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Increasing Economic Opportunities of Women in the APEC

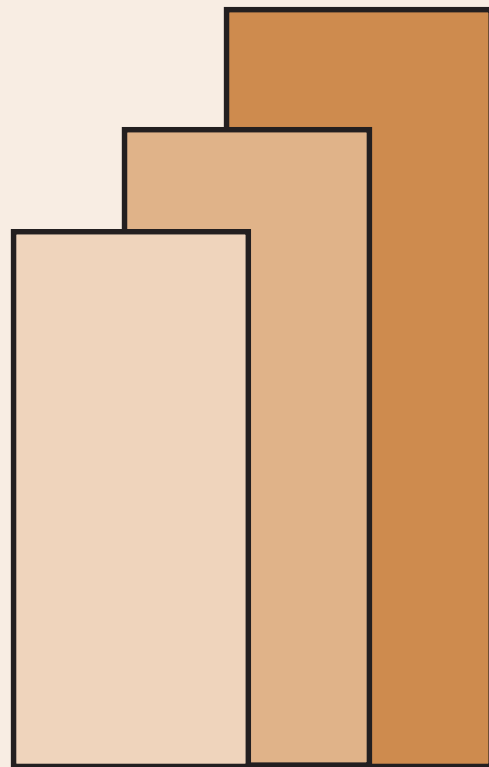
Lucita Lazo

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For comments, suggestions or further inquiries please contact:

The Research Information Staff, Philippine Institute for Development Studies
5th Floor, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City, Philippines
Tel Nos: (63-2) 8942584 and 8935705; Fax No: (63-2) 8939589; E-mail: publications@pids.gov.ph
Or visit our website at <http://www.pids.gov.ph>

Increasing Economic Opportunities of Women in the APEC¹

Ms. Lucita Lazo



Philippine Institute for Development Studies

¹ This paper is an output of the APEC 2015 Research Project commissioned by the Department of Foreign Affairs. The main objective of the project is to provide the analytical framework that will form part of the basis for the substantive priorities the Philippines will push for as APEC host economy in 2015. The project's main output is a set of policy studies with recommendations that can serve APEC 2015 purposes and can be used as inputs to the Philippine government's future development planning, strategizing, and visioning exercise in a post-2015 scenario.

INCREASING ECONOMIC OPPORTUNITIES OF WOMEN IN THE APEC

Abstract

The paper argues for increasing women's economic opportunities in the APEC region and states that women's participation in the economy is skewed toward micro and small enterprises and they are mostly self-employed entrepreneurs in the informal economy. It summarizes the challenges commonly encountered by women entrepreneurs in the APEC economies and recommends actions to address these at the Philippine economy level and at the APEC regional level.

Keywords: APEC, women, micro and small enterprises, informal economy

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EXECUTIVE SUMMARY

Increasing women's economic opportunities in the APEC region and in the world is grounded on: 1) women comprise half of the human resources of many economies and evidences show that economies do better when women are harnessed; 2) it is a moral imperative and is a matter of fairness and equity; and 3) women have the right to (economic) development. Currently, women's participation is skewed toward the micro and small enterprises and most function as own account workers or self-employed entrepreneurs in the informal economy, especially in the developing countries.

To increase women's economic opportunities, the constraints and bottlenecks in their participation must be addressed by the national economies and in view of the trade liberalization regime, the common challenges must be addressed at the APEC level. Among the common challenges to women entrepreneurs are access to finance, productive resources including entitlement to land and property rights, and information; sustaining and scaling up enterprises; lack social preparation and technical skills for enterprise building, and readiness for global markets; lack of representation in decision making structures; vulnerability and lack of access to health and socio-legal protection and dearth of data for planning and program impact analysis.

Women of APEC economies have the possibility of expanding women's economic opportunities through practical measures: empowering women by globalizing their outlook; organizing women entrepreneurs in the formal and informal sectors, technical and vocational education, leadership and political representation, more attention to micro-entrepreneurs in the informal economy in order to scale up their enterprises; enhancing women's enterprise competitiveness through innovation and capacity development in entrepreneurship; ensuring enterprise resilience and reducing vulnerability.

I. Introduction²

The APEC process involves ministerial and officials' forums covering a wide range of issues, including trade and investment, economic cooperation and counter-terrorism, as well as women and the economy. These events lead up to the APEC Annual Economic Leaders' Meeting, the largest gathering of its kind in the region.

In general, APEC endeavors to *attain food security and develop the blue economy; generate employment and job stability and ensure sustainability and resilience of the economies*. To attain these objectives, APEC undertakes actions to a) accelerate regional economic integration; b) improve the regulatory environment; c) expand connectivity; d) strengthen economic and technical cooperation and human capital development and e) mainstream small and medium enterprises and employment generation.

In 2015, the APEC will hold a series of sector-based ministerial meetings, senior officials' meetings, and working group meetings. Toward the end of the year, the meeting of leaders will follow these meetings and the APEC-WEF is one of the major ministerial meetings. It is tentatively scheduled in September 2015.

Against this overall backdrop, the Research Project APEC 2015 was launched to provide the analytical framework that would form part of the basis for the substantive priorities that the Philippines will push for as APEC Host Economy for 2015. The main output of the research project is a set of research studies with policy recommendations and strategies that would not only serve APEC 2015 purposes but could be used as inputs to the Philippine government's future development planning, strategizing, and visioning exercises in a post-2015 scenario. This paper is being prepared as part of these studies under the auspices of the Philippine Institute of Development Studies. PIDS has been engaged by the Philippine Department of Foreign Affairs (DFA) to provide technical support in preparation for the Philippine hosting of the APEC meetings.

The study seeks to review the APEC regional agenda of increasing economic opportunities for women, the potential benefits and attendant issues, both in the Philippine and APEC context. It will discuss ways and means to improve economic opportunities for women within the regional economic integration framework and is aimed to address the goal of sustainability and resilience. It will provide insights, policy guidelines and recommendations as well as formulate possible cooperation mechanisms within APEC framework to improve economic opportunities for women.

Specifically, this study will:

² Terms of Reference, Nov 2013-March 2014. PIDS.

1. Undertake a comprehensive review of related literature, including an assessment of key APEC documents/reports relevant to improving economic opportunities for women, citing international trends in cooperation, best practices and model frameworks;
2. Identify and analyze issues and challenges not only in the interest of the Philippines but within the APEC context;
3. Provide insights, policy guidelines and recommendations as well as formulate possible cooperation mechanism within APEC framework to improve economic opportunities for women.
4. Help review, provide analysis and recommendations to one of the five key areas of APEC New Strategy for Structural Reform (ANSSR), specifically “Promoting sustained SME development and enhanced opportunities for women and vulnerable populations”.

The study seeks to establish the current issues and challenges to the economic empowerment of women in the APEC region with the view to moving them forward at the APEC meeting to be hosted by the Philippines in 2015.

Methodology. Toward identifying possible key issues and challenges of common interest for the APEC member economies, the research consisted of: 1) a review of the APEC documents, specially those pertaining to Women and the Economy and those pertaining to SMEs; 2) consultations with the Philippine delegates to the APEC meetings, such as the DFA, DTI, PCW; 3) attendance in the DFA-organized consultative workshops on the Philippine positions and commitments and 4) discussions with the DTI and PCW.

The Department of Foreign Affairs – Office of the Undersecretary for International Affairs has catalogued the Philippine positions and commitments in the APEC and has convened inter-agency workshops to obtain inputs from the relevant implementing agencies in government. These included actions taken and progress to date on previous commitments and suggested actions to be proposed for consideration in APEC 2015.

Scope of the Review. After 25 years of its existence, APEC has spawned a significant amount of literature resulting from the meetings as well as studies and research that have been conducted to understand the dynamics of the APEC economies and their links to one another. In this study, the review of literature focused on two work streams: the APEC SME Monitor and the Women and the Economy Forums (WEF). Attention was also paid to the New Strategy for Structural Reforms (ANSSR) mid-term progress report published on 13 September 2013 and the Philippine Individual Action Plan relative to the ANSSR.

Organization of the Report. The report is divided into four parts. Part 1 is an introduction to the background and context of this study; part II, scans and reports on the trends in APEC processes pertaining to SMES and Women and the Economy; part III reviews the progress of the Philippines in the APEC New Strategy for

Structural Reforms (ANSSR); and part III, APEC Policy Note on Increasing Economic Opportunities of Women in APEC Economies. The latter could be taken as a stand alone unit but it is also based on the findings in parts I and II.

II. Review of Literature

APEC Regional Level

1. *The APEC Processes on Women and the Economy*. **Increasing economic opportunities for women falls within the purview of two working groups in the APEC,³ namely the SME Working Group (SMEWG) and the Public-Private Partnership on Women and the Economy (PPWE).**

Since 2010, APEC ministerial meetings have called for actions to promote economic integration of women among its member economies. In fact, there is a Women and the Economy Forum (WEF) that is dedicated to gender concerns in trade. The WEF typically consists of three key meetings, including a High-level Policy Dialogue, Public-Private Dialogue and Policy Partnership on Women and the Economy (PPWE) officials-level meeting.

The APEC-PPWE was established in May 2011 (host economy then was the US) and serves as a mechanism to integrate gender considerations into APEC activities and provides policy advice on gender issues and supports gender equality where relevant to the APEC process. The PPWE acts as an “institutional mechanism for reporting to the Senior Officials Meeting (SOM) Steering Committee on Economic and Technical Cooperation (SCE) on APEC gender activities and outcomes.”⁴ The

³ APEC is more of a process than it is a tangible institution or organization. The APEC framework consists of a series of working groups (WGs) and committees through which APEC conducts its programs and attempts to achieve its objectives. Since its first meeting in 1989, the WGs have grown in number and scope, encompassing such diverse issue areas as human resource development, trade and investment, technology transfer, energy cooperation, fisheries, marine conservation, telecommunications, transportation and tourism. All decisions and agreements reached within APEC are subject to the unanimous approval of its members. ...Within APEC, there are ten working groups and four committees under which much of APEC’s work program is coordinated. Taking their direction from a variety of sources, including the annual leaders’ meetings, senior officials’ meetings and national governments, these working groups and committees are primarily responsible for coordinating and implementing a wide variety of initiatives which facilitate APEC’s overall objectives. The ten working groups center on: 1) Trade and Investment Data Review (TIDRWG); 2) Trade Promotion (TPWG); 3) Industrial Science and Technology (ISTWG); 4) Human Resource Development (HRDWG) 4) Regional Energy Cooperation (RECWG); 6) Marine Resource Conservation (MRCWG); 7) Telecommunications (TEL); 8) Transportation (TPT); 9) Tourism (TWG); 10) Fisheries (FWG)

APEC’s four primary committees are: 1) the Budget and Administrative Committee (BAC); 2) the Committee on Trade and Investment (CTI); 3) the Economic Committee (EC); and 4) the Ad Hoc Policy Level Group on SMEs (PLG-SMEs)

⁴ APEC Individual Action Plans 2013. In <http://www.globalgender.org>.

PPWE emerged out of the merger of the private sector oriented Women Leaders Network (WLN), mostly women in business and the erstwhile APEC Gender Focal Point Network (GFPN) which were the APEC gender mainstreaming mechanisms from 1996 until 2010. The PPWE was created to form a **single public-private entity** that streamlines and elevates the influence of women's issues within APEC.

In 2012 Member economies presented individual action plans (IAPs) at the WEF held at St. Petersburg, Russia. Currently, the APEC Secretariat has in its records 16 economies that have submitted the IAPs, namely: Australia, Brunei, Canada, Chile, Chinese Taipei, Hongkong, China, Indonesia, Japan, Korea, Malaysia, New Zealand, Russia, Thailand, Singapore, Viet Nam, United States. **The Philippines has yet to submit its IAP, a responsibility lodged with the Philippine Commission on Women.**⁵ PCW is aware of this accountability.⁶

Subsequently, the 2013 APEC WEF took place from 6–8 September in Bali, Indonesia. The theme of the forum was *Women as Economic Drivers*. The 2013 APEC WEF built on the work of the 2011 and 2012 APEC WEF's and developed further recommendations about concrete actions APEC can take to improve women's economic outcomes. The evolution of APEC as it pertains to Women and the Economy is shown in the historical timeline contained in Table 1.

2. **The Women and Economy Forums from 2011 to 2013 had a slew of broad principles, policies and proposals for action toward increasing economic opportunities for women.** The long array (see annex 1) of actions suggested through three APEC ministerial meetings on Women and the Economy from 2011- 2013, clearly show that there is a wealth of ideas to further women's economic opportunities. Implementation of actions at the economy and APEC regional levels is now in progress.

China, APEC host country in 2014, submitted a Tasking Statement for 2014 which indicates the various work streams, actions required, responsible parties and time lines. In the field of Sustainable Growth with Equity, two specific areas of concern relevant to the present study are women and SMEs. As indicated in the statement, actions required are:

- 1) *expand women's participation in the economy by*
 - *creating an enabling environment through the development of gender-related structural reform measures,*
 - *improved ICT training support,*
 - *the equal access to quality education and employment opportunities and*
 - *greater access to the market;*

⁵ Based on information from Grace Cruz-Fabella, Philippine representative at the APEC secretariat as well the Executive Director, PCW.

⁶ Personal communication with PCW Executive Director.

2) *prioritize integration of gender considerations across APEC activities, acknowledging the cross cutting nature of women's participation in the economy, including with greater private sector engagement.*

2) The SMEWG is actively and consistently pursuing its agenda in enhancing the capacity of SMMEs in a globalizing regime. Current concerns are structural reforms, innovation, ICT and internationalization of SMMEs and resilience building. The SMEWG has integrated women into its work stream as early as 1999.⁷

In 1999, the SMEWG launched a study on Women Entrepreneurs in SMEs in the APEC region and in 2000 it put in place a Framework for the Integration of Women in APEC. In 2009, it carried out a meeting on *Empower Women in the APEC Region Through Trade*; in 2013, a workshop on the Dynamics of SMEs: Informality and Women Entrepreneurship. Then in 2014⁸, the SMEWG is organizing a series of meetings/workshops as follows:

- Workshop on Integrating SMEs into Global Value Chains, 24 March 2014, Taichung, Taipei
- APEC High Level Policy Dialogue on Resilient SMEs for Better Value Chains, 24 March 2014, Taichung, Taipei
- APEC Accelerator Network Forum, 24 March 2015, Taichung, Taipei
- 38th APEC Small and Medium Enterprises Working Group, 26-27 March 2014, Taichung, Taipei
- APEC Workshop on Improving Global Supply Chain Resilience: Advancing the Seven APEC Principles in Your Organization, 26-27 March 2014, Christchurch, New Zealand
- Women and the Economy Forum, 20-22 May 2014, Beijing, China
- Small and Medium Enterprises Ministers Meeting (SMEMM), 14 September 2014, Nanjing, China.

4) Actions required to enhance SME's global competitiveness are:

- *improving access to finance – improve delivery channels to extend the benefit of financial systems,*
- *access to markets and trade finance instruments,*
- *supporting entrepreneurship - promote the development of women-owned SMEs through the development of entrepreneurial culture*
- *accelerating the growth of start ups*
- *strengthening capacities for business continuity planning (BCP)*
- *and empowering SMEs to expand to international markets and to participate in global supply chains; promote responsible innovative approaches to increase financial eligibility and inclusion of the poor and SMEs.,*

⁷ Appendix B. APEC SME Development Initiatives and Activities. In Policy Brief No. 8, SMEs in the APEC Region. APEC PSU, 3 December 2013.

