



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



COVID-19
RESPONSE



Outlook and Trends for Philippine MSMEs in the Evolving Business Landscape

STRENGTHENING RESILIENCE OF WOMEN AND
YOUTH-LED MICRO-, SMALL AND MEDIUM-
SIZED ENTERPRISE (MSMEs) IN THE CREATIVE
INDUSTRY IN THE PHILIPPINES FOR
IMPLEMENTING THE 2030 AGENDA FOR
SUSTAINABLE DEVELOPMENT

Policy Workshop

Discovery Suites
26 May 2022

A Pandemic in the 21st Century



The COVID-19 outbreak has placed a tremendous strain on societies and economies around the world.



Philippine healthcare system was put under immense pressure.

Response Measures

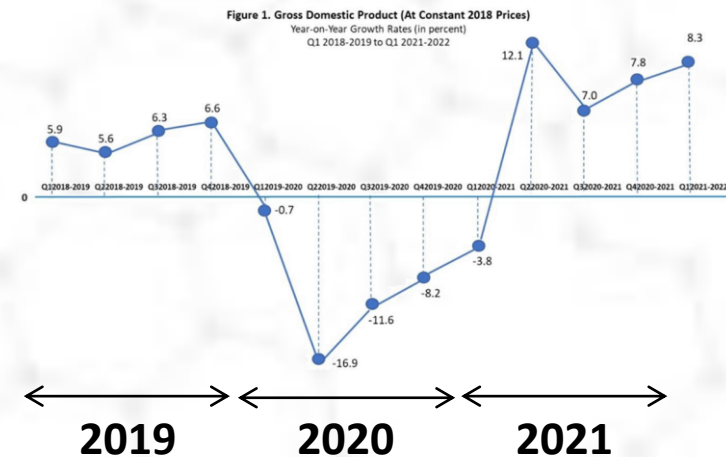
- concerted efforts around urgent health concerns
- enhanced community quarantine (ECQ)



Socio-economic Disruptions

- endangering employment, livelihood, and income-generation
- issues around food security and safety, nutrition, and education

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Micro-, Small-, and Medium Enterprises

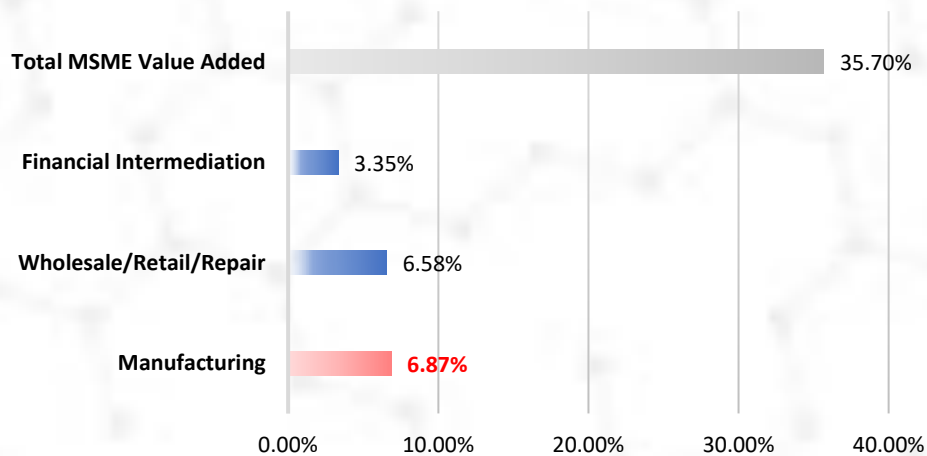


MSMEs comprise **99.5%** of total Philippine enterprises.

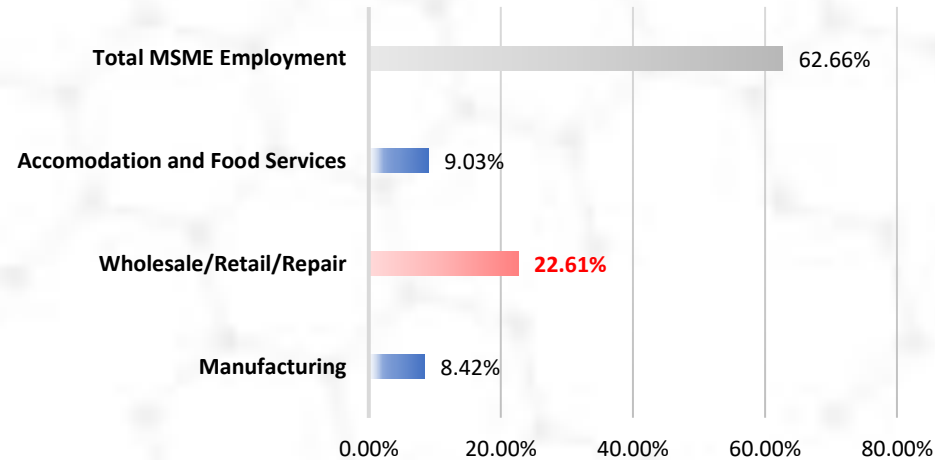


They contribute to **35.7%** of total value-added in 2020, **60%** of all exports, representing **25%** of total export revenues, and support **62.7%** of total employment. (Philippine Statistics Authority, 2020)

2020 MSME VALUE ADDED



2020 MSME CONTRIBUTION TO EMPLOYMENT



Effects of the COVID-19 Containment Measures on MSMEs

OVERALL FINDINGS: MSMEs EXPERIENCED REDUCTION IN OPERATING HOURS, PRODUCTION VOLUME, REVENUE, AND LOSS OF EMPLOYEES.



