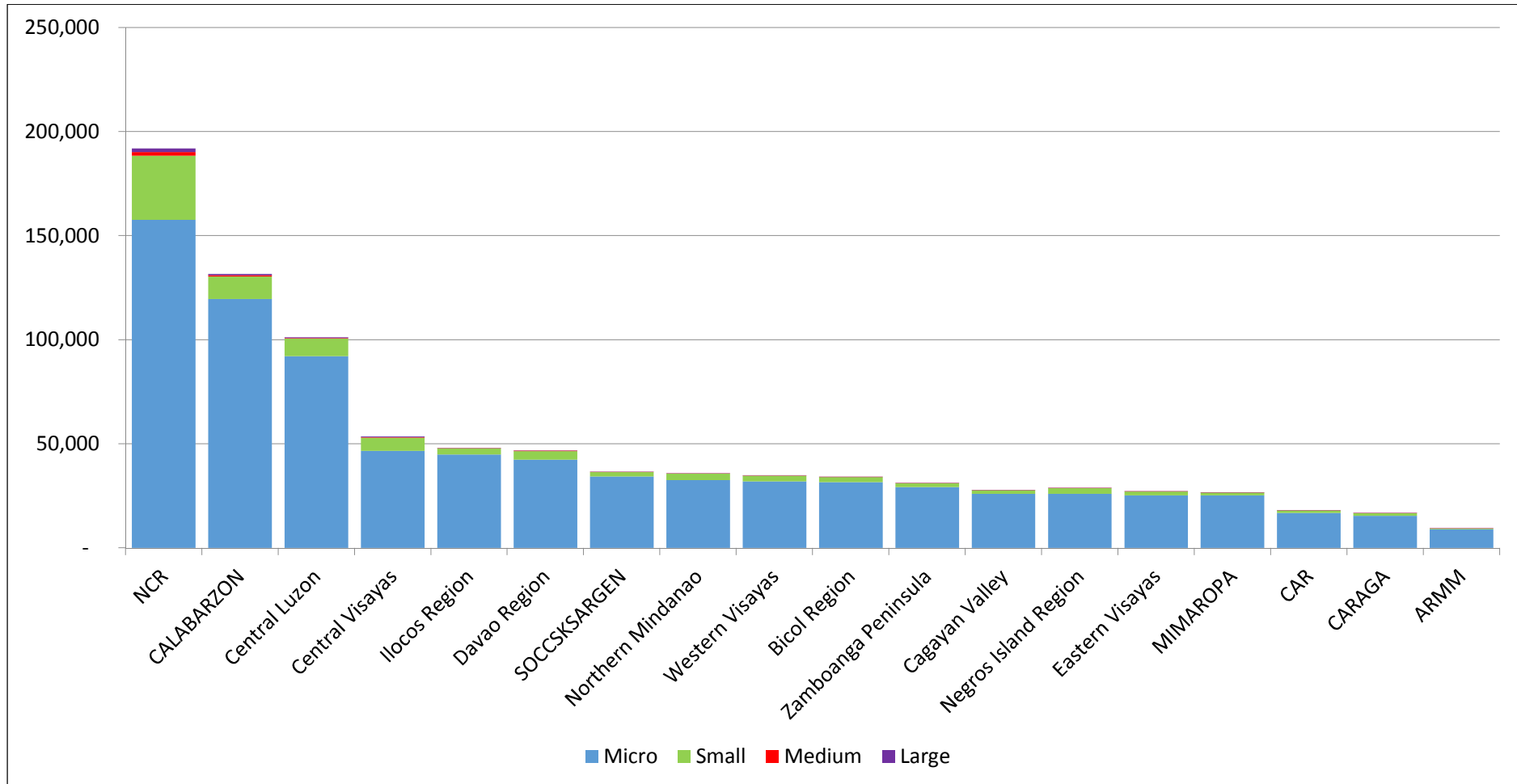
99.5% of all businesses are MSMEs

Source: 2015 PSA Annual List of Establishments

Overview of Philippine MSMEs



Distribution of MSMEs by Region, 2015



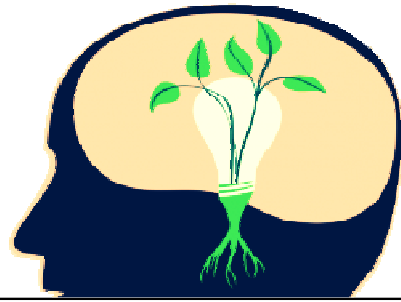
MSME Development: Critical Challenges

Business-Enabling Environment	Help create an enabling environment for the establishment, development and sustainability of MSMEs
Access to Finance	Help increase MSMEs' access to financial products, services, and support programs
Access to Markets	Help increase MSMEs access to domestic and international markets
Productivity and Efficiency	Help increase the level of productivity and efficiency of MSMEs

7Ms for MSME Development

The DTI has identified strategies and summed it up as the “7Ms” for enabling and fostering the country’s MSMEs.