⁸ www.apec.org

5) Joint meetings are being encouraged among the APEC working groups relevant to women and the economy and to integrate and cross cut women concerns in APEC activities.

Considering that women abound in the SMMEs, joint meetings between the SMEWG and the PPWE are being encouraged by the APEC ministers. In fact the first joint meeting was held in 2013. Similarly, there is an impetus toward more interactions and participation between the ABAC and APEC meetings. The APEC/ABAC relationship is like the public/private cooperation. *There is a strong need to increase engagement between the APEC SMEWG and ABAC. ABAC USA is supportive of increased engagement between ABAC and the APEC SMEWG and encourages ABAC members to participate in APEC meetings.*

In the 37th APEC SMEWG and 20th SMEMM meetings in Nusa Dua Bali Indonesia on 2-8 September 2013, it was found that the priorities of the APEC SMEWG align very well with ABAC, and there was great appreciation from APEC for ABAC's participation. It was also found that starting from the 35th APEC SMEWG meeting back in 2012, nobody from ABAC participated in the meeting. Likewise, starting from 2011 or even before, nobody from APEC SMEWG was invited to ABAC.

6) As desired, APEC private and business sector involvement in SMME development is strong and the business sector is keen to intensify its engagement in APEC processes.

The development of SMMEs in Asia-Pacific is a concern that the APEC Business Advisory Council (ABAC), a non-government organization, has consistently espoused considering that 90 percent of businesses in the APEC region are in this category. In 2013, ABAC called on APEC to adopt a comprehensive approach to promote SMME growth. In particular, it advocates for narrowing the credit gap for SMMEs in the region. According to IFC, at least 45 percent of SMMEs in emerging markets are without and 21 percent are with inadequate assistance. Globally, the credit gap is between US\$1,300 billion and US\$1,600 billion. ABAC called on APEC to broaden **credit access** of banking and non-banking, venture investment funds, initial seed investment funds, capital flow, credit offices and financial regulations.

“In addition, ABAC calls for policies to encourage businesses and develop new businesses as well as new types of business. APEC economies should promote internet technology, assisting SMME development and access to the world market. Capacity building initiatives such as APEC Summit on SME would be useful. ABAC calls on APEC to encourage and assist the organization of such a summit”.⁹

7) There are concrete and practical APEC initiatives that advance the internationalization, competitiveness and resilience of SMMEs. Modalities have

⁹ ABAC Recommendations to APEC Summit 2013. http://vccinews.com/news_detail.asp?news_id=29241

been in the form of information exchange of innovations, best practices, and business models; capacity building workshops and policy dialogues. **But participation of women in these APEC SMME initiatives must be enhanced through joint action with PPWE. Also, it is not clear how these initiatives are taken and incorporated into the Philippine SMME/WE scenario.**

7.1. APEC Start up Accelerator (ASA) Program. The APEC Start-up Accelerator Initiative has been implemented to enhance the development of start-ups in the APEC region. The Initiative recognizes that advancement of start-ups can lead to positive structural changes, sustainable economic growth and prosperity in APEC economies. In addition, the Initiative seeks to provide networking, mentoring and funding for start-ups. The main event was the APEC Start-up Accelerator Leadership Summit and Intel APEC Challenge that took place on August 13-14, 2013 in Taipei. There were around 700 participants from 20 APEC economies. The Leadership Summit enabled start-ups to meet business innovation needs, discover the latest trends and build partnerships. The Challenge was a high quality competition in collaboration with Intel. 3 winning teams (CONNEXX, ShuR, and Golface) were to attend the Intel Global Challenge 2013 at UC Berkeley.

In 2014, the APEC Accelerator Network Forum will be held in March 2014 in Chinese Taipei, back to back with the 38th SMEWG Meeting. The APEC Challenge will be held in Taipei around August 2014 for start-ups to enable business development activities and fundraising opportunities.¹⁰

Intel APEC Challenge. This is a high quality competition in collaboration with international incubators and accelerators. The APEC challenge to be held in Taipei is for startups incubated by regional accelerators during the 3 month period. The competition is in two stages: the first is in March 2014, and another one in August 2014. The two stage design is to provide the selected startups with more mentorship programs in between.

7.2. APEC Framework for SMME Financing. Access to financial services is vital in developing a vibrant SME sector in any economy. ABAC has consistently voiced support for strengthening SME access to finance. ABAC USA, Canada, Malaysia, China, and Peru are championing this issue and SME Financing has broad support amongst ABAC Members. ABAC Canada had prepared the framework paper, The Ecosystem for Financing Small and Medium- Sized Enterprises in the Asia Pacific, September 18, 2013. Key recommendations from ABAC discussions have been compiled to date on seven focus areas.¹¹

¹⁰ Source: Document: SMMEEWG 33-043, FIRST, Source: ABAC Chinese Taipei, Date: 19 September 2013, Meeting: Bali, Indonesia.

¹¹ <http://www.ncapec.org/docs/ABAC%20IV%20Bali%20Completed%20Briefing%20Binder%20Documents/ABAC%20SMMEEWG%20Combined%20Documents.pdf>

At ABAC 3, the outline and next steps for a proposed APEC Framework for SMME Financing was endorsed. ABAC Canada, USA, Peru, China and Malaysia have agreed to work together to coordinate this report. ABAC USA has identified a potential coordinating author for the report from the SME Finance Forum. The SME Finance Forum enables knowledge-sharing and collaboration among key stakeholders, including financial institutions, development agencies, policy makers and researchers. On behalf of the SME Finance Forum, the said authors (Ms. Kathrin Hamm and Mr. Hourn) will provide a formal presentation on the scope and methodology of the report that is expected to be delivered in 2014.

ABAC USA is supportive of the Framework and urges ABAC to include the following items:

- APEC should promote and implement reforms to ensure a clear legal infrastructure for lending.
- APEC should support fully transparent credit information systems to incentivize lenders to significantly expand more affordable credit to SMEs in the region.
- APEC should support dialogue on these standards as part of the proposed Asia-Pacific Financial Forum (APFF) to align IFRS principles with the interests of SMEs.
- APEC should also be mindful of developments in G20 and Basel III and ensure that these issues do not limit SME access to finance.
- Migrant remittances have been shown to play an increasingly important role in the economic development of remittance-receiving nations. By lessening liquidity constraints, entrepreneurs and SMEs can use remittances when the financial system does not help them start productive activities (because of high lending costs or a lack of collateral)

7.3. Use of IT to promote internationalization of SMEs

This is a relatively new topic in ABAC and ABAC China is looking to explore the topic more in 2014. The objective is the promotion of entrepreneurship and innovation, access to international market, and access to finance, the priorities for SMEs both in APEC and ABAC. Specific actions required are: 1) Identify how e-Commerce tools provide solutions to SMEs in each of these priorities using China as an example. 2) Explore how global supply chain be changed in this new eco-system of e Commerce, and how SMEs can benefit.

Priorities had been identified from both APEC and ABAC SMEWG, and ICT is generally recognized as one of the key element for the future of SMEs. From the experience in China, it had been shown with solid results that e-Commerce is a good solution to SMEs in these identified priorities, and is recognized as the catalyst of economic growth in China.

ABAC China will share the best practice in China leveraging e-Commerce as the catalyst of growth in the economy: **All-in-One e-Commerce Platform – the new eco-System for SMEs in China.**

ABAC China is strongly supportive of this issue and there is broad support for this issue amongst ABAC economies. The ABAC USA per its 2012 Letter to SME Ministers, supports the development of ICT platforms, such as the APEC Next Generation Interactive Tariff Database and the Services Trade Access Requirements (STAR) Database to help SMMEs take advantage of export opportunities.

Proposal /Recommendations:

- Entrepreneurship & innovation, access to international market and access to finance are the priorities for SMEs both in APEC and ABAC
- How e-Commerce provides solutions to SMEs in each of these priorities in China.
- How global supply chain be changed in this new eco-system of e-Commerce, and how SMEs can benefit.
- More solid steps to support and facilitate cross-border trade using the e-Commerce.

7.4. Mentorship Program

The mentorship program serves as a knowledge sharing platform and consulting assistance between experienced mentors and startups. A series of training courses set for all startup teams introducing cutting-edge issues and emerging trends concerning entrepreneurship and startups. Within 30 minutes, each start-up team has a chance to demonstrate in front of the experienced mentors who give valuable advice to enhance start ups' capacities on Intel APEC Challenge next day.

7.5. Evaluating Business Environments to Foster Access to Trade and Growth of Women's Small and Medium Enterprises in Southeast Asian APEC Developing Economies. **It is a** research and analysis of the factors affecting access to trade and growth of women-owned small and medium enterprises in three APEC developing economies – Malaysia, Thailand, and the Philippines. It is meant to make policy recommendations for consideration by APEC and its member economies. The National Association of Women Entrepreneurs in Malaysia (NAWEM) leads the project which entails a budget of \$28,234 US dollars to be provided by the Asia-Pacific Cooperation Secretariat (APEC Secretariat), Malaysia.

7.6. APEC Multi-Year Project on **Innovation for Women and Economic Development: Facilitating Women's Livelihood Development and Resilience with ICTs** (2013-2015). Taiwan proposed a **three year project** to "build a holistic framework... for women to gain access to new technologies and business opportunities for improving their livelihood.

Facilitating Women's Livelihood Development and Resilience with ICTs project, is a three-year undertaking funded by APEC and initiated by 14 member economies including Taiwan, the United States and Indonesia. The project aims at promoting awareness of women's needs on ICT, disseminating pertinent experiences on women business using ICT, and addressing common impediments and collaborate public-private partnership. The project has three phases: **Phase 1 (2013):**

Establishing a PPPN (public-private partnership network) and designing baseline survey; **Phase 2:** Developing and implementing 3 case studies and **Phase 3:** Conducting impact assessment and policy recommendations.

Under phase I, Taiwan co-hosted with Indonesia the 2013 APEC Conference: Innovation and ICT for Women Business and the 1st Public-Private Partnership Network Meeting on June 28-29 in Taipei. This year's event attracted 171 representatives from the public and private sectors of 12 APEC economies, including Australia, Chile, Indonesia, Japan, Korea, Peru, Singapore, Chinese Taipei, Thailand, The Philippines, The United States and Vietnam.

During this two-day event, representatives from APEC economies shared experiences on how information and communications technology (ICT) can help women improve their livelihood and business opportunities, as well as how women in different economic environments utilize ICT to create various livelihood models. The representatives agreed that the ICT had played a significant role in creating opportunities for women to enhance their abilities for doing business. In addition, empowering ICT capacity of women can improve their livelihoods. The conclusions and consensus gathered at this conference was submitted to the third meeting of the APEC Policy Partnership on Women and the Economy (PPWE), and to the joint ministerial meeting on SME and women.¹²

7.7. Access to Finance for Women.¹³ ABAC Canada prepared a framework for policy measures that would encourage private and institutional investors to invest in SMMEs, and eventually empower themselves through start-up programs, information on financing options, and SMME trade financing initiatives, among others.

The proposed project follows the precedent set by completed ABAC projects such as the Strategic Framework for Food Security and the Strategic Frame work for Energy Security in APEC. ABAC China and Malaysia agreed to support and work jointly on the initiative.

One of the policy developments in promoting the sustainability of small- and medium-size businesses recommended in 2012 was the development of **private-public partnership mechanisms** that would help governments catalyze angel and venture capital for SMMEs. This was championed by ABAC Canada, which proposed that ABAC should explore and eventually develop an APEC oriented Fund of Funds to create a sustainable venture capital ecosystem.

Inspired by successful venture capital markets – Silicon Valley, Boston, Singapore and Israel, that had government support during its early days, ABAC Canada reported on their Venture Capital Action Plan that made use of direct investments by the Canadian government and leveraged these with banks and institutional funds to seed and fund ventures.

¹² <http://www.ustaiwanconnect.org/US-Taiwan-Relations/APEC-Cooperation/APEC-Innovation-for-Women-and-Economic-Development>

¹³ Excerpt from the ABAC Bulletin, 2013,

7.8. Report of ABAC Peru SME Summit. COMEXPERU and ABAC Peru organized the VI SME Summit held on 27 August 2013 at the Westin Lima Hotel and Convention Center. The Program included the following issues: How to communicate?, Stories of Successful SMEs, SMEs and Large Corporations and the public administration as a barrier for SME development. Attendance was +1000 participants, and it was live broadcasted to 7 regions throughout the country. This activities seeks to continue supporting ABAC/APEC SME Summits as part of general outreach. An ABAC SME Summit will be held on the margins of ABAC IV. There is broad support for the continuation of ABAC SME Summits.

7.9. Report on Women and the Economy. A Policy Partnership on Women in the Economy was held in early September 2013 in Bali to review progress on deliverables for the 2013 and plan for next steps for 2014. ABAC Canada, USA, and Chinese Taipei are main contributors to this report. The issue of Women in the Economy has broad support amongst ABAC economies. Several US companies such as Walmart, Qualcomm and Chevron have contributed case studies.

7.10. Report of the 37th APEC SMEWG Meeting. Review of SMMEEWG Work Plan for 2013 and Preview 2014 Work Plan- ABAC USA supports a focus on SME Financing as well as the development of ICT platforms, such as the APEC Next Generation Interactive Tariff Database and the Services Trade Access Requirements (STAR) Database to help SMMEs take advantage of export opportunities.

7.11. Walmart Initiative.¹⁴ Across APEC economies, Walmart has supported nearly 75,000 women to gain job skills and other training in the US, Mexico, China, Chile and Brazil. Walmart's international goals include: increasing sourcing from women-owned businesses; training 26,000 women for factory jobs in markets including China, Bangladesh and India; and training and empowering 500,000 female farmers in China, Latin America and India. Since launching its Women's Economic Empowerment initiative in 2011, Walmart has embarked on a multi-pronged approach to help women advance economically worldwide. Two noteworthy recent Walmart projects in APEC economies include: 1) Walmart Japan's grants and in-store donations to J'espere, a non-profit organization that supports mothers affected by the 2011 earthquake. Thus far, the Tohoku Kosodate project has helped over 5,000 mothers and babies through consultative sessions by professional midwives and home visits offering medical or psychological support. 2) Walmart Foundation's donation to the American Red Cross that will help 2,500 students receive training for entry-level healthcare careers in the US.

8) **There is a wealth of intellectual and knowledge resources that have emerged in APEC.** Analytical work and studies in respect of the APEC concerns,

¹⁴ Wal-Mart Stores, Inc. helps people around the world save money and live better in retail stores, online, and through their mobile devices. Each week, more than 245 million customers and members visit their 10,955 stores under 69 banners in 27 countries and e-commerce websites in 10 countries. With fiscal year 2013 sales of approximately \$466 billion, Walmart employs more than 2 million associates worldwide.

particularly gender and trade are being pursued at different fronts. Going by the APEC-related literature, Australia, Canada and the US appear to be proactive in undertaking or supporting studies and analytical work that help drive APEC processes. For example, Australia has an APEC Study Centre while the US has established the National Center for APEC based in Singapore.

In respect of economic opportunities for women, there are comprehensive studies such as 1) IFC study Strengthening Access to Finance for Women-Owned SMEs in Developing Countries on Access to Finance, October 2011; b) Gender Equality, Employment and Entrepreneurship, OECD, 2012 and c) NCAPEC study on Economic Opportunities and Inclusion of Women, October 2013 and d) Gender Equality and Trade Policy by the UN Inter-agency Network on Women and Gender Equality (IANWGE) Women Watch Resource Paper, 2011. In addition, there are other studies such as 1) Policy Brief No.8 SMEs in the APEC Region, prepared by Bernadine Zhang Yuhua, APEC Policy Support Unit, 3 Dec 2013; 2) Kate Higgins, Research Report. Gender and Free Trade Agreements: Best Practices and Policy Guidance. North-South Institute, March 2013 and 3) Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Working Paper No. 2013/08, March 2013; 6) Mid-term Progress Report on the ANSSR.

