MSME Development in the Philippines
Overview of Philippine MSMEs

Definition:

- The Magna Carta for MSMEs defines MSMEs (using asset size) as follows:
  - Micro: Up to Php 3,000,000
  - Small: Php 3,000,001 – 15,000,000
  - Medium: Php 15,000,0001 – 100,000,000
Overview of Philippine MSMEs

Distribution of establishments by enterprise size

- Micro, 851,756 (89.94%)
- Small, 87,283 (9.22%)
- Medium, 3,886 (0.41%)
- Large, 4,063 (0.04%)

Total: 946,988

Distribution of enterprises by total employment

- Large, 2,897,421 (37.20%)
- Micro, 2,372,678 (30.46%)
- Small, 1,986,823 (25.51%)
- Medium, 532,335 (6.83%)

Total: 7,789,257
Overview of Philippine MSMEs

Distribution of MSMEs by region
Overview of Philippine MSMEs

Distribution of MSMEs by industry

- Wholesale and Retail Trade: 46.37%
- Manufacturing: 12.48%
- Accommodation and Food Service Activities: 13.52%
- Financial and Insurance Activities: 3.79%
- Information and Communication: 4.13%
- Others*: 19.7%

*Others include:
- Agriculture, Forestry and Fishing
- Mining and Quarrying
- Electricity, Gas, Steam and Air Conditioning Supply
- Water Supply; Sewerage Waste Management and Remediation Activities
- Construction
- Transportation and Storage
- Real Estate Activities
- Professional, Scientific and Technical Activities
- Administrative and Support Service Activities
- Education
- Human Health and Social Work Activities
- Arts, Entertainment and Recreation
Initiatives that Help Boost MSMEs
MSME Development Plan

Strategies:
(1) Promoting a Business Enabling Environment
(2) Enhancing Access to Finance
(3) Enhancing Access to Markets
(4) Improving Productivity and Efficiency
Magna Carta for Micro, Small and Medium Enterprises

One of the main provisions of the Magna Carta is the creation of the **Micro, Small and Medium Enterprise Development (MSMED) Council**.

**Members:** DTI, DA, DILG, SB Corp., representatives from the MSME, women, and youth sectors

**Advisory Unit:** Secretary of DOST, Governor of BSP, President of LBP, President of DBP, Director-General of NEDA, President of CIC, representatives from the labor sector, private banking sector, microfinance NGOs, and UP ISSI

**Task Forces:** Inclusive Finance, Integration of Services, E-commerce, Global Value Chains
R.A. 9178: Barangay Micro Business Enterprise (BMBE) Act

It encourages the formation and growth of BMBEs (or micro enterprises) by granting them incentives and other benefits (i.e., exemption from income tax, exemption from minimum wage).

Qualified to register:
• Enterprise with asset size of up to Php3M
• Enterprise engaged in production, processing or manufacturing of products, including agro-processing
• Enterprise engaged in trading
• Enterprise engaged in services, excluding those rendered by anyone, who is duly licensed by the government after having passed a government licensure exam, in connection with the exercise of one’s profession (e.g., accountant, lawyer, doctor, etc.)
R.A. 10644: Go Negosyo Act

Promotes “ease of doing business and facilitate access to services for MSMEs” through the Negosyo Centers

- Business registration assistance
- Business advisory services
- Business information and advocacy
- Monitoring and evaluation

Negosyo Centers launched (as of 15 June 2016)

Luzon - 103
Visayas - 42
Mindanao - 39
The system allows sole proprietorships to register their business names with DTI, get or validate their existing tax identification number (BIR), and employer registration numbers (SSS, Philhealth and Pag-IBig) through the web-based DTI Tellers.

http://bnrs.dti.gov.ph
Access to Markets

Doing Business in Free Trade Areas

It aims to increase access to data and guidance through preferential tariffs, market information in partner economies, market expansion, etc.
Productivity and Efficiency

Shared Service Facilities

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.

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

It is a continuous learning program for the development of MSMEs to enhance competitiveness and increase contribution to the country’s GDP and total employment.

Skills Upgrading Training on Meat Processing | Cervante, Ilocos Sur

Skills Training on Bayong Making | Maitum, Sarangani

Skills Training on Finishing for Bamboo Products and Furnishing | Caba, La Union

How to Start a Business | Masinloc, Zambales

2015 Adivay Product Development Booth | La Trinidad, Benguet
Enhancing industry competitiveness to develop and expand exports, generate investments and create jobs:

- Industry focus
- Private sector active involvement
- Convergence

- Processed rubber
- Coco coir
- Coffee
- Cacao
- Processed fruits and nuts
- Tourism support industries
MSMEs and ICT
Task Force on E-commerce

The task force aims to provide MSMEs access to comprehensive and focused support for tapping business opportunities and expanding markets through innovative and effective promotion of MSMEs and their products.

Objectives:

Establish the role of Negosyo Centers in e-commerce capacity development of MSMEs.

Improve MSMEs’ access to information on e-commerce.

Encourage MSMEs to engage in e-commerce through available online platforms/marketplaces.
SME Roving Academy

ICT-related training

SMEREA offers training related to ICT, such as:
• Expanding Business through E-commerce
• Putting your Business Online
• ICT Solution Project
• CC Boot Diskless System
Through PLDT Smart SME Nation, existing DTI Negosyo Centers will have Smart Wifi connectivity and will be fitted with a video monitoring security solution. Under PLDT’s collaboration with the DTI, SMEs will gain more access to community and digital trainings and specialized talks organized by PLDT Smart SME Nation and DTI throughout the year.
Contact us!

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