MSME Development and Disaster Resilience in the Philippines

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DTI-Regional Operations Group
I. Philippine MSMEs and Local Economy

99.52% (998,342) business establishments in the Philippines are MSMEs

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale and retail trade; Repair of vehicles and Motorcycles</td>
<td>46.03%</td>
<td>461,765</td>
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<tr>
<td>Accommodation &amp; Food Services</td>
<td>14.41%</td>
<td>144,535</td>
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<tr>
<td>Manufacturing</td>
<td>11.6%</td>
<td>116,335</td>
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<tr>
<td>Other Service Activities*</td>
<td>6.6%</td>
<td>66,162</td>
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<tr>
<td>Financial and Insurance</td>
<td>4.59%</td>
<td>46,033</td>
</tr>
</tbody>
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Note: As per data gathered by DILG from LGUs, there are about 1.5 million registered enterprises in the country.

Source: 2018 Philippine Statistics Authority Data
DISTRIBUTION OF MSMEs BY REGION

National Capital Region (NCR) - 20.36%
Cordillera Administrative Region (CAR) - 2.05%
Region I (Ilocos Region) - 5.09%
Region II (Cagayan Valley) - 3.08%
Region III (Central Luzon) - 11.63%
Region IV-A (CALABARZON) - 14.84%
Region IV-B (MIMAROPA) - 2.40%
Region V (Bicol Region) - 4.05%
Region VI (Western Visayas) - 6.17%
Region VII (Central Visayas) - 7.05%
Region VIII (Eastern Visayas) - 3.08%
Region IX (Zamboanga Peninsula) - 3.32%
Region X (Northern Mindanao) - 3.73%
Region XI (Davao Region) - 5.86%
Region XII (SOCCSKSARGEN) - 4.49%
Region XIII (Caraga) - 1.99%
Autonomous Region in Muslim Mindanao (ARMM) - 0.82%

Source: 2018 Philippine Statistics Authority Data
II. MSME Development Plan 2017-2022

“More globally competitive MSMEs that are regionally integrated, resilient, sustainable and innovative thereby performing as key drivers of inclusive Philippine economic growth.”

Strategic Goals of the Plan

1. Improved Business Climate
2. Improved Access to Finance
3. Enhanced Management and Labor Capacities
4. Improved Access to Technology and Innovation
5. Improved Access to Markets
Many respondents indicated that they have some form of insurance or risk financing mechanism including motor and vehicle insurance, fire insurance, insurance for employees, and natural catastrophe insurance.
The SME Survey Findings on the low uptake by MSMEs of formal risk financing mechanisms indicate:

• A need for further research on the effectiveness of current self-help and informal financing, the reasons why so few MSMEs access informal risk financing mechanisms, and alternative modes of risk financing that MSMEs would welcome.

• A need for further research on barriers to MSMEs accessing formal insurance, loans, and other risk financing, and on the current availability of suitable and affordable products from both private sector and government financial institutions and insurers.

• Greater targeting of MSME disaster risk financing options at a policy level, based on the above further research, potentially as part of the mandatory lending frameworks for MSMEs under the Magna Carta law.
IV. The Role of Negosyo Centers (RA No. 10644)

-said law mandates the creation of Negosyo Centers aimed at promoting ease of doing business and facilitating access to services and programs for the MSMEs.