In the Philippines, efforts are needed to compile these intellectual resources and digest them for wider dissemination at the country/economy levels. Regional resources are also available at the Singapore based APEC secretariat and APEC Policy Support Unit.

9) **Resilience is a current concern in light of the natural disasters that has affected SMMEs and the women, especially the Haiyan devastation in the Philippines.** Notably, the 21st APEC Economic Leaders' Declaration highlighted this concern. Further the APEC SME Crisis Management Center¹⁵ introduced two major trends that are closely related to the development of SMEs in APEC region.

- One major trend that SMEs are encouraged to notice is how the upcoming age of Big Data influences SMEs. A real case study reflects the fact that the abilities of data screening, mining, processing and analyzing determine whether a company could achieve success.
- The other major trend discussed in the APEC SME monitor is the super typhoon Haiyan, which severely hit the Philippines and caused thousands of death and casualties. Experts of the SME Monitor has submitted some of the post-disaster reports using the Guidebook on Promoting Business Continuity Planning.¹⁶ Some of them also pointed out the fragility to Natural Disaster and Necessity of Business Continuity Plan of SMEs.¹⁷

¹⁵ APEC SME Monitor, Issue 15, December 2013,

¹⁶ http://publications.apec.org/publication-detail.php?pub_id=1449 to download

¹⁷ http://www.apecscmc.org/files/SCMC_Newsletter-2013-12-N15.pdf

APEC Philippines

10) **In the Philippines, the Department of Trade and Industry (DTI) is the lead agency on WEF related discussions and economic empowerment of women.** It has convened consultative meetings with the Philippine Commission on Women (PCW) and the private-sector led Women's Business Council to evolve a framework for discussions on Women and the Economy in 2015.

To oversee all details required for the APEC-WES, a National Organizing Committee (NOC) was established through a memorandum of agreement recently signed by the DTI, Philippine Commission on Women (PCW), and the Women's Business Council Philippines, Inc. (#WomenBiz.ph). As one of its initial activities, the APEC-WES National Organizing Committee (NOC) attended the WEF in Bali from September 6 to 8, 2013.

The DTI, PCW and WBC are expected to identify and understand issues affecting women's economic empowerment in the Asia-Pacific region, and formulate strategies and policy recommendations to address these issues.

11) **In previous years, the Philippines has taken the following positions/commitments on SME development.**

2011 Desired APEC Outcome:

Enhance the participation of small and medium-sized enterprises (SMEs) in global production chains

Promote the inclusion of language in FTAs, setting out areas in which parties will cooperate to enhance SMEs' participation in global production chains.

The Philippines underscored the need to:

- Enhance SMEs' ability to take advantage of opportunities throughout the production chain
- Enhance SMEs' ability to take advantage of trade opportunities
- Promote use of ICTs and intellectual property protection
- Facilitate SMEs' access to trade and investment-related information
- Conduct seminars to exchange experiences
- Develop and maintain an open economy that allows the flow of capital, people, ideas, goods, and services across borders in ways that ensure competition, enhance productivity, and foster growth across the Asia-Pacific region

2012 *Advance work on capacity-building and sharing of best practice on global supply chains and participation of SMEs in global production chains*

The Philippines recommended that: APEC address how governments can better integrate SMEs within the global production chain, and how external and industry forces affecting the global production chain can impact the entry of SMEs

2013: Suggested that APEC look at ways to resolve obstacles SMEs are facing, such as lack of access in financing and lack of quality human resources

On 4-5 February 2014, the Philippine positions in APEC were reviewed in a consultation workshop led by the Department of Foreign Affairs (Office of the Undersecretary for International Relations). Participants included officials of relevant line agencies such as the DTI, DA, Dep Ed, DoE, among others. The meeting noted that the SMEs is one of the priorities for APEC 2015 and SMEs should be part of the global supply chain-technology-based resources.

The Philippine SME Development working group's Strategic Plan focuses on three areas: Business Environment and Market Access, Financing and Building Management Capacity and Entrepreneurship Productivity and Efficiency and this is patterned after the APEC Strategic Plan. The SME Development Council is the highest policy making body that meets four times a year to review and recommend policies to SMES. The APEC SMEWG meets twice a year.

In preparation for this, the Philippines must enhance its actions such as: 1) consolidation meetings in the charge of DTI must be improved; 2) Coordination between DA and DTI can be expanded 3) Securitization was recommended as means of generating funds for SMEs to promote financial inclusion.

Other suggestions were: the process is important and there is a need to come up with a sustainable mechanism; existing mechanisms need to be strengthened in order to formulate a more coherent positions; there must be a repository of information that serves as a channel and support for discussion of positions; there must be a network/ roster of resource persons including the government, academe and private sector; .regularize consultations and coordination, such as recently held meeting between ABAC and government, and folding it in the APEC process; identification of lead agencies; deeper commitment from concerned agencies and participation of right persons from the concerned agencies and consistency in attendance; establish clusters on major issues i.e. structural reform and connectivity

12) What has been done at the APEC level to further economic opportunities for women? Essentially, APEC assumes a **support role** because ground level actions are done at the country level.

12.1. Support for studies, research and analysis on the dynamics and gendered impacts of trade liberalization in the APEC economies

This has been an implied need of the WEF since 2011. A list can be drawn of what needs to be studied and analyzed by taking stock of the themes stated or suggested in the WEF ministerial statements, 2011-2013 (see annex 1).

- Best practice that support entrepreneurship
- Best practice on how economies use technology
- Good business models for women in SMMEs
- Analysis of women's participation in innovation, business and social aspects of the economy
- Assessment of the role of women and their contribution to the economy

- Compilation of research and case studies that illustrate the positive impact of women's leadership on economic prosperity and business competitiveness
- Discriminatory legislation, regulations and measures against women related to business operations, access to markets, ownership of assets, access to capital and social protection
- Examination of laws, training programs, workplace codes of conduct and social infrastructure to encourage the availability of parental leaves, maternity protection measures, and childcare.
- Identify (and remove) legal and regulatory barriers to women's property and asset ownership and ability to sign contracts.
- Collection and analysis of sex-disaggregated data on microenterprises and SMEs to inform policy and program development
- Information sources on technical resources and best practices for APEC economies' stakeholders to further advance women's full economic participation

Needless to say, at the economy level, there has to be an understanding of the gendered impacts of trade liberalization. Each country must take the initiative to have such a study and to disseminate it to the concerned stakeholders.

12.2. *Support for empowerment of women*

a) Education and Training¹⁸

- Provide training and education on how to start a business for the new entrants and how to grow a business to enable the successful growth of women-owned businesses
- Encourage women to access to science, technology and engineering (STEM) fields of study
- Provide training opportunities specifically for women entrepreneurs to enable them to take advantage of government procurement and global supply chain opportunities
- Set specific targets for incorporating women-owned businesses into government procurement programs

b) Identify and Remove Barriers and Develop Enabling Policy Frameworks¹⁹

Since eighteen years ago, when the Philippines first hosted APEC in 1996²⁰, the **impediments** to women's full participation in the market economy were identified as follows:

- 1) *restricted types and levels of education and training available to girls and*

¹⁸ John Jarett. Economic Empowerment and Inclusion of Women in the APEC Economy, National Center for APEC, 2013, pp. 18-19.

¹⁹ John Jarett. Economic Empowerment and Inclusion of Women in the APEC Economy, National Center for APEC, 2013, pp. 18-19.

²⁰ Report by the Economic Committee on The State of Economic and Technical Cooperation in APEC, Draft August 16, 1996, pp. 9,

- young women;*
- 2) *cultural attitudes towards women in the workplace, which can be reinforced by lack of appropriate role models of women as workers, decision makers and entrepreneurs;*
 - 3) *lack of acceptance of women in some professions which results in an observed concentration of women in “traditional” women’s sectors, often characterized by lower pay and less job security;*
 - 4) *discriminatory institutional corporate practices which are manifested in, for example difficulties in accessing credit and venture capital, curtailed careers and higher propensities to exit the market labor force entirely and*
 - 5) *greater responsibilities for caring for children and elder parents without compensatory institutional support (e.g. through adequate availability of day care facilities for children of mothers working outside the home and flexibility of working arrangements.*

These impediments tend to increase the proportion of women’s productive activity spent in the less efficient household economy. This results in direct foregone opportunities for improvements in standards of living, reduced dynamism in the economy as many of the “best and brightest” are marginalized due to their gender, and less equitable partners of social development.”

Women entrepreneurs in particular face systematic constraints in **access to financing**. In addition, SMMES consistently face difficulties in access to information on markets and market opportunities, access to markets, access to managerial expertise and skilled workers, access to finance and access to technology. This concern has merited major action and is work in progress in the APEC. (see discussion above)

Fast forward into 2014, these issues still ring true in the Philippines, in the APEC region and worldwide. Current research tell us that the gender gap in economic opportunities remain and the determinants of this gap include: *unequal access to financial resources; inadequate training and access to information; work family interface; women’s safety and gender based violence; lack of societal support and legal barriers and procedures.*²¹ It has therefore been suggested that there is a need to “work with financial institutions to determine specific barriers to financing women-owned businesses, including any government policies that make access to capital more difficult.”²² In 2013, the ministerial meetings called for greater collaboration to remove constraints and restrict women from realizing their full potential.

c) Representation

Empowerment of women can happen at the economic, social and political fronts. However, these are not mutually exclusive. For example, in the endeavor to economically empower women, it is necessary to give them political empowerment so that they have a say in decision making and they can effectively influence the

²¹ Saskia Vossenbergh. Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it? Working Paper No. 2013/18, March 2013, pp. 4-5.

²² Jarett, loc.cit.

creation of an entrepreneurial culture and respond to the needs of women entrepreneurs. One area of action for APEC economies is to push for women's representation in bodies that matter:

- include at least one woman in their ABAC membership; increase the representation of women in senior management positions, including on corporate boards and equivalent public sector organizations (2011)
- promote gender balanced representation in universities and research centers (in particular science and technology research centers), and women's participation in research and innovation activities (2012)
- Encourage female entrepreneurs, engineers and scientists' participation in the different stages of disaster management, in the sphere of innovative green technology to achieve a sustainable economy (2012)
- increase the female representation on boards, and in senior management position and leadership, and to publicize results in both public and private sectors.

12.3. *Support for enhancing the global competitiveness of enterprises*

a) Create an entrepreneurial culture

Economies, specially the developing ones, need to create an enterprise culture to help their SMMEs become and stay competitive. On the one hand, this implies giving "support to women-owned SMEs and micro-enterprises to overcome barriers to accessing domestic and international markets by encouraging corporate and government supplier diversity and inclusion policies and practices for women."

In past years, WEF has suggested *policies for creating an entrepreneurial culture and/or women friendly workplace environment*

Use of ICT

- Promote ICT skills and capacity building for women and girls
Improve access to capital, markets, capacity and skills building and women's leadership (2012)
- Promote equal access to technology, including mobile phones and Internet, especially in rural and indigenous regions (2012)
- Identify and encourage legislation, regulations and measures to increase women's access to ICT (2013)

Encourage innovation

- Develop policies that support equality of access to the tools women need to be innovators and business leaders in their societies (2012)
- Increase **access to information on intellectual property rights** and promoting the patenting ability for women-owned enterprises

Policy incentives

- Provide visible government support for women's economic empowerment at the highest levels through high profile statements by senior officials and public acknowledgment of successful initiatives taking place within the

business community

- Incentivize the private sector to invest in the empowerment of women throughout their business operations, supply chains, senior management and decision making roles, and corporate social responsibility programs
- Support women's full financial inclusion, which includes access to financial services, savings accounts and loans through cooperative efforts made by public-private partnerships and cross-fora/cross-field events in the APEC region;
- Establish return to work programs for women who have been out of paid employment for a period of time
- Advocate for gender equality in pay in all professions;
- Foster an equitable participation of rural and indigenous women, and social enterprises, increasing their access to opportunities;
- Encourage upcoming generation of women leaders
- Support the UN Women and United Nations Global Compact - Women's Empowerment Principles;

Creating an entrepreneurial culture goes beyond removing access barriers to doing business. It must take into account the retarding effect of social norms on women such as domestic duties, gender based violence, and the like. Usually, these concerns do not fall within the mandates of ministries of trade and industry because these concerns are relegated to the social sphere, i.e. family responsibilities. But in practice, women entrepreneurs experience time poverty because of the multiple burdens of work and family. This suggests the need for economies to challenge their patriarchal norms and male-dominated processes to give more women time and space to pursue their business.

- Communicate government support for strategies that encourage gender-balanced norms and address the effect of cultural norms that are inhibiting the participation of women in the economy.²³
- Consider the inclusion of work and family balance in training and entrepreneurship counseling

12.4. *Support for ensuring sustainability and resilience*

3.1. Track the progress of women's enterprises

- Systematically collect data on women's ownership of businesses at all levels of the economy, including ownership levels within these businesses, how profits are utilized within the family unit, and growth in businesses over time to monitor progress and to judge the effectiveness of programs to support women owned businesses

3.2. Create and support networks and connections

- Scan the APEC region for existing networks of women engaged in promoting livelihood, women empowerment and SMMES. For example, in Southeast

²³ John Jarett, loc. cit.

Asia, HOMENET ²⁴ is a network of home based workers working as subcontracted workers or as self-employed/own account entrepreneurs that have been promoting the economic empowerment and social protection of the women workers. The HOMENET was organized as early as 1997 and had been organizing sub-regional policy dialogues around the issues of home based workers, including food security, climate change and trade facilitation. Such networks can be vehicles or mechanisms for development efforts to increase women's economic opportunities. Within the network, there have been sharing of experiences in putting policy reforms into effect that could affect women's economic opportunities.

- Facilitate the growth of business networking opportunities for women through direct government support or working with existing networks to incorporate more women into their ranks — this can include specific outreach programs
- Work with medium sized and large businesses in the economy to link them with women for possible partnership and supplier opportunities. In the Philippines, work is in progress to promote links between micro and small or medium enterprises under the GREAT ²⁵ Women Project. The Gender-Responsive Economic Actions for the Transformation of Women (GREAT Women) Project is a governance and capacity development project that aims to promote and support a gender-responsive enabling environment for women's economic empowerment, particularly those in microenterprises. The Philippine Commission on Women (PCW) partnered with 12 national government agencies, 8 pilot provincial governments and 35 municipal local government units that are involved in micro-, small- and medium-scale enterprise (MSME) development and select local government units to support the project. The project was implemented from 2006-2011) with technical and financial support, 7 million Canadian dollars, by the Canadian International Development Agency.

Value chain analysis of the women enterprises are also being done by the Department of Trade and Industry to define strategic interventions to scale up the small enterprises in various parts of the country. In this regard, DTI has come up with a Gender responsive Value Chain Analysis.

In Indonesia, work is in progress through the ILO-MAMPU Project funded by the government of Australia. The MAMPU seeks to strengthen networks of home based workers in the country.

- Involve and expose women to information and discussions on green growth and green jobs in order to climate proof and enhance the resilience of their economic undertakings.

