

Comments on Senate Bill No. 761 TO INSTITUTIONALIZE THE SHARED SERVICE FACILITIES (SSF) PROJECT FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) BY AMENDING REPUBLIC ACT NO. 6977 OTHERWISE KNOWN AS THE MAGNA CARTA FOR SMALL ENTERPRISES AS AMENDED BY REPUBLIC ACT NO. 9501 OTHERWISE KNOWN AS THE MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES

Prepared by Francis Mark A. Quimba¹
19 February 2023

1. Strategies to support MSMEs are necessary and it is important for the government to institutionalize projects and programs in order to ensure sustainability.
2. There are programs in other countries that are similar to Shared Service Facilities (SSFs) in the Philippines these programs provide shared access to equipment, technology and services to support the growth and competitiveness of small and medium-sized enterprized in various industries. Thailand, Indonesia, Malaysia and the United States have different types/modes of SSFs.
3. As to the question of who should provide SSFs for MSMEs, the answer depends on various factors such as the country's economic structure, government policies and the specific needs of the MSMEs. We can learn from the experience of other countries.

In the case of Thailand and Indonesia, the governments provide funding to MSMEs organizations to establish their own SSFs. This approach can be effective in promoting entrepreneurship as it empowers MSMEs to take ownership of the facilities that they use. However, these may require more resources to oversee and regulate the various SSFs established by MSME organizations and there may be issues with coordination and consistency in quality.

In Malaysia, the government provides shared services centers for various industries, including information technology, finance and logistics. This approach can be more efficient in terms of resource allocation and standardization, as the government can pool resources to establish larger, more comprehensive shared facilities that can serve multiple SMEs. However, this may be less flexible and responsive to the needs of individual MSMEs.

Thus, the choice of who should provide SSFs depends on the specific context and needs of the SMEs being served. It is important to consider the different approaches and evaluate which one is most effective in promoting the growth and competitiveness of MSMEs. A detailed study should be conducted in order to address the appropriate mode of providing SSFs for MSMEs.

¹ Dr. Francis Mark A. Quimba, Senior Research Fellow at the Philippine Institute for Development Studies (PIDS)