Mindset



Mastery

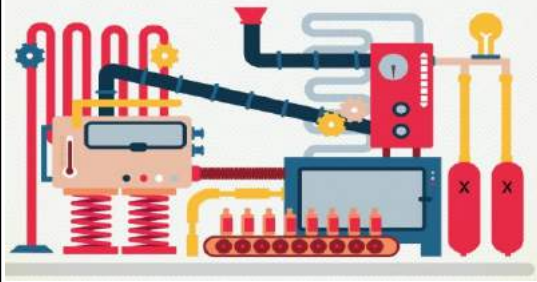


Mentoring



Money

Machines



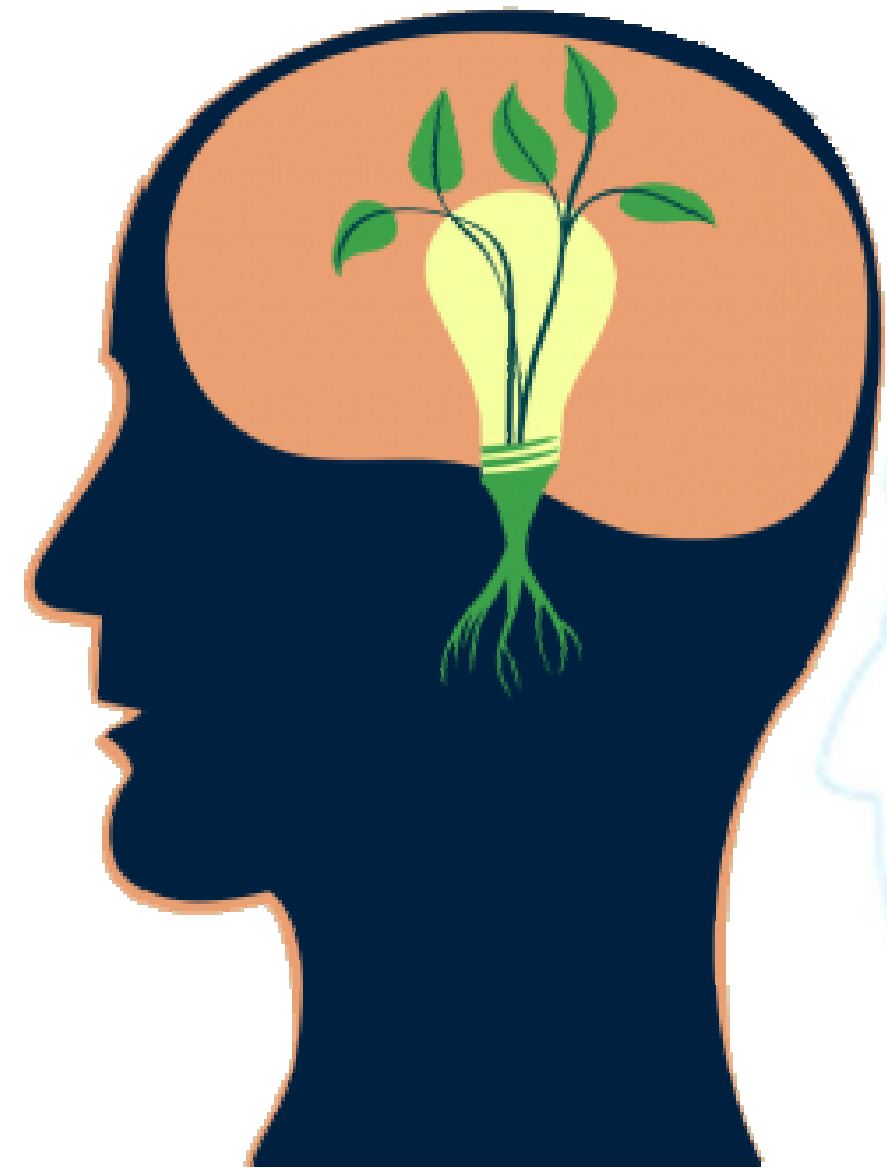
Markets



Models
of Business



7Ms
for MSME
Development



Embracing the
right positive
entrepreneurial
attitude

(success/innovation-driven,
collaborative, proactive)

Mindset Change

Mastery & Competence



Mastering the
know-how &
how-to's of
entrepreneurship

(setting up a business, spotting
market opportunities, product
devt., financial mgt., BP
preparation)

Mentoring

Continuous business guidance,
with help from private sector
partners

(coaching and mentoring on different aspects
of business operations)



NEGOSYO CENTER

Promote “ease of doing business and facilitate access to services for MSMEs”

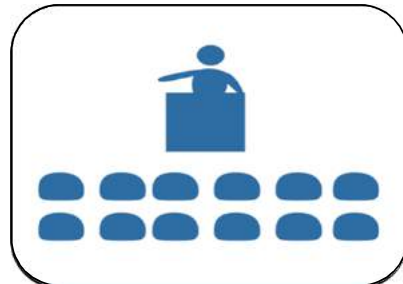
**Business
Registration
Assistance**



**Business
Advisory
Services**



**Business
Information and
Advocacy**



**Monitoring and
Evaluation**



Luzon

304

Visayas

133

Mindanao

146

 **NEGOSYO**
CENTER

583

**Negosyo Centers
launched**

(as of 26 July 2017)

Total No. of Cities and Municipalities in the Philippines: 1,634

NEGOSYO CENTER



SME Roving Academy

A continuous learning program for the development of MSMEs to enhance competitiveness and increase contribution to the country's GDP and total employment.