The latest directives were issued in the **2013 Ministerial meeting** which encouraged

²⁴ www.homenetsea.org

²⁵ <http://pcw.gov.ph/gwp/about>

economies to consider actions to promote entrepreneurial culture in the following areas:

- Develop gender-responsive entrepreneurship policies;
- Implement business training programs of ICT innovations that is targeted for women entrepreneurs particularly in business management skills;
- Increased outreach to women on Business Development Services and Business incubator through public-private partnership, including CSR programs;
- Implement measures to foster innovation and, to promote understanding of intellectual property rights among women innovators;
- Support the development of networks for women SME owners and operators; and
- Provide information that meets the needs of women SME owners and operators.

And to increase access to finance, economies were encouraged to:

- Reduce barriers to commercial loans, including through women's financial education, developing an SME credit information system and information-sharing with regards to the profitability of loaning to women-led businesses;
- Create women-focused microfinance programs that support the scaling up from Micro to SMEs;
- Create a supportive policy environment for the development of venture capital, angel investment and micro-insurance;
- Streamline and improve the business formalization process, including the provision of „one-stop-shop“ services or clear information on starting a business; and
- Implement measures to encourage formalization of Women SMEs.

The SMEWG and the PPWE were instructed to take the work forward to incorporate the results of the first joint meeting in 2013 into their Strategic Plans, and to initiate and collaborate on specific and concrete actions in each priority area prior to the APEC Economic Leaders' Meeting in 2014.²⁶

The Small and Medium Enterprise Working Group (SMEWG) and the Policy Partnership on Women and the Economy (PPWE) were encouraged to

- 1) provide **coordinated approaches** to address commonly cited challenges faced by women SMEs through policies, programs and actions in APEC economies and
- 2) have **collaborative efforts** on targeted policy measures for the inclusive development of Women SMEs in the areas of a) Promotion of Entrepreneurial Culture, and b) Increasing Access to Finance.

²⁶ Joint Ministerial Statement, in its entirety, go to: http://www.apec.org/Meeting-Papers/Ministerial-Statements/Small-and-Medium-Enterprise/2013_sme_women.aspx 10)

III. Review of the APEC New Strategy for Structural Reforms

1. **The Notion of ANSSR.** Structural reform as defined in the ANSSR refers to: at its broadest, structural reform can be understood as the microeconomics of growth and development. For APEC purposes, the Policy Support Unit (PSU) has given an operational definition of structural reform as: **“Policy change related to institutional frameworks, regulation and design of government policy, so barriers to market-based incentives, competition, regional economic integration and improved economic performance are minimized.”**

The essence of structural reform is that rather than using macroeconomic tools such as interest rates and fiscal policy to promote economic growth, it focuses on making individual markets work more efficiently. The result of this kind of microeconomic reform can be to boost an **economy’s growth potential by allocating existing resources more efficiently.**

Importantly, structural reform is not a one off exercise, but a process. Once put in place, the objective is that it should continue indefinitely, dealing with new issues, new business practices, and changes in economic and regulatory technology as they occur. Structural reform is therefore not just about the adoption of a particular set of policies. It also concerns the establishment of appropriate institutions to foster growth-oriented microeconomic reform in the future.”²⁷

2. **Action Plan of APEC Philippine ANSSR²⁸.** As stated in its Individual Action Plan (IAP), the Philippines committed to undertake three structural reforms in the context of the ANSSR as follows: 1) Employment facilitation is the main priority. Reform seeks to support a policy environment that will increase labour demand and improve labour supply using pro-employment labour market policies that foster flexibility, efficiency and harmony; 2) Provide conditional cash grants to extremely poor households, alleviate their immediate need (short term poverty alleviation) and to improve their health, nutrition and education particularly of children aged 0-14 and 3) *Promote sustained SME development and enhance economic opportunities for women and vulnerable populations.* The Philippine MSME sector is a critical driver for the economy’s economic growth. The sector serves not only as potential supplier and subcontractor to large enterprises and exporters but is also a part of the support system for logistics services.

The MSME sector accounted for 99.6% of total establishments in the economy, and contributed 61.2% of the economy’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.

3. **Measurement of Progress in the IAP.** Parameters for tracking IAP progress shall be based on the following: a) provision of firm-level support to potential, new and existing micro, small and medium enterprise; b) improved access to financing; c)

²⁷ 2013 ANSSR Mid-Term Progress Report: Summary

²⁸ Philippines, Individual Action Plan. ANSSR: ECONOMY PRIORITIES AND PROGRESS ASSESSMENT MEASURES

developed livelihood programs for sustainable micro-enterprise; and d) increased entrepreneurship among Overseas Filipinos.

Note that these commitments are in line with the MSME Plan. This review of the country's progress on the ANSSR will focus on the commitment to promote Philippine SMEs and to enhance economic opportunities for women.

3.1. Philippine SMEs are categorized based on assets (excluding land) and number of employees. In January 2003, the SMED Council defined the SME sector as follows- micro (3 million pesos or less in assets and up to 9 employees), small (not exceeding 15 million pesos in assets and up to 99 employees) and medium (not exceeding 100 million pesos in assets and up to 199 employees). The definition does not consider industry classification.²⁹

3.2. **Most SMEs are owned by women.** DTI data in 2009 showed that **54% of enterprises are female-owned**³⁰. Most of the SMEs enterprises are small, consisting of only the owner/manager without any employees. Women usually have little capital (below PHP 10,000.00) in activities with low entry barriers, such as retail trade, food stalls or personal services, but also with low productivity.³¹

3.3. The policy, regulatory and institutional framework for Philippine SMEs has been put in place through the passage of two key laws:

1) the **Magna Carta for Small Enterprises** (Republic Act No. 6977 was passed in 1991 and amended by RA 8289, RA 9178. This law provides the basic policies for SME promotion, indicates the definition of SMEs and directs the institutional framework for the SME promotion system. Among its provisions are the creation of the SMED Council and the Small Business Guarantee and Finance Corporation; the stipulation of a mandatory lending quota for financial institutions at 6% of their funds for lending to small enterprises and 2% to medium enterprises and the setting up of four guiding principles for SME development – minimum set of rules and simplification of procedures and requirements, encouragement of private sector participation, coordination of government efforts for coherence of objectives and decentralization and

2) **RA 9178 known as the Barangay Micro Business Enterprises Law** which amended RA 6977 supports eligible micro-enterprises and the informal sector through incentives for local government registered barangay micro-enterprises, exemptions from income tax, reduction in local taxes, exemptions from payment of minimum wages, financial support from government financial institutions and technology assistance from government agencies.³²

²⁹ Note: US\$ 1=P 44.35 as of 2013 June 17.

³⁰ 2008 DTI Data cited in the MSMED Plan.

³¹GTZ and DTI. Enhancing Competitiveness through Gender Mainstreaming. The role and status of women and men in MSME development in the Philippines. 2010. Page 9.

³² www.eu-eaga.org/.../STRENGTHENING%20CAPABILITIES%20OF%2...

3) A recent development is the passage of the RA 9710 on 14 August 2009, also known as the **Magna Carta of Women** that stipulates very specific provisions for women's economic empowerment. Women's rights to food security and productive resources, right to housing, right to decent work, right to livelihood, credit, capital and technology, right to education and training, right to representation and participations and right to information and social protection are provided in this new law. Women's economic rights that are stipulated in the Convention on the Elimination of Discrimination Against Women (CEDAW), to which the Philippines is a signatory.

3.4. **Special incentives for enterprises**, including SMEs, have been made available by legislation to promote business activities. These include: a.) exemption from corporate income taxes (4-8 years), national and local taxes, duties and taxes on machineries, spare parts, materials and supplies, tax credits for imports and import substitution of capital equipment and for breeding stock and genetic materials under the following laws-RA 7916, RA 7227, Special Economic Zones Act and Clark and Subic Special Economic and Freeport Zone, b.) exemption from value-added tax for certain export industries, excise taxes on locally produced products and lowered taxes on spirits made from indigenous materials (RA 8224, Tax Reform Act), c.) incentives for preferred areas of investments included in the Investment Priorities Plan (E.O. 226, Omnibus Investment Code), d.) incentives for specified locations such as the Registered Economic Zones (RA 7916), Less Developed Areas (RA 7844), and those granted by local government units under the Local Government Code, e.) incentives for investors for tax and duty exemptions, loan assistance and technical support for starting-up and improved SME technologies (RA 7459, Investors and Invention Incentives Act).³³

3.5. The **institutional framework** is in place at the national and local levels. At the national level, the **SMED Council** formulates SME promotion policies and provides guidance on implementing SME programs. It is a multi-agency group of 8 representatives concerned government agencies and 4 representatives from the private sector. The government agencies represented are: the National Economic Development Authority, Departments of Trade and Industry, Labor and Employment, Science and Technology, Agriculture, Environment and Natural Resources, the Small Business Guarantee and Finance Corporation (SBGFC) and the Monetary Board of the Bangko Sentral ng Pilipinas (Central Bank). The private sector members represent the country's three major geographic areas of Luzon, Visayas and Mindanao and the private banking sector. The Secretary of the Department of Trade and Industry (DTI) is the chairperson of the SMED Council and DTI's Bureau of Small and Medium Enterprises Development (BSMED) serves as secretariat.³⁴

The **Department of Trade and Industry** is responsible for developing and regulating business enterprises (other government agencies are involved in specific cases i.e. Securities and Exchange Commission, local governments, etc.). There is an SME core group at DTI which coordinates all SME services. This group is composed of

³³ Ibid.

³⁴ Ibid.

the BSMED (initiates and coordinates specific SME policies, programs and projects), the SBGFC (financing services), the Philippine Trade Training Center (development and implementation of SME training and learning activities), the Product Development and Design Center of the Philippines (product development initiatives and design programs) and the Cottage Industry Technology Center (technologies).

3.6. The regional and provincial offices of DTI provide business development services to SMEs at the local level. Other government line agencies also implement programs catering to SMEs, namely: the Department of Science and Technology, Department of Labor and Employment, Department of Agriculture, Department of Environment and Natural Resources, the Department of Interior and Local Government and the local government units. SME private sector entities consist of the chambers of commerce, professional organizations, business sector organizations, and various associations of micro, small and medium enterprises, cooperatives and other non-governmental organizations.

3.7. The road map for SME development is contained in the **Micro, Small and Medium Enterprise Development (MSMED) Plan 2011-2016**. It sees the Philippine MSME sector as a critical driver for the country's economic growth as it constitutes 99.6 % of all establishments in the Philippines and 61.2% of the country's overall employment.³⁵

4. Review of Progress of Structural Reform on MSMEs

4.1. Firm level Support

MSME Plan. Government shall create a **favorable environment** for MSMEs to thrive and ease their **access to financing**, facilitate their **entry to larger markets** and increase their **productivity and efficiency**. Almost half of MSMEs are engaged in wholesale and retail trade. Given this large number, government shall carry out programs to maximize their participation in supply and distribution systems within **value chains for identified industry clusters**. **Business development services (BDS)**, including enhancements needed to boost productivity, will be provided for promising MSMEs. The government shall also build on existing programs, specifically the One Town, One Product (OTOP) Program, information campaigns, provincial caravans, and SME Centers. In addition, government shall encourage the formation of new MSMEs. **LGUs shall facilitate business registration, provide enabling environment in support of enterprise development, and fully implement MSME-related laws (e.g. Magna Carta for MSMEs, BMBE Law)**. To complement the existing strategies identified under the SME development plan, **four thematic areas shall be adopted: corporate social responsibility, climate change, gender, and migration**. This approach shall also foster economic activity in the countryside. Government shall also assist in the development of programs that will **encourage MSMEs to produce green products, and use environment-friendly processes**. Business development services will maximize the use of local and sustainable sources such as water lily, **bamboo**, coconut among others, and utilize materials in

³⁵ MSMED Plan 2011-2016.

producing and marketing domestic and exportable products from these resources. Likewise, BDS will also educate MSMEs in processes that are nonthreatening to the environment.

Ease of doing business. The Philippine Business Registry (PBR) and Business Processing and Licensing System (BPLS) comprise two major reforms to ease entry into business. DTI coordinates with other stakeholders to facilitate business registration which can now be done online, thus facilitating business registration. The PBR is a web-based IT system that allows online filing of application forms for business registration, business permits and licenses, and business solutions using a single data entry facility. Agency commitments to the PBR was formalized in a Memo of Agreement which included the Securities and Exchange Commission (SEC) for the registration of partnerships and corporations; the Cooperative Development Authority (CDA) for the registration of cooperatives; the Bureau of Internal Revenue (BIR) for its eTIN system; Social Security System (SSS) for valid employer-employee information and issuance of employer SSS number; the Philippine Health Insurance Corporation (PhilHealth) for the issuance of employer PhilHealth number; Home Development Mutual Fund (Pag-ibig Fund) for mandatory registration of members; the Department of Finance for its National Single Electronic Window initiative to include the BIR, Bureau of Customs and Bureau of Treasury; 17 LGUs of the National Capital Region (NCR), League of Municipalities of the Philippines (LMP), League of Cities of the Philippines (LCP) and the Philippine Chamber of Commerce and Industry.

The BPLS system has been implemented making it easy for business renewals, acquisition of permits and licenses much easier. DTI is implementing various efforts such as consolidating business registration requirements, buyer-supplier matching, streamlining financial requirements of government financing institutions (GFIs) and other similar initiatives towards enhancing ease of doing business.

Another related reform is the SMEDSEP approach to Local Business and Investments Climate (BIC) Promotion. The German Technical Cooperation Agency, GIZ, supports DTI and their stakeholders in promoting the replication of BIC practices, making it easier for SMES to grow in terms of income and number of establishments or jobs created. This entails the development, adaptation and replication of models geared toward reform priorities and BIC improvement such as Simplifying BPLS at the local level to encourage more applicants to enter the formal economy; NERBAC (National Economic Research and Business Assistance Center) is a one stop shop action center that brings together various government services to expedite business registration and investment procedures; LRED, a participatory planning, implementation and monitoring process involving public and private players to identify, prioritize and take action on bottlenecks to take advantage of the economic potential of localities; Subsector Business Service Approach, identifies BDS requirements of SMEs in specific sectors by analyzing constraints and promoting commercial opportunities for growth; SME access to credit: enhancement

through up scaling, SMEDSEP works with financial institutions to develop knowledge and skills in SME loan provision; and Value Chain approach to access markets.³⁶

Entry to larger markets. “Globalization has produced regional production networks that are benefitting from the country’s trade agreements. The Philippines has been active in participating in free trade agreements (FTAs), with a total of 12 FTAs, (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). SMEs that are prevalent in industries such as automotive, electronics, machinery, and garments and textile industries are increasingly under outsourcing and subcontracting activities. It has been seen that MSMEs’ participation in production networks lead to 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 spillovers and externalities to the domestic economy leading to growth and improved performance of the MSME sector.”³⁷

Efforts to promote SMEs in the markets include an SME Caravan, a DTI-led traveling event showcasing SME opportunities and which provides firm-level assistance to SMEs in pre-identified regions. There have already been caravans in La Union, Negros Occidental, Tayabas (Quezon), Davao City, and Leyte.³⁸

Also, annual SME Expos are conducted to facilitate access to markets. For example, in 2013, a three-day expo & convention showcased the growing SMEs. Exhibitors and guests from all around the world build synergies and business relations by presenting their products and services among the SME community to strengthen their business and empower the nation’s growth. Also, there are workshops, seminars, educational classes, product launches and contest that help SMEs, franchising businesses and entrepreneurs from various business sectors. Latest industry insights are shared by various speakers.³⁹

The private sector-led *Go Negosyo* Movement (negosyo means business) has given significant impetus to the formation of new entrepreneurs and creation of enterprises, especially among the youth.

There are initiatives to engage the chambers such as the European Chamber of Commerce and Industry to help Philippine SMEs become part of the global supply chains. “Among the types of business relationships possible are Philippine SMEs to be sub-contractors of EU companies in the Philippines or abroad. Another would be for EU companies to set up common service facilities or technology for SME industry groups and associations and then purchase their products for exports. Since financing is a major concern, EU companies can utilise their financial strength to guarantee loans to their Philippine SME partners or set up an equity fund for Philippine SMEs. The funding will be used to acquire technologies, the know-

³⁶ www.smedsep.org

³⁷ The Bellwether, First Metro Investment Corporation. Fortnightly Market Action and Outlook, volume 1, no 18, 20 February 2013, p.4.

³⁸ http://dtincr.ph/faq_sme.php

³⁹ www.philippinesmebusinessexpo.com.

<http://demsangeles.com/2013/05/philippine-sme-business> expo2013/#sthash.vVsfCw95.dpuf

how in terms of patents, franchises or training or equipment to increase productivity. Some technologies that are suitable for the Philippine SMEs are in relevant farm equipment, alternative sources of fuel or energy and technologies for feeds, vegetable growing and tree farming.⁴⁰

LGU BDS provision. The Philippine SME policy along with the Local Government Code are the basis for actions at the local level in respect of business development service provision. Developing and supporting local businesses is a pathway for promoting local economic development. “What is generally missing is the conceptualization of LED towards making institutions more entrepreneurial and the Local Chief Executives acquiring an entrepreneurial mindset.”⁴¹

There are clear policies that mandate the local government units (LGUs) to make the local business and investment climate and to provide support to local enterprises. There are also pilot projects that have demonstrated how BDS, financial and non-financial, can be given to MSMEs and enable enterprise growth. This is exemplified in the DTI’s Rural Micro enterprise Support Program (RuMEPP), the geographic scope alone is limited to the poorest provinces. The same can be said of a PCW-led effort to economically empower women in the country side, the GREAT Women Project.

The Rural Micro Enterprise Promotion Programs (RuMEPP) provides technical and financial support for micro entrepreneurs in the form of business development services, capacity building, financing assistance and consultancies. DTI directs the provision of services but actual delivery of services is done by private organizations. It is funded by the IFAD in the amount of 22.826 million US dollars over a period of seven years.

DTI is the lead implementing agency. It seeks to reduce poverty by helping poor entrepreneurs and rural families in the country. It focuses services and programs to 19 provinces of the poorest regions i.e. CAR, Bicol, Eastern Visayas, SOCKSARGEN and CARAGA. There are three components: a) microfinance and credit support; b) BDS services to existing micro enterprises and c) efficient micro enterprise management. The program complements the One Town One Product (OTOP) and other programs of DTI.

The Gender responsive Economic Assistance for the Transformation of (GREAT) Women Project endeavored to empower women by encouraging and building the capacities of local governments to in policy making and programming and in mobilizing their gender budgets for the provision of business development services and other support for women’s livelihood and micro enterprise projects. By law, government agencies must allocate and use 5 % pf their budget for women empowerment and gender equality programs. This project is a seven year project, from 2006-2013, with CIDA technical and financial assistance.

Aside from these women-dedicated projects, a range of services to assist both start-ups and existing SMEs in addressing their business needs can be obtained from

⁴⁰ Salazar and Tan, Strengthening Capabilities of Philippine SMEs for Doing Business with EU Companies.

⁴¹ State of Local Economic Development (LED) in the Philippines, 2010, p. 4.

SME Centers provided jointly by the Department of Trade and Industry and by either the local government unit (LGU) or the private sector. The SME Centers offer business counseling, as well as service facilities such as fax, computer and the like. In addition, one-stop shops are venues provided by the Department of Interior and Local Government (DILG) to address complaints and other concerns about the local government.

Assessment. Reforms in ease of doing business in the Philippines reached a new high in 2014 as the Philippines moved up 30 points in the global ranking – from 138th to 108th, the largest jump recorded in the world this year and the Philippines’ biggest gain in the 11 years of the report. In the latest Doing Business report, the Philippines advanced in seven out of 10 indicators, compared to only three in 2012. These are on: Resolving Insolvency (up 65 places due to the 2010 Financial Rehabilitation and Insolvency Act); Getting Credit (up 43 places with better access to credit information and the Data Privacy Act guaranteeing borrowers’ right to access their data); Getting Electricity (up 24 with 8-day improvement in obtaining connection); Paying Taxes (up 12 places with electronic filing and payment system for social security contributions); Trading Across Borders (up 11); Dealing with Construction Permits (up 1); and Registering Property (up 1) These reforms have been felt by entrepreneurs and investors as evidenced by improvement in investments in recent years. More significant gains are expected during the subsequent “revolution” phase involving reengineering and automation.

The 2014 report focused on the theme “Understanding Regulations for Small and Medium-Size Enterprises: Comparing Regulations for Domestic Firms in 189 Economies”. The Doing Business report assesses regulations affecting domestic firms in 189 economies and ranks the economies in 10 areas of business regulation. It measures the basic steps and amount of time it takes for business enterprises to undergo a government process across the lifetime of a business—from the day it starts (i.e., incorporates) to the day it closes (i.e., files for insolvency or closure).

The reform measures in the Philippines consisted of the establishment of the National Competitiveness Council (NCC), a public-private task force currently chaired by the Trade and Industry Secretary and co-chaired by a private sector representative. The NCC takes the lead in Philippine competitiveness efforts. The NCC was formed in 2006 and took on a heightened role with Executive Order No. 44, which provided the objective of improving the country’s competitiveness from the bottom third of the ranking to the top third – or at least 63rd– by 2016 (with the improvement in the latest rankings, the Philippines has moved from the bottom third to the middle third). The country’s efforts to enhance competitiveness was intensified with Administrative Order 38, which has been implementing NCC’s “Game Plan for Competitiveness.” There is a dedicated work team per indicator mandated to submit actual changes or improvements through a formal regulatory document such as an executive order, administrative order, department order, circular, or city ordinance.

The Philippines will sustain its momentum in competitiveness and eventually reach its target to be in the top 63 by 2016 and the move to be globally competitive is work in progress.⁴²

There is a visible increase in media programs to stimulate entrepreneurship on television and radio. Early morning talk shows on agri-business as well as TV programs on livelihood that feature successful business ventures in the countryside serve to motivate the general population to engage in business. For example, there is a TV talk show called the SME Forum on the Global News Network that tackles the day-to-day issues faced by Small and Medium sized Enterprises (SMEs) in the Philippines. It airs every Monday from 11:00am to 12:00pm. The SME Forum aims to foster the entrepreneurial spirit and emphasize the importance of developing an entrepreneurial mindset. It gives tips on how to start a business, on how to handle business problems and why go into business.

However, there is great scope for improving BDS provision at the local level where firms are located. More BDS services requires a shift in the mind set of LGUs toward a) employment generation as part of their duty and b) entrepreneurship as a path toward generating jobs. LGUs should look into the possibility of setting up one stop shop services and marketing centers/*pasalubong* or souvenir shops for tourists, as appropriate in their area. A major change in outlook is for mayors and other local officials to see women, especially those in the informal economy as an economic asset that could contribute to local economic development. To this end, LGUs could support women organizations and organizations of informal workers to empower them and facilitate the growth of their enterprises. The GREAT Women Project has demonstrated how this can be effectively done.

Programs to promote rural micro enterprises and women entrepreneurship have been completed by the DTI, funded by IFAD and PCW, funded by CIDA. These were done in selected LGUs and have proven effective in generating jobs and promoting women entrepreneurship. (see section 4.3 below) What more can LGUs do to provide more firm level support? Such could include support and/or organize the women entrepreneurs by trade sector and support existing organizations of women MSMEs and micro entrepreneurs in the informal economy. LGUs must promote entrepreneurship among returning OFs and their families and encourage them to use their remittances and savings for entrepreneurship and support livelihood and microenterprise projects of 4P beneficiaries who are existing from the program. LGUs must shift their thinking toward entrepreneurship for their constituents and creating a business friendly environment.

4.2. Access to finance

MSME Plan. *Government Financial Institutions such as the People's Credit and Finance Corporation, Land Bank of the Philippines, and the Small Business Corporation — the main wholesale finance institutions catering to microfinance institutions (MFIs) — shall collaborate with DTI, DOT and viable MFIs in developing*

⁴² <https://www.dfa.gov.ph/index.php/2013-06-27-21-50-36/phl-embassies-and-consulates/1260-philippines-lauded-in-doing-business-2014-report-urged-to-press-on-with-reforms>

innovative market-based financing schemes to support micro-enterprises. Government will collaborate with MFIs to use microfinance as a tool for inclusive growth by expanding access by microenterprises and poor households to credit, savings, and other financial services.

Inadequate access to financing persists as the top barrier for Philippine SMEs, an observation shared by the government and analysts. A DTI official stated that “the Philippines needs to strengthen access to financing to enable small enterprises to be part of the supply chain and make them compete once the region becomes a fully integrated economic community in 2015. For instance, the Philippines is strong in electronics but there is also a strong need to develop domestic suppliers and become part of the supply chain. Most of the inputs in electronics assembly being done in the country are also imported.”⁴³

a) By December 2014, a major reform will be put in place as a centralized national credit bureau under a fledgling government-owned and -controlled corporation called Credit Information Corp. (CIC) is expected to start operations under the auspices of the Securities and Exchange Commission at the end of 2014. At the time of writing, work is in progress to procure computer systems and establishing the network to finally jump-start operations. CIC has budgeted about P100 million to set up its information technology platform. The CIC is a partnership between the government, which owns a 60-percent stake, and the private sector, which controls the remaining 40 percent. The credit bureau’s stockholders included the Credit Card Association of the Philippines, the Bankers Association of the Philippines and the Cooperative Development Authority. The law creating the CIC was passed in 2009 but it took another two years to pass the implementing rules and regulations and more time to fill up the board and for the government to make its equity contribution, she said. The CIC has a paid-up common stock of P125 million as initial capitalization. It also receives a regular subsidy from the government to fund its startup costs.

The operation of CIC would require educating the public. Congress has mandated the SEC, instead of the Bangko Sentral ng Pilipinas, to oversee the operations of CIC. Microfinance is handled by SEC and microfinance is one of the biggest beneficiaries of a central credit bureau. “The big banks have their own credit systems. The targets of CIC are the people who will otherwise not be able to borrow. Financial inclusion is the objective—those people who borrow from rural banks and pay (credit) in installments. Financial inclusion was one of the requirements for the Philippines to improve its competitiveness.

CIC is envisioned to become the leading provider of independent, reliable and accurate credit information in the Philippines. It was created by virtue of Republic Act. No. 9510, otherwise known as the Credit Information System Act. This GOCC is mandated to collect, collate and disseminate credit information that come from

⁴³ Adrian Cristobal, DTI Assistant Secretary. <http://www.mb.com.ph/country-needs-to-boost-sme-financing-for-asean-2015/>

various sources, including banks, financial institutions, insurance companies, financing companies, credit cooperatives, utility companies and other businesses that extend loans. The CIC will compile these credit information to help creditors evaluate the ability of prospective and existing customers to pay. Under the law, the government has five years from the start of the CIC's operations to dispose of at least 20 percent of its shares to qualified investors. This means CIC will, in the future, cease to be a GOCC. CIC is tasked to help lenders, borrowers and the economy as a whole by: a) Making credit accessible to more people, especially to small entrepreneurs; b) Protecting creditors against incurring bad debts, thus improving the health of the financial system; c) Aiding in quicker credit evaluation and decisions; d) Reducing the cost of processing loans, thus benefiting consumers in terms of lower borrowing cost and e) Protecting creditors from fraudulent borrowers, as well protecting consumers against financial mismanagement; f) Promoting more confidence in the system, thus spurring greater economic activity through a more sustainable expansion of credit and reducing poverty.⁴⁴

b) **MSME Financing Program.** Government agencies and financing institutions have committed to support the Philippine Development Program 2011-2016 by addressing the financial needs of MSMEs. The agreement marks a distinction between the microfinance requirements of micro enterprises and mainstream SME finance through bank loans by forming both the MSME Financing Program and the SME Finance Program. To simplify and harmonize existing policies and cut red tape so MSMEs can easily acquire short-term and long-term funds, representatives from the private sector such as the Financial Executives Institute (FINEX) and the Philippine Chamber of Commerce and Industries (PCCI) will be invited to participate in the MSME Finance Committee meetings to gain a better perspective about access to finance issues. Loan pricing and loan benchmark rates will be reviewed to improve the sustainability of MSMEs since their individual circumstances should be taken into consideration along with their cost of capital. Also, information-sharing mechanisms on the credit status of common clients will be developed, while government financial institutions will increase their MSME lending ratios to take the lead in MSME financing.

The Department of Trade and Industry will monitor the success of this initiative, including the lending and capacity-building programs, and to support policy changes in MSME development initiatives. Agencies participating in this initiative are: Department of Trade and Industry (DTI), the Department of Social Welfare and Development (DSWD), the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the People's Credit and Finance Corporation (PCFC), the National Livelihood Development Corporation (NLDC), the Trade and Investment Development Corporation of the Philippines (TIDCORP), the Social Security System (SSS), the Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) and the National Anti-Poverty Commission (NAPC). Rounding out the group are the Small Business Corporation (SBC) and the Government Service Insurance System (GSIS). To help MSMEs stay on their feet and gain access to the credit needed to keep their

⁴⁴ <http://business.inquirer.net/144047/centralized-credit-bureau-seen-to-open-in-dec-14#ixzz2uCtusybo>
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businesses afloat, MSMEs will be introduced to mainstream financing through a financial literacy program.⁴⁵

c) In 2012,⁴⁶ the SULONG⁴⁷ program was recast into the **Access of Small Enterprises to Sound Lending Opportunity, ASENSO** in light of the new environment of the country. SULONG was launched by the government in 2003 and served as a collaborative effort by government financial institutions to apply simplified and standardized lending procedures and guidelines for evaluating the loan application of SMEs. Then, the modest target was P10-billion loans in 6 months. The P10 billion is the sum of money the GFIs have targeted to release to Philippine small businesses in various forms, channeled wholesale lending through the banking sector, the GFIs own retail program and its guarantee programs for SMEs. The ASENSO Working Group has pledged to release at least P30 billion in 2013 for Philippine small businesses nationwide, especially in the country side. This may just represent a modest 50% increment over the target 10 years ago, but with it comes a renewed commitment to work on other support infrastructure that will boost SME finance especially by the private sector.

The players in ASENSO are the major government financial institutions, namely Landbank of the Philippines (LBP), the Development Bank of the Philippines (DBP), the Philippine Export-Import Agency (PhilExim), the National Livelihood Support Fund (NLSF), the Social Security System (SSS), the Government Service Insurance System (GSIS) and Small Business Corporation (SB Corp).

The ASENSO Program endeavors to put in place international best practice solutions to the access to finance problem. Among these acknowledged areas for intervention are: legal and regulatory framework, financial information infrastructure, public support schemes and private sector interventions.

The working group of ASENSO has broken down its work plan into eight (8) areas. In 2013, detailed action programs will be developed to: (a) enhance, simplify and harmonize lending policies and guidelines, (b) institutionalize a financial literacy program, (c) strengthen public-private sector partnership, (d) set benchmarks metrics by reviewing, comparing and discussing individual pricing mechanisms, (e) study mechanisms on information sharing to address asymmetry problems, (f) provide lead example to the private banking sector in order to expand the functions of MSME lending, (g) document the innovations in lending to support policy changes for the growth and development of the MSME sector, and (h) improve GFI reporting system.