How to Start a Business
Masinloc, Zambales



Skills Training on Bag Making
Maitum, Sarangani



✓ **8,518** sessions conducted
✓ **357,383** MSME beneficiaries
(July 2013- December 2016)



Mentor ME program aims to help micro and small enterprises scale up their businesses thru **coaching and mentoring** by business owners and practitioners on different functional areas of entrepreneurship -- held in Negosyo Centers nationwide

Modules:

- Entrepreneurial Mindsetting and Values Formation
- Marketing
- Product Development
- Operations Mgnt
- Supply/Value Chain
- HR/Org. Mgnt
- Entrep Accounting
- Financial Mgnt
- Taxation
- Business Law

Accomplishments:

- 66 batches launched in 66 provinces/cities
- 10,284 (existing/potential MSMEs benefited)



Money Access



Alternative sources of financing for (start-up and expanding) MSMEs, that are easy to access and available at reasonable cost

Small Business Corporation

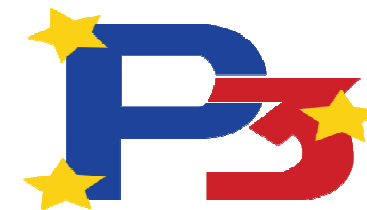
- A government financial institution created in January 1991 under R.A. 6977, Magna Carta for Small Enterprises, amended by R.A. 8289 in 1997 and R.A. 9501 in 2008.
- It has the primary responsibility of implementing comprehensive policies and programs to assist MSMEs in all areas, including but not limited to finance and information services, training and marketing.