With ASENSO leading the way, the vision is for SME lending to grow at pace with the forward push of overall lending in the country. It is likewise critical that ways be found to unlock the potential of the liquidity overload that presently characterize our financial sector, and to move the funds to their more productive business use for the

⁴⁵ <http://www.philippinechamber.com/index.php/advocacy/sme/295-msme-financing-program>

⁴⁶ <http://www.mb.com.ph/country-needs-to-boost-sme-financing-for-asean-2015/>

⁴⁷ SULONG means SME Unified Lending Opportunities for National Growth is a program that gives loans to SMES at a fixed interest rate of 9 % per annum for short term loans; 11.25 % for medium term loans and 12.75 % per annum for long-term loans. More than PHP 35.3 billion in loans were released to 368,000 SMEs since 2003.

benefit of the country. For investments to flourish, investors especially of the small and medium size variety must have improved access to finance. <http://smefinanceforum.org/post/the-philippines-launches-a-new-access-of-small-enterprises-to-sound-lending-opportunity-program>

Assessment

Reforms on access to finance are just coming into place and their effectiveness remains to be seen in the next two to three years. How these reforms would change the SME and micro finance scenario in the Philippines need to be closely watched and how these could help increase MSME contribution to the economy, especially in generating jobs. Special attention need to be taken on gender-wise uptake of loans and other financial services. Tracking this would require conscious efforts in the MFI to include gender as a factor in their monitoring systems.

Prior to these reforms, "(I)n the context of the government's role in SME financing through SBC, PCFC, and the SULONG Program; the survey results showed that only 5% of the firms made a request for a grant, subsidy, no interest loan or repayment contribution from the government in the last 12 months. Around 3% made similar requests in the last three years while the bulk, 79% of the firms, **never made a request** for government-aided financing."⁴⁸

RA 9501 mandates the banking sector to lend 8% of their portfolio to micro and small and 2% to medium, latest BSP figures show that micro and small enterprises lending is only 6.6% (short of the mandated 8%) although lending to medium has reached 6.5%. In fact, many of the big banks have large levels of under compliance.⁴⁹

Also, a recent World Bank study ranked the Philippines 126th among 183 economies in terms of ease of getting credit, well behind regional peers Malaysia (1st), Vietnam (24th), and Thailand (67th). The study also cited credit availability as an area where the country fared badly, dropping 10 places from 116th in 2011 to 126th in 2012. The Philippines remains to be among the few countries in the region where credit data sharing is still in the works. Singapore, Malaysia, and Thailand have fully functioning credit bureaus at the moment, while even Mongolia and Bhutan are almost there. Though there has been a long history of private sector initiatives but these did not take off because they did not have the clout to compel other institutions. Their coverage was very limited, and their databases were not comprehensive. Banks, credit card companies, microfinance groups, and even local cooperatives have all set up credit bureaus of their own. As mandated by RA 9510, CiC is 60 percent owned by the government, and 40 percent owned by the private sector. The private sector ownership is composed of the Philippine Cooperatives Center (PCC), Bankers Association of the Philippines (BAP), Credit Card Association of the Philippines (CCAP), Chamber of Thrift Banks (CTB), Rural Bankers Association of the Philippines (RBAP), and the Philippine Credit Reporting Alliance (Philcrea).⁵⁰

⁴⁸ Rafaelita Aldaba.

⁴⁹ <http://www.mb.com.ph/country-needs-to-boost-sme-financing-for-asean-2015/>

⁵⁰ <http://creditinfo.gov.ph/news-events/21-national-credit-bureau-to-strengthen-smes-cooperatives>

It is worth mentioning other services that could help SMEs such as the use of technology, particularly **enhancing their connectivity** and trainings and capacity building programs for SMEs to improve their financial literacy and management capacity are also needed. Reviewing the impact of SME lending activities along with other SME programs on training and marketing is likewise needed. There is a need to ascertain if these interventions are responding appropriately to the financing issues faced by MSMEs.

“In the Philippines, where most businesses are SMBs, the sector’s share to GDP is only a little over 30 percent. In Asia, while SMBs make up between 80- to 100-percent of businesses in Asia, the sector’s contribution to their respective countries’ GDP ranges between a little over 20- to 70-percent. Among the factors to be blamed for the low contribution to GDP of SMBs in the Philippines is lack of infrastructure to allow these businesses to go online and provide their services through the Internet. This could be a small challenge given earlier announced investments by firms to improve access to the Internet in their country.

The bigger challenge in is making these small businesses aware of the huge opportunities available for them by going online. As yet, a lot of businesses do not fully appreciate that the Internet can help them efficiently to reach customers. Through the Internet, SMBs could reach not just people in the immediate area, but everyone with online access. Small businesses buy text, video and mobile ads that reach people for less than the most basic offline marketing campaign would have cost 10 years ago. “This power (the Internet) needs to be accessible to every small business, because every business can use it to make their ambitions larger.” As more and more people use mobile devices, SMBs need to make sure they could be found through those gadgets. “A lot of SMBs don’t have websites optimized to mobile devices. Everyone needs to understand that consumers have moved to mobile devices. Mobile provides tremendous opportunities for SMBs whether its the apps (applications) or the Web.” For example, at present, Google has online tools to help businesses grow such as AdWords, an advertising platform that allows an enterprise to show advertisements to individuals who type in keywords related to the products or services it offers.

The engagement of private banks in micro financing initiative has not been that much but there are some good examples of such, for example, the Planters Bank. The case of Planters Bank has proven that SME lending can be profitable and rewarding.

In more recent years, RCBC (the fourth largest universal bank in terms of capital base in the country) intensified its SME lending program by bringing in a new team of banking professionals, reviewing and instituting radical changes in traditional banking practices and processes and introducing new tools and technology that changed the way SME loans are screened, evaluated, approved and administered. As a result, its SME lending grew by 63% or over P9 billion (US\$193.3 million) in 2008 compared to P6 billion in 2006. RCBC also established a web portal (www.getaloan.com.ph), a free online self-assessment services that firms can visit to immediately find out whether their business will be eligible for a business loan with the bank. Questions

ask include basic information on the business, financial performance, credit experience, location, purpose of the loan, required loan amount, etc. Each answer is awarded specific points and those that pass and are interested in getting a loan are invited to proceed with the bank's application process.⁵¹

Traditionally, lending to SMEs is seen to entail higher risks and higher costs and the tendency is to over guarantee the loan. This thinking might thaw in light of some initiatives that are underway:

- the International Finance Corporation seeks to create an SME banking model that departs from the traditional lending approach. It focuses not only on SME banking but also stresses the importance for banks to offer and cross-sell multiple products, focus on strong marketing and adopt segmentation and product development capacity. It also emphasizes the importance of a strong management information system to support credit scoring and credit relations management. The program is currently being tested with a microfinance institution, CARD Bank.
- the Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP), a technical cooperation project of the Philippine government and the German Government has also introduced new lending technology on the provision of credit by rural banks and thrift banks to SMEs. This technology is expected to encourage more banks to intensify lending to SMEs on the basis of business viability which makes collateral requirements only a secondary consideration in providing loans.
- SMEDSEP has also partnered with the University of the Philippines through the Institute of Small Scale Industries (UP-ISSI) to institutionalize SME finance trainings for rural banks and thrift banks in the Philippines. Under this partnership, SMEDSEP will pass on to UP-ISSI the technologies on the provision of credit to SMEs by rural banks and thrift banks.

The outcomes of these initiatives would help in changing the conservative attitudes prevailing in the private banking system vis a vis financing for MSMEs.

4.3. Livelihood Programs for Sustainable Enterprise

MSME Plan. Government shall support the **transformation** of livelihood activities of the poor into sustainable microenterprises. To this end, DTI and DSWD shall collaborate in providing business development and productivity enhancement services to existing livelihood projects. With **closer collaboration between DTI and DOT, community-based and ecotourism projects will be implemented** to provide alternative and supplemental livelihood for local communities as well as help in poverty reduction, raise family income, and promote a better quality of life in the rural and far-flung areas, which are considered desirable tourism destinations.

The Department of Social Welfare and Development, with its three core anti-poverty programs; the Pantawid Pamilyang Pilipino Program (4P), the Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (Community

⁵¹ Rafaelita Aldaba. SMEs' Access to Finance: Philippines, PIDS Discussion Paper Series 2012-05.

Driven Development), and the Sustainable Livelihood Program (formerly SEA-K) provides such opportunity. The programs provide everyone that opportunity of breaking away from the cycle of poverty. For instance, the Sustainable Livelihood Program of the department aims to deliver opportunities for groups to improve their socio-economic capacity by providing capital seed funds for new entrepreneurs, thus improving their standard of living.

a) Toward inclusive growth, livelihood assistance is being provided to 4P beneficiaries. Under the 4P, 3.9 million poor households are being assisted with conditional cash transfer. The first set of households served in 2009 will be finishing from the program by December 2013. According to the DSWD Sustainable Livelihood Program Director, 150,000 of the set 1 beneficiaries have been provided with livelihood assistance. It was expected that by mid 2013, all of the set 1 beneficiaries will be covered and the program will then focus on sustainability and profitability of the livelihood projects.

The Department of Social Welfare and Developed has championed livelihood projects for poor households under its Sustainable Livelihoods Program (SLP), previously known as Self-employment Assistance Kaunlaran (SEA-K), a long standing program of DSWD and local government units. It aims to enhance the socio-economic skills of poor families through the organization of community-based associations for enterprise development. It has proved to be an effective mechanism for bridging the lives of the poor. Aptly, *organize and empower*, is the mantra of the DSWD SLP.⁵²

Under the SEA K, the DSWD and its partner agencies provides technical assistance to enrich the organizational and entrepreneurial knowledge and skills of individuals to effectively manage their micro-enterprise and their respective associations; financial assistance to their members and selected community members; enables members to access other social services, where SKAs and its members are trained on how they can access other services based on the needs through coordination and linkages with non-government organizations, people's organizations, business groups and civil society.⁵³

SEA-K is available to disadvantaged individuals who possess the following qualities (only 1 member of the family can be a SEA-K member at any one time): must be 16 years old (with adult supervision) and above; with monthly income of not more than P7,432.00 for a family of 6 members; without access to any formal lending institution; must be physically and mentally capable of implementing the micro-enterprise project being proposed; must be a resident of present community for the last 6 months, and who intends to stay in his/her community for the next 2 years; with positive work attitude; must have good relations with his/her family and community; with a good reputation in his/her community and must be concerned for the welfare of his/her family and community.

⁵² <http://www.pinoybisnes.com/finance/self-employment-assistance-kaunlaran-sea-k-program/#ixzz2uG4hjIEd>

⁵³ Ibid.

Loans are given for basic shelter and home improvement and micro enterprise. The majority of SEA K beneficiaries are women. Non-interest and non-collateral loans are given from 5,000 (minimum) to a maximum of P5,000 and maximum of P25,000 per individual member depending on the project being proposed to be paid within 1-2 year period. The funds are obtained through the City or Municipal Social Welfare Development Office in the different local government units nationwide.

In 2013, under the Sustainable Livelihood Program (SLP), the DSWD had a P1.2-billion fund for loans in the Self-Employment Assistance Kaunlaran (SEA-K) as seed capital for micro-entrepreneurs this year. The SLP-SEA-K does not discriminate if a borrower is a beneficiary of other DSWD programs like the Pantawid Pamilya Pilipino Program (4Ps). 48,525 4Ps beneficiary-households have been given seed capital loans amounting to P388,726,674 from the SEA-K fund from January to July 2013. P57,341,250 was issued to SEA-K borrowers from non-4Ps households given in the same period. "Target participants of the program are poor families enlisted in the National Household Targeting System for Poverty Reduction (NHTS-PR), prioritizing Pantawid Pamilyang Pilipino Program beneficiaries. Borrowers undergo social preparation and capacity-building workshops before deciding what livelihood to venture into. Under the SEA-K loan facility, a participant who decides to start a micro-enterprise may avail of a non-interest loan up to P10,000, payable within one to two years; and the amount will vary based on the nature and proposed budget of the micro-enterprise. Families affected by Tropical Storm Maring and other types of disasters may access the SLP through the DSWD regional offices in coordination with the city/municipal social welfare and development offices.⁵⁴

b) The One-Step Project.⁵⁵ Families participating in the Conditional Cash Transfer program, aka Pantawid Pamilya families will be linked to tourism destinations where their products may serve as high-quality food supply and commodities for tourists. This is expected to give them livelihood and employment opportunities within an "inclusive tourism economy." The project is being supported by USAID through its project Advancing Philippine Competitiveness or COMPETE, which prioritizes tourism as a key competitive industry in the Philippines. DOT and DSWD will identify pilot sites for the expansion of socio-economic activities in communities where the tourism industry can be further developed. The project will also develop a Poverty Reduction Roadmap through Tourism Development for 2013-2016. Studies on supply chain requirements for products and services by tourism enterprises will serve as basis for the skills and livelihood programs. Research will be conducted for the selection of pilot communities and other activities for documentation, publication and dissemination of case studies for replication.

⁵⁴ <http://www.philstar.com/headlines/2013/09/01/1156981/dswd-offers-loans-micro-entrepreneurs>

⁵⁵ www.dswd.gov.ph/2013/08/dswd-dot-usaid-ink-agreement-to-create-livelihood-for-pantawid-pamilya-families/#sthash.b1lvqT2j.dpuf

Notably the USAID stated that there will be a Joint advocacy program for the protection of women and children through the Child Wise and Gender Development Programs. It will include the provision of accessible facilities and services to the physically challenged visitors and community members.

c) Public-private partnerships are consciously harnessed to promote sustainable livelihoods. For example, there is a memorandum of Understanding between the DSWD, DOT and USAID for the creation of livelihood opportunities for Pantawid Pamilya beneficiaries. The partnership was formalized for the implementation of the above mentioned One Step project. Similar partnerships have been forged by DSWD with corporate social responsibility programs like the Ayala Foundation Inc. (AFI) and non-government organizations such as the Tulong sa Pag-unlad Inc. (TSPI) and ASHI. AFI's key programs are geared toward education, youth and leadership, cultural heritage and sustainable livelihoods and are in common with DSWD programs. AFI envisages gainful employment for the beneficiaries in Metro Manila, Batangas, Palawan, through various labor-intensive projects. AFI is also committed to the training of the 4P beneficiaries for livelihood and development and eventually provide market opportunities to promising entrepreneurial beneficiaries.

For its part, TSPI will provide micro finance services with credit and micro finance services, credit and savings schemes, new repayment models, and the Sustainable Livelihood Program will bridge the micro enterprises toward self sufficiency. Another NGO called ASHI is partnering with DSWD. Its focus is in agriculture and rural areas and also provides micro finance assistance to 4P beneficiaries.⁵⁶

c) Philippine SMEs can take advantage of Private Sector Participation in Managing the Environment (PRIME) project sponsored by the United Nations Development Program and implemented by the Department of Trade and Industry and the Department of Environment and Natural Resources. Its four modules strengthen the private sector as mobilizers of resources for the environment. Module 1 encourages industry associations to adopt individual industry environmental charters and action plans. Module 2 promotes a new, environmentally aware business strategy within industrial estates using the principle of "closing the production loop". Module 3 introduces SMEs to the possibility of implementing Environmental Management Systems (EMS) in their respective companies. Module 4 encourages investments in environmental services and products. Philippine SMEs can also avail of loans specifically for environmental projects from the Development Bank of the Philippines.