Programs and Services:

- **Financing Programs**
 - SME Wholesale Lending
 - Microfinance Wholesale Lending
 - Structured Financing
- **Capacity Building**
 - Enterprise Enhancement Program
 - Risk-Based Lending Consultancy and Training for Rural Banks
- **Pondo para sa Pagbabago at Pag-asenso (P3) Program**

PONDO SA PAGBABAGO AT PAG-ASENSO

(as of 26 July 2017)



NO COLLATERAL REQUIREMENT

MAXIMUM INTEREST RATE of **2.5%** per month

MINIMUM OF **php5,000** loan amount

	Amount	# of MFIs	No. of Direct Borrowers
Committed/Approved: (Disbursed: P 135.199 M)	P 740.500 M	50	
Pending/Prospective:	P 882.500 M	124	
Retail Lending (cumulative)	P 11.330 M		191
TOTAL		174	191

National MFIs:

Taytay sa Kauswagan - MASS SPEC - Radiowealth Finance Co.

Machine



Equipping MSMEs to
upgrade their
technology to boost
productivity and
competitiveness

Shared Service Facilities (SSF)

The project provides **machinery, equipment, tools, systems, accessories and other auxiliary items, skills and knowledge** under a shared system to improve the competitiveness of MSMEs.



Dough mixer/kneader



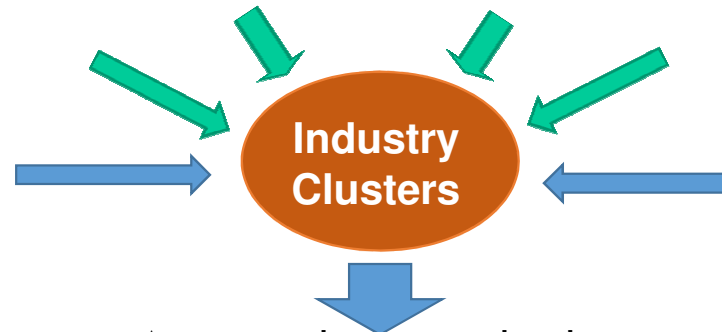
FabLab, Bohol



Decorticating machine



Embroidery machine



Handloom

Access to better technologies
Higher productivity
Higher levels of innovation and creativity
Improved market access

Shared Service Facilities

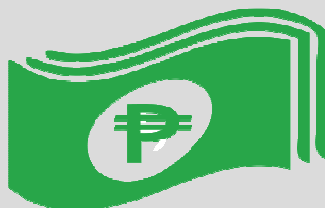


As of December 2016



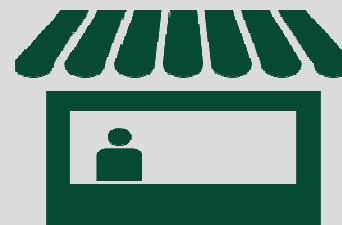
2,035

SSFs established



₱1.164B

Cost



92,227

Beneficiaries

(Existing and potential MSMEs)



52,921

Jobs

Market Access

Linking MSMEs to big companies or to government as potential buyers of their products; promoting e-commerce platforms for direct reach to domestic and foreign buyers