Assessment

The Philippines is a nation of nano enterprises. What is often referred to as micro enterprises are actually minuscule enterprises or livelihood projects to meet the subsistence needs of the family. Often, these livelihood projects are initiated by

⁵⁶ <http://www.dswd.org.ph/2013/04/dswd-build-private-public-partnerhsip-for-sustainable-livelihood/#sthash/Z2MbF47a.dpuf>

women. These livelihood projects fall way below the cap of 3 million peso asset base and 1-9 employees criteria to be classified as MSME.

Widespread poverty has spawned numerous livelihood projects, some of which are not sustainable. Sheer necessity has created a pool of livelihood projects that do not necessarily level up and graduate into sustainable enterprises. Some of them collapse at the slightest shock, pushing the owners into further poverty. The current reform brings together various relevant agencies to bring their enterprise/livelihood development services to nurture the livelihood projects and bring them to scale and evolve into sustainable enterprises.

Livelihood programs have been in the Philippine social development scene for the longest time. Reforms at the DSWD has brought it a new lens nurturing livelihood projects as it considers sustainability more deliberately. What differs in the current generation of livelihood programs is the **conscious** effort to a) pool together resources of various line agencies to aid in poverty reduction and micro enterprise promotion in a **strategy of convergence**; b) conscious effort to drive micro enterprises toward sustainability instead of remaining as mere subsistence undertakings and c) the use of livelihood and micro enterprises as a compliment to the Conditional Cash Transfer or 4Ps program and d) the emphasis on inclusive growth and 3) use of public private partnerships. For example, the One Step project will pool resources from the communities, the public and private sectors. Other agencies are DTI, DA, DPWH and NAPC. The inclusive tourism model will be re-introduced to the communities in partnership with the regional offices, local government units, private sector groups, non-government agencies and people's organizations. The agencies will closely coordinate with LGUs from the pilot communities for project conceptualization, sustainable implementation, monitoring and impact evaluation.

The DSWD leadership is visible and clear minded in its conviction to organize and empower the poor. Aligning livelihood programs with the national priority for agriculture and the underscoring the need to invest in agriculture and the rural sector is certainly an appropriate strategy.

The above reforms were long overdue and the call for such reforms have been repeatedly made. What is new is putting political will behind it and making the reforms happen. Harvesting from the pool of sustainable livelihoods to be taken to the next stage of enterprise development requires conscious efforts to nurture them. DSWD and DTI need to coordinate closely to ensure that this band of high growth potential livelihoods are properly served. At the moment, DTI is preoccupied in serving the MSMEs and could be missing out on the "nano-enterprises" which is currently the domain of the DSWD.

Also, micro entrepreneurs and workers in the informal economy, mostly women, have on their own organized themselves. For example, there is HOMENET Philippines, of which *Pambansang Tagapag-ugnay ng Manggagawa sa Bahay* (PATAMABA) is a member. HOMENET is a network of home based workers who operate as self-employed micro entrepreneurs and/or subcontractors that have been formed with ILO

support in the late nineties. They participate in policy dialogues and discussions on food security, impact of the crisis on women, impact of trade liberalization, and other national concerns. Similar such women and micro entrepreneur groups exist. Deliberate efforts can be taken to support and level up their organizations and enterprises. Clearly, this is an area for collaboration between DSWD and LGUs. In fact, there is a regional network called HOMENET Southeast Asia that addresses and advocates for women empowerment and social protection at the regional level. APEC and ASEAN should initiate the engagement of these women's groups inclusion in regional discussions and development dialogues.

4.4. Increased enterprise among Overseas Filipinos. Promote Entrepreneurship among OFs (Overseas Filipinos)

***MSME Plan.** A more aggressive campaign to tap OFs as sources of capital shall be pursued. Government shall utilize media and various forums, including presidential and official trips, in encouraging entrepreneurship among OFs and/or their dependents. DTI and DOLE shall review and strengthen existing programs and consider ways to maximize the brain gain derived by OFs from foreign deployment. The DFA, DOLE, DOF, Commission on Filipinos Overseas, and the Bangko Sentral shall conduct financial literacy campaign overseas to educate and orient OFs regarding their investment and remittance options which may include special bond issuances and related financial instrument.*

SME promotion among overseas Filipinos has been in the works for the past two to three decades. Initially, this was occasioned by the massive return of Filipinos from their work abroad due to various reasons including the Gulf crisis, the Arab spring, nationalization policies, and political and civil unrest. The urgent need for economic options is heightened when OFs return to the country, especially if this is a forced return. Thus, the Philippine government had set up the program for the National Reintegration of Migrant Workers and an institution to implement such a program, the National Reintegration Center for Overseas Filipinos (NRCO). More than this, there was growing recognition that while overseas work had its social costs, there are benefits to be maximized. These can be done in a number of ways:

a) **Mobilizing remittances for microfinance.** Remittances of overseas Filipinos continue to grow over time. “Cash remittances reached \$14.5 billion or a 5.9-percent increase from January to August 2013 compared to the same period last year. A sustained influx of remittance was observed from both land-based and sea-based workers with \$11.1 billion and \$ 3.4 billion, respectively.”⁵⁷ For the full year 2012, the OFWs remittance is more than 21 billion US dollars equivalent to 8.5 % of the country’s gross domestic product for 2012. A current advocacy of government is to utilize these remittances for micro financing.⁵⁸

The BSP noted that personal remittances exceeded the \$2-billion mark for fifth consecutive month in 2013. ...The central bank attributed the sustained expansion in remittance flows to the 5.5-percent growth in transfers from land-based OFWs with

⁵⁷ <http://manilatimes.net/ofw-remittances-up-7-4/45330/>

⁵⁸ <http://www.philstar.com/business-usual/2013/08/19/1105441/ofw-expo-set-mobilize-funds-pinoys-abroad>

work contracts of one year or more, whose remittances comprised about three-fourths of the total. Meanwhile, OF remittances from both sea-based and land-based workers with short-term contracts recorded an expansion of 7.4 percent.

With 542,367 approved job order for January to August 2013, mainly for Saudi Arabia, the United Arab Emirates, Kuwait, Taiwan, Hong Kong and Qatar, more remittances can be expected. Processed workers' contracts at POEA reached 1.16 million for the first semester of 2013. Also, more bank and nonbank remittance service providers are increasing their international market coverage through tie-ups and establishment of remittance centers abroad to capture a larger share of the global remittance market.

Measures are being taken to mobilize remittances are being taken and these are work in progress.

Overseas Filipinos Diaspora Remittances for Development: Building a Future Back Home (OFs-ReD Project) (Philippines)

With sponsorship from the Western Union Foundation, the UNDP as the channel of such funds, the National Economic Development Authority and the Commission on Filipinos Overseas partnered in a pilot project to harness the potential of overseas remittances for poverty reduction and local economic development. The project aims to support policies that transform overseas remittances for development, savings and investment and build up viable collective remittance fund. The collective remittance models identified are migrant savings and investment schemes into cooperatives, rural banks, microfinance institutions and social enterprises.

The project is implemented with the provincial government of Ilocos Norte and Taguig City. Under the project, the funds remitted collectively by OFs will be matched by funds from the WUF and by the local government. LGU engagement is vital to the project- the Governor of Ilocos Norte has shown commitment to the project and has mobilized its various offices i.e. the Millennium Development Goal office, the Provincial Social and Development Office (PSWDO) and the Provincial Planning & Development Office (PPDO) to support the implementation.

Civil society and the private sector such as rural and state banks, MFIs, business and NGOs are among the partners. For training on savings, investment and entrepreneurship, the project involved the two NGOs, Unlad Kabayan and Atikha, and possibly tie up with the PinoyWISE Project. Other partnerships are sought with local OFW associations and research institutions such as the Mariano Marcos State University and the National Christian Colleges. The latter have committed to the provision of business development services and mobilization of alumni to help in the project. The project began on January 1, 2010 and was to end on December 21, 2012, with a budget of 3 million pesos.⁵⁹

⁵⁹ <http://www.migration4development.org/content/overseas-filipinos-diaspora-remittances-development-building-future-back-home-ofs-red-project>;
http://www.ifad.org/remittances/events/2013/globalforum/resources/Nicolas%20_8_1.pdf

In March 2012, a Migration and Development Council has been established by provincial ordinance and a multi-stakeholder Memorandum of Understanding was signed by the different stakeholders. A capacity assessment for remittance related partners was conducted, including local governments, government banks, commercial/private banks, rural banks, microfinance institutions, money transfer and remittance agents, civil society organizations, and researchers. Trainings and workshops have been conducted for local authorities, migrants and NGOs.

b) **Entrepreneurship as an option for OF and their families**

Many OFW families have free time and excess money that they can use as investment in small business enterprises. What they need is information on business and investment opportunities. Examples of efforts to promote entrepreneurship among OF are cited below,

1) An NGO known as *Unlad Kabayan* clearly demonstrated OF entrepreneurship as an option. Unlad Kabayan was established in 1995 to implement the Migrant Savings for Alternative Investment (MSAI) scheme which it started doing in 1996. The scheme was formulated by the Asian Migrant Centre in 1994 to empower migrant workers and it encouraged them to save and establish savings associations (Saving and Investment Groups or SIG). Migrants were encouraged to invest their savings in their hometowns and generate jobs at home which migrants could return to in case their work contracts are prematurely terminated. MSAI evolved as a strategy due to the inefficacy of traditional responses like counseling, case management, legal, paralegal assistance, language lessons to migrant workers, etc. MSAI has turned into a strategy for local economic development.

To date there are 700 small entrepreneurs from savings and investment groups in seven countries. The average savings of SIGS is PHP 50,000 per member. **SIGS are predominantly made up of women (64 %) who are 25-35 years old on the average.** UK helped build up hundreds of enterprises and developed entrepreneurs like Elsa Belarmino who worked as a caregiver in Taiwan and used her earnings to finance a sari sari store in her home ran by her mother. This was after she attended the MSAI trainings with UK.

Then she saved up money to be able to go home to the Philippines and start her own business, a floundering rice mill which she bought and revived. On return to her hometown, she ventured into hog raising, selling agricultural inputs and leasing of farm machinery. She continues to attend the UK-MSAI trainings. After ten years, Elsa's children have graduated from college and her 7 year old boy is enrolled in a good school. She has built a house for her mother and she continues to run her business profitably.⁶⁰

2) The *Pamilyang Overseas Filipino Workers-Small and Medium Entrepreneurs Network Foundation, Inc.*, a private sector organization, organizes events such as the Handog sa Pamilyang Filipino: Jobs and Livelihood Expo 2013 to encourage OFWs

⁶⁰ www.businessmirror.com.ph/27995-migrant-worker-advocate-heads ngo-teaches

to engage in productive activities. The expo theme “Linking and Empowering the Pamilyang OFW and MSMEs through Media and Social Networking.” The objective of the event is “to make the country’s more than 10 million OFWs and their families, the 800,000 plus MSME families as well as those involved in the overseas employment, micro, small and medium enterprise industries aware of the various jobs, livelihood, investment and business opportunities being offered by the private, government and NGO sectors.

c) **Financial literacy for Overseas Filipinos.** Financial inclusion is a thrust in the Philippine Development Plan. The Philippine government launched a major effort toward financial literacy in October 2013 - the three-year “Joint migration and Development Initiative” (JMDI Phase II) The Philippines is one of eight countries chosen by the European Union, the Swiss Federal Department of Foreign Affairs, and the Swiss Agency for Development and Cooperation, as part of the global JMDI Phase II worth 430 million pesos. It commenced in the last quarter of 2013. Other countries in this global initiative are: Nepal, Morocco, Tunisia, Senegal, Ecuador, El Salvador, and Costa Rica. Local implementers are the United Nations Development Program, International Organization for Migration, International Labor Organization, United Nations High Commissioner for Refugees, United Nations Fund for Population Activities, and the United Nations Entity for Gender Equality and the Empowerment of Women.⁶¹

JMDI 2 is focused on teaching financial literacy and entrepreneurship skills among overseas Filipino workers (OFW) and their families and seeks to highlight the contribution of migration for development at various local levels, with the Philippine government strengthening “conduits of remittances for development” and “remittances as investments” at the regional, provincial, and local government levels. The Commission on Filipinos Overseas (CFO) is the main coordinator, overseer, and monitor of JMDI 2 in the country. It partners with the regional offices of the National Economic Development Authority (NEDA), the Regional Development Councils, and other local entities such as locally based non-governmental organizations, academic institutions, private sector organizations, the Union of Local Authorities of the Philippines (ULAP), and the Local Government Academy.

The Philippine JMDI 2 is expected to be piloted in top senders of OFWs such as Region I (Ilocos Norte, Ilocos Sur, La Union, and Pangasinan), Region IV-A (Cavite, Laguna, Batangas, Rizal, and Quezon), and Region XII (Compostela Valley, Davao del Norte, Davao del Sur, and Davao Oriental).

The JMDI 1, implemented from 2008 to 2011, showed the central role that local authorities play in bringing sustainability and reinforcing the impact of migration and development initiatives. JMDI 2 highlights the strong need to anchor migration and development interventions with local authorities as the main institutional actors, in partnership with civil society organizations.

⁶¹ Ibarra Mateo. <http://www.gmanetwork.com/news/story/330330/pinoyabroad/news/ofws-and-their-families-to-be-taught-financial-literacy-entrepreneurship> taught-financial-literacy-entrepreneurship OFWs and their families to be taught financial literacy, entrepreneurship

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Prior to JMDI, NGOs have embarked on a financial literacy campaign for overseas Filipinos. For example, Atikha, an NGO, has been making the rounds of OFWs in Europe to conduct financial literacy programs. It initiated the *Pinoy Wise (Worldwide Initiative for Savings and Investment and Entrepreneurship)* that links financial education to concrete savings and investment programs of selected cooperatives, microfinance institutions and social enterprises, insurance companies, banks and other agencies in the Philippines. It encourages Filipinos to save and invest wisely to enable successful reintegration and ensure well being of migrants and their families in the Philippines.

In 2012, Pinoy WISE became a network of national and local government, government financial institutions, agriculture-based cooperatives, rural banks, microfinance institutions and NGOS involved in financial education, investment mobilization and trade & tourism promotion for migrants and their families. This network includes Atikha, the OWWA, ULAP, DA, DILG, chambers of commerce and several local government units, especially provinces.⁶²

Another notable initiative is the *Leadership and Social Entrepreneurial (LSE) Training Program* designed to impart overseas Filipinos with leadership qualities, as well as financial literacy and social entrepreneurial skills. It is designed to empower OFWs to view themselves as leaders and as agents of positive change and transformation. It aims to improve migrant workers' economic security while abroad, for their retirement, or for reintegration in the Philippines. By nurturing participants' entrepreneurial spirit, the program provides an opportunity for OFW to have additional sources of income while being able to serve their community. This program will run at the Hague over 14 sessions from September 2013 to March 2014. It is a collaboration of civil society organization, government and academic institutions: Ateneo School of Government, Overseas Filipino Society for the Promotion of Economic Security (OFSPES), Social Enterprise Partnerships, Inc., Ugnayan at Tulong Para sa Maralitang Pilipino Foundation, DOLE-POLO, OWWA, CFO.⁶³

Assessment

Much has been said by social analysts about the social costs and benefits of migration. Physical abuse of Filipino women, rape, sexual harassment, exploitation by employers and even by the Filipino labor attaches. Notwithstanding the costs, women in migration has persisted and there are good stories of success and prosperity. The debate over migration has settled toward making the most of migration for national development in light of the jobless growth that the Philippines has had for the past four decades.