Programs



Trade Fairs



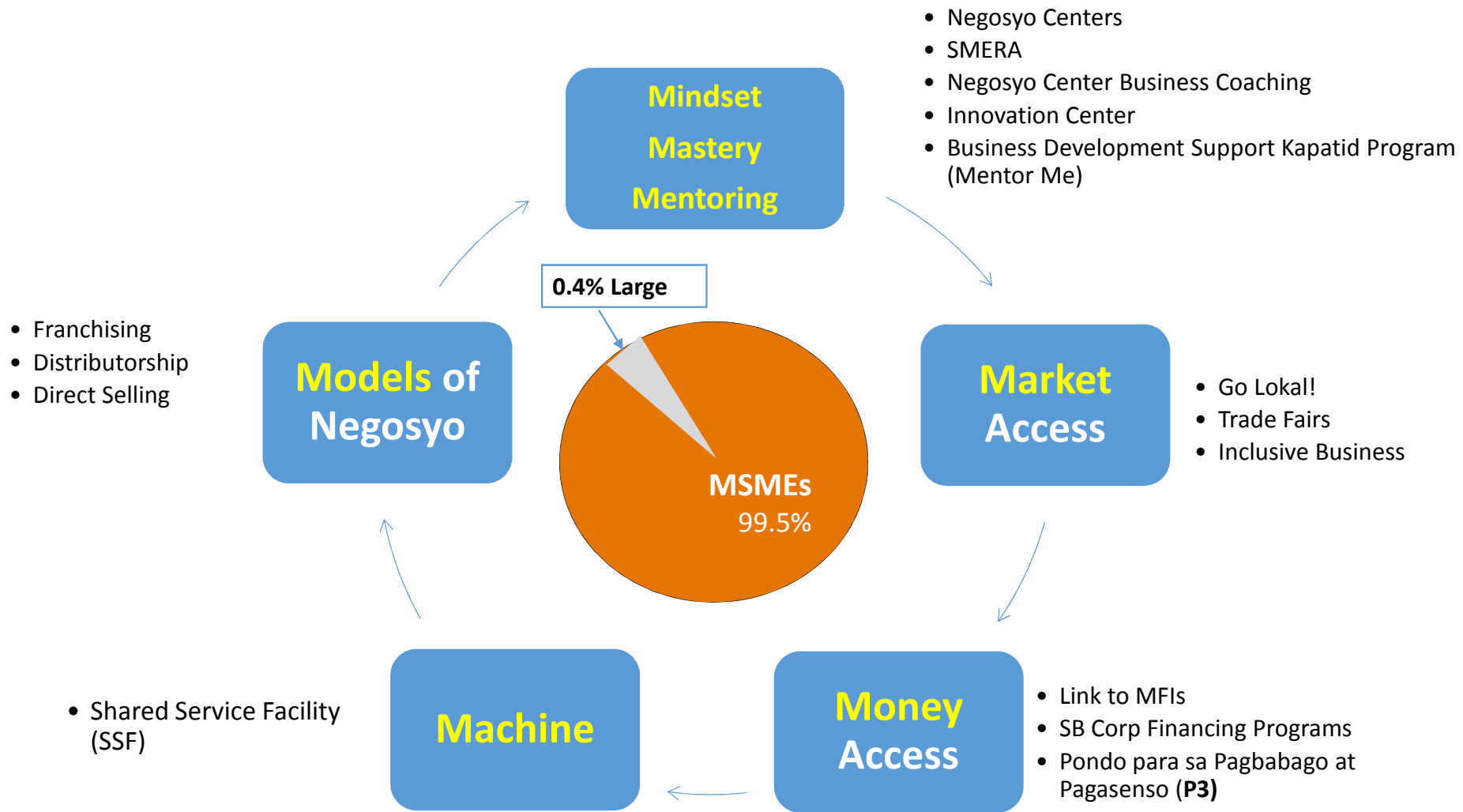
7 Models of Business

Providing business ideas that new entrepreneurs can readily adopt to start a business

(e.g., direct selling, franchising, etc.)




DTI's 7Ms for MSME Development



Thank you



Bureau of Small and Medium Enterprise Development
6/F, Department of Trade and Industry Building,
361 Senator Gil Puyat Avenue, Makati City

 (02) 751-0384

 BSMED@dti.gov.ph