Intellectually, the Philippines has long realized that migration can and must be harnessed for development. Putting this notion into practice is the challenge. Programs for OFW and the returning migrant workers have been instituted under the aegis of the DOLE and its attached agencies such as the Overseas Workers Welfare Administration and the National Reintegration Center for OFs. In the last three years, there is an emerging vibrancy in the migration for development scene. Much of the spirit comes from the unrelenting work of civil society in collaboration with the OFs

⁶² www.migration4development.org/content/pinoy-wise-worldwide-initiative-savings-investment-and-entrepreneurship-philippines

⁶³ <http://thefilipinoexpat.com/how-to-nurture-leadership-and-entrepreneurship-in-migrant-worker-society/>

themselves. In truth, it is the private sector i.e. business, NGOs and OFs that should drive entrepreneurship. For government's part, the main role is to create the enabling environment and the practical models to show OFs the way. The pilot projects mentioned above endeavor to build these models. The results of measures in this sphere are showing some fruit but scaling up the pilot projects and increasing the engagement of LGUs are two challenges to be tackled. Also, the OF enterprises could be the springboard for more 'global market-ready enterprises' given their exposure to the world outside the Philippines. DTI could show the way to export markets. For example, the Unlad Kabayan had done it in their coco coir production in Cagayan de Oro; they now export to China and other countries.

Conclusions

"Behind the border" reforms toward enhancing economic opportunities for women is work in progress during the Ninoy Aquino leadership. Many of the reforms are being put in place and their impacts on job generation and inclusive growth are yet to be seen. The current increment in national growth rate and the upgrading of the global competitiveness and financial ratings could be signs that the structural reforms are making a difference. In the recent Philippine Development Forum, the country director of the World Bank said that the Philippines is no longer the sick man of Asia. More positively, he states that it is now the rising tiger. The fight against corruption is being waged with determination and it is paying off. Transparency is improving everywhere in government. There is macroeconomic stability and the fiscal situation of the government is sound and improving. (**Motoo Konishi** World Bank Country Director for the Philippines)

Structural reform is a process. Philippine reforms for inclusive growth, especially in respect of enhancing women's economic opportunities are at work and hopefully would bear good fruit. The reforms are refreshing considering that the Philippines has been in the economic doldrums. But one cannot be joyful too soon as the proof of the pudding is in the eating. The results must show and there are continuing challenges.

Broad based reforms stand to benefit women's economic opportunities to the extent that they make the business environment more enabling. These reforms include: 1) significant infrastructure improvements; 2) improvement of the environment of the environment for the private sector to generate jobs, especially in agriculture and tourism and the 3) the matter of restoring manufacturing as a job generation strategy needs to be further thought out and if possible, put into practice.

At the MSME front, there are challenges to be tackled:

- Preparing the young women of tomorrow
- Engaging Local Governments to facilitate BDS Support. Business development services (BDS) needs significant re-enforcement especially for women entrepreneurs in the rural areas. This is where DTI projects like the RuMEPP play a role.
- Greening enterprises and shift them for sustainability
- Support for Micro entrepreneurs and workers in the informal sector

- The Data Challenge. Determining how many women entrepreneurs have received firm level support would be difficult due to the lack of data; tracking how many women owned enterprises have obtained support and assistance is a huge task. This is a function that local development officers can perform. But at present, this is work to be done.
- From pilots to nationwide scaling up. “For most SMEs, scaling up is key to their survival in an increasingly competitive environment.” The Philippines is one of those countries with an SME sector having problems moving up. SMEs should not only focus on surviving, but ensuring they move up in their operations, markets, technology and employment.⁶⁴

⁶⁴ <http://www.sunstar.com.ph/cebu/business/2013/11/10/financing-gap-smes-huge-313102>

ABBREVIATIONS

ABAC	APEC Business Advisory Council
ANSSR	APEC New Strategy for Structural Reform
BDS	Business Development Services
BMBE	Barangay Micro Business Enterprises
BSP	Bangko Sentral ng Pilipinas (Central Bank).
CEDAW	Convention on the Elimination of Discrimination Against Women
DTI	Department of Trade and Industry
DOLE	Department of Labor and Employment,
DOST	Department of Science and Technology
DA	Department of Agriculture
DENR	Department of Environment and Natural Resources,
GEM	Global Entrepreneurship Monitor
IAP	Individual Action Plan
MCW	Magna Carta of Women
MSME	Micro, Small and Medium Enterprise
NCAPEC	National Center for APEC
NEDA	National Economic Development Authority,
OTOP	One Town One Product
PPWE	Public-Private Partnership on Women and the Economy
PSU	APEC Policy Support Unit
SBGFC	Small Business Guarantee and Finance Corporation (SBGFC)
SMED	Small and Medium Enterprise Development Council
SMEWG	SME Working Group
SMES	Small and Medium Enterprise
WEF	Women and Economy Forum

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Annex 1

Inventory of Directions from the WEF Ministerial Statements

Facilitating Access and Create an entrepreneurial culture

- 2013 Greater collaboration to **remove constraints** and restrict women from realizing their full potential (2013)
- 2012 Promote **ICT skills and capacity building** for women and girls
Improve **access to capital, markets, capacity and skills building** and women's leadership (2012)
Promote equal access to technology, including mobile phones and Internet, especially in rural and indigenous regions (2012)
- 2012 Increase **access to information on intellectual property rights** and promoting the patenting ability for women-owned enterprises
- 2011 Foster an equitable participation of rural and indigenous women, and social enterprises, increasing their access to opportunities;
Encourage empowerment of women and **remove discriminatory practices** that inhibit women's capacity and ability to build their skills
- 2011 Encourage upcoming generation of women leaders
- 2012 Support the UN Women and United Nations Global Compact - Women's Empowerment Principles;
- 2012 Support women's full financial inclusion, which includes access to financial services, savings accounts and loans through cooperative efforts made by public-private partnerships and cross-fora/cross-field events in the APEC region;
- 2012 Support women-owned SMEs and micro-enterprises to **overcome barriers** to accessing domestic and international markets by encouraging corporate and government supplier diversity and inclusion policies and practices for women;

Policies for creating an entrepreneurial culture and/or women friendly workplace environment

- 2012 Incentivize the private sector to invest in the empowerment of women throughout their business operations, supply chains, senior management and decision making roles, and corporate social responsibility programs (2013)
- 2013 Identify and encourage legislation, regulations and measures to increase women's access to ICT
- 2012 Develop policies that support **equality of access to the tools women need to be innovators** and business leaders in their societies (2012)

- 2012 Establish return to work programs for women who have been out of paid employment for a period of time
- 2012 Advocating for gender equality in pay in all professions;

Representation

- 2011 Make a concerted effort to include at least one woman in their ABAC membership;
- 2011 Take a proactive approach and work together as necessary to increase the representation of women in senior management positions, including on corporate boards and equivalent public sector organizations
- 2012 Promote gender balanced representation in universities and research centers (in particular science and technology research centers), and women's participation in research and innovation activities
- 2012 Encourage female entrepreneurs, engineers and scientists' participation in the different stages of disaster management, in the sphere of innovative green technology to achieve a sustainable economy
- 2013 Encourage public and private sectors to increase the female representation on boards, and in senior management position and leadership, and to publicize results.

Safety Nets

- 2013 Promote effective and fiscally sustainable social safety net programs

ACTIONS

Studies, Research and Analysis

- 2011 Conduct a survey on **best practices that support entrepreneurial counseling and training opportunities** that are offered at the economy level and that target women including entrepreneurs and business owners, rural and indigenous women

Inventory of good business models for women in small and micro enterprises
- 2011 Conduct workshop to share best practices on how economies use technology such as Internet communications or mobile technologies to train women and business owners

- 2011 Incorporate a gender analysis, as appropriate, into existing capacity and skills building and SME assistance programs,
- 2012 Assess the role of women and their contribution to the economy, and current programs and policies to further women's participation (2012)
- 2012 Analyze women's participation in innovation, business and social aspects of the economy (2012)
- 2013 Identify and remove legal and regulatory barriers to women's property and asset ownership and ability to sign contracts.
- 2012 Accumulate research and case studies, which illustrate the positive impact that women's leadership has on economic prosperity and business competitiveness.

Collect and analyze sex-disaggregated data on microenterprises and SMEs to inform policy and program development (2013)
- 2013 Information sources on technical resources and best practices for APEC economies stakeholders to further advance women's full economic participation
- 2012 Identify discriminatory legislation, regulations and measures against women related to business operations, access to markets, ownership of assets, access to capital, and social protection (2013)
- 2013 Examine and promote laws, training programs, workplace codes of conduct and social infrastructure to encourage the availability of parental leaves, maternity protection measures, and childcare.

Information Exchange

- 2011 Promote best practices in encouraging girls and women in mathematics and science education
- 2013 Share information and promote successful projects implemented by a young female entrepreneurs, scientists and engineers
- 2012 developing greater information sharing on women's participation in the Asia-Pacific region and programs APEC economies have taken to further women's economic participation
- 2012 Share results and best practices of furthering women's leadership among APEC economies

- 2012 Promote women's leadership, succession planning, and target setting in both the public and private sectors, including promoting women's representation on public and private sector boards;
- 2012 Promoting a **dialogue within APEC economies on the need for work-life balance**, and the sharing of best practices within and among economies, and especially with our private sector partners, can promote acceptance within economies of the need for and benefits of policies that promote work-life balance.
- 2013 Share best practices** and address concerns on infrastructure and workplace conditions to meet the needs of both women and men, and that enables women to participate fully and equally in the economy.
- implementation of workplace and community mechanisms required to increase women's participation in the labor force, across all major sectors, including paid parental leave and access to flexible work practices;
 - opportunities for flexible work arrangements such as: home-based or part-time jobs; flexible work hours and family leave policies for both mothers and fathers;
 - women in technology jobs, which are well-suited for work-life balance due to flexible hours and location;
 - knowledge of skill requirements for certain jobs and access to education and skills training;
 - access to labor market information;
 - the importance of shared household responsibilities and family care to achieve better work-life balance for men and women;
 - the launching of a comprehensive campaign geared towards the public and private sectors on the importance of investing in measures to further healthy lifestyles and prevention of non-communicable diseases for both women and men for the individual and collective health and welfare of the region;
 - improved access and affordability of women's health care services, which includes maternal, reproductive, and child healthcare needs;
 - the education of policymakers about the importance of women's health;
 - the identification of best practices of a family-friendly workplace and gender diversity in the workplace, in both SMEs and large enterprises, through establishing annual awards;
 - awareness of the issue of domestic violence and its impact on women's economic and social well being;
 - the elimination of all forms of violence and discrimination in the workplace, while also establishing workplace supports for survivors of gender based violence.

Capacity Building

- 2011 Mentor and develop the capacity of women business owners to grow and ` access new markets, and equip large public and private sector organizations to source from women suppliers
- 2013 Build capacity** promoting access to market-oriented training, education, mentoring and market information for women, in particular young women, to increase their ability to start and expand their own businesses.
- 2011 Train the people who deliver programs on how to conduct gender equality analysis, so they can be more sensitive to and understand the different challenges faced by men and women;
- 2011 Provide vocational training/retraining and capacity building programs and mentoring services for young female entrepreneurs (2012)
- Create digital training opportunities and innovative programs for women in rural areas and indigenous communities
- Provide accessible online business enterprise skills and business mentors for women at all growth phases of business encouraging innovation and creativity;
- Provide scholarships for women to undertake vocational and higher education and training in science, research and business innovation; and
- 2012 Develop resources to support the ability of women entrepreneurs to start and grow SMEs including: networks, information, training, technology, and inclusive procurement practices

Awareness raising and Advocacy

- 2011 Raise awareness within APEC economies about the favorable effects of gender diversity initiatives on economic growth and corporate competitiveness by identifying and disseminating best practices from private and public sector
- 2011 Publicize the economic benefits gained from work life balance, implementing gender equality standards in private and public organizations, diversified leadership teams, and other measures for women's empowerment, through APEC outreach and workshop activities, involving leaders from the public and private sectors;
- 2012 Inform the general public of the importance of equal rights and opportunities;
- 2012 Promote disclosure of gender diversity in individual companies within individual economies;
- 2012 Acknowledge the achievements of regional women innovators. This could include creating a female inventors innovative idea database

2011 Promote a mindset for employers to recognize the benefits of the re-entry of mothers into the labour force.

Networking

2013 Hold regular conferences and online business working groups to establish easily accessible business contacts and provide conditions for partnerships and business opportunities in the field of innovation

2012 Hold annual conferences for creating a multi-layered international network among public and private sectors, non-profit organizations, individuals, and international counterparts

Annex 2

Table 1. Historical Timeline

Timeline	
<p>2013 6-8 September 2013 3rd Asia-Pacific Economic Cooperation-Women and the Economy Forum (APEC-WEF) in Bali, Indonesia</p> <p>As one of its initial activities, the APEC-WES NOC will attend the WEF in Bali from September 6 to 8, 2013.</p>	<p>“Women as economic drivers” - a follow up to the Women and the Economy Summit 2011 in San Francisco, and the WEF 2012 in St. Petersburg.</p> <p>DTI is the lead government agency in the country’s hosting of the APEC-WES in 2015, the DTI has recently collaborated with a local women’s private sector organization</p> <p>To oversee all details required for the APEC-WES, a National Organizing Committee (NOC) was established through a memorandum of agreement recently signed by the DTI, Philippine Commission on Women (PCW), and the Women’s Business Council Philippines, Inc. (#WomenBiz.ph).</p>
<p>2012</p> <p>March 2012 APEC Leadership Forum on Women: Powerhouse for Economic Growth which convened in Yokohama, Japan, in March 2012 - first initiative to begin implementing actions called for in the San Francisco Declaration, focusing on women’s leadership.</p>	<p>Delegates acknowledged that women’s leadership had become one of the most promising powerhouses for economic growth and is required to set up an inclusive environment, which enables women to rise to leadership roles; reaffirmed the significance that collective actions can have on addressing barriers to opportunities for women’s leadership that create a “virtuous circle” where the four elements of women’s leadership: <i>individual mindsets; institutional mindsets; organizational obstacles; and work-life balance challenges</i>, positively</p>

<p>June 2012 Second meeting of PPWE in June 2012, St. Petersburg, Russia</p>	<p>reinforce one another.</p> <p>Member economies presented individual action plans at St. Petersburg, Russia based on the four priority areas identified at the 2011 Meeting; exchanged views on how best to pursue its eight tasks</p>
<p>2011</p> <p>The APEC Policy Partnership on Women and the Economy (PPWE) provides a mechanism to integrate gender considerations into APEC activities. It also provides policy advice on gender issues and supports gender equality where relevant to the APEC process.</p>	<p>Women and the Economy Summit in San Francisco, USA in Sept 2011. Adoption of the San Francisco Declaration- significant milestones in convening the public and private sector to discuss the significance of women’s economic potential; identifying key barriers which limit women’s economic participation, access to capital, access to markets, skills and capacity building and women’s leadership, and calling on APEC economies to take concrete actions to reduce these barriers.</p> <p>PPWE was established at the second Senior Officials’ Meeting in May 2011 held at Big Sky, Montana, the United States. It combined the former APEC Gender Focal Point Network (GFPN) and the private sector-oriented Women’s Leadership Network (WLN) – creating a single public-private entity to streamline and elevate the influence of women’s issues within APEC.</p>