Around **60%** of firms were not in operation due to prohibition to operate, cash flow issues, broken supply chains, and unavailable workforce. **55%** of non-operating firms reported loss of employees at varying degrees, with **30%** experiencing 100% loss.

Firms in operation experienced some level of reduction in operating hours, resulting in:



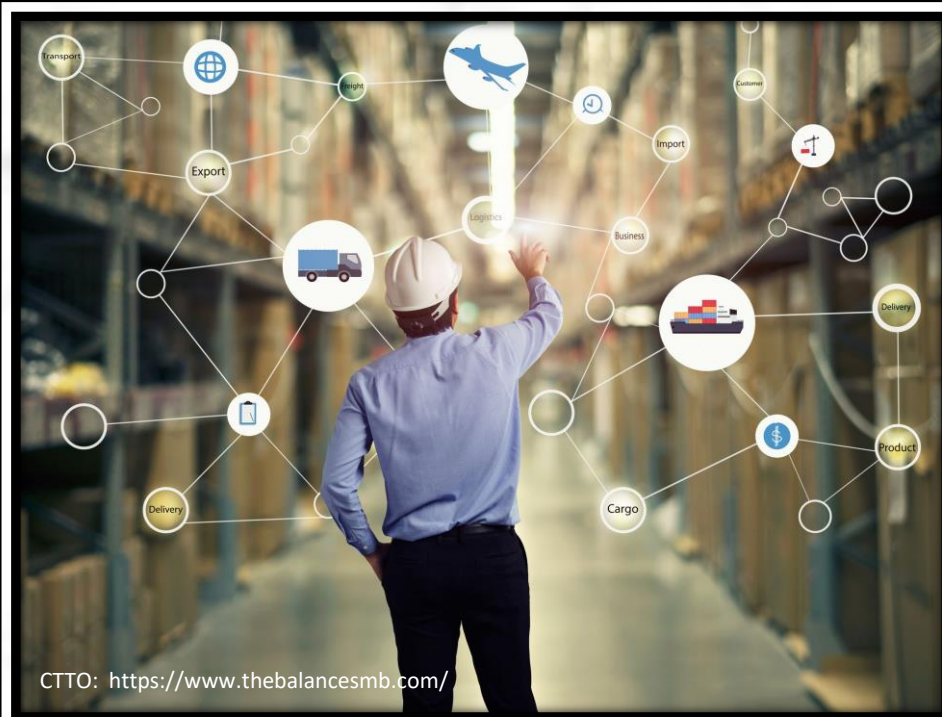
- about **65%** of firms reporting at least **60%** reduction in both revenues and production volume; and
- roughly **60%** of firms reporting some loss of employment up to as high as **90%**.



Major Challenges for SMEs

1

SUPPLY CHAIN MANAGEMENT



No raw material supply

Unavailable transport services (e.g. loading, shipping, distribution, etc.)

Unclear/ inconsistent movement guidelines

Customs delay

Lack of demand / customers

Major Challenges for SMEs

2

HUMAN RESOURCES / WORKFORCE



**Movement
restrictions**

**No available
transportation**

**Unable to execute
work-from-home
arrangements**

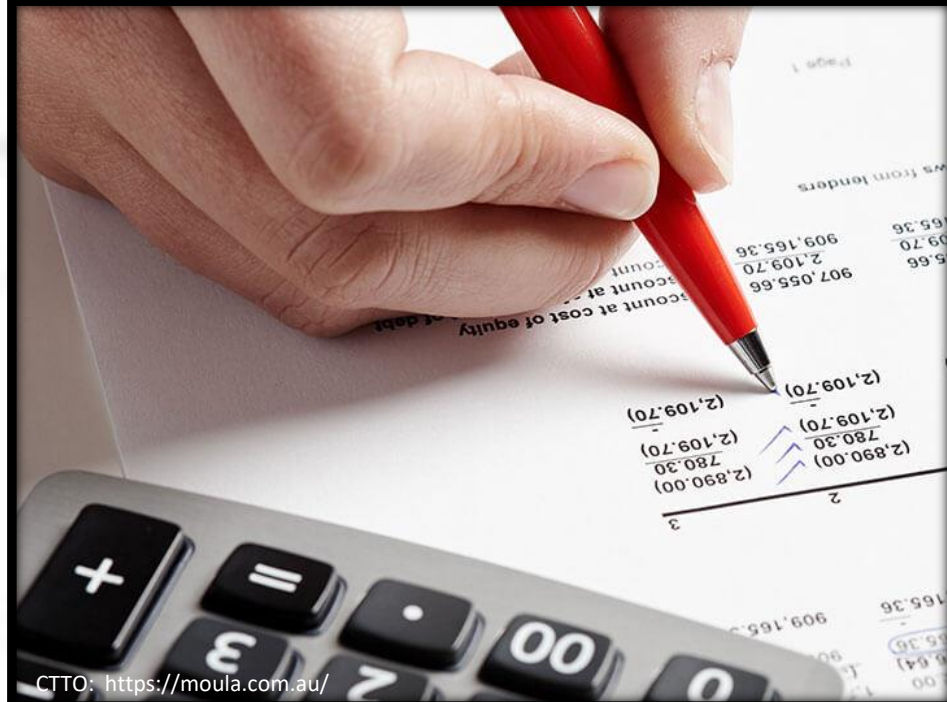
**Difficulty to
execute health
protocols in the
workplace**

**Employee fear to
go to work**

Major Challenges for SMEs

3

CASHFLOW



Working
capital

Tax
obligations

Loan
payments

Salaries and
contributions

Rent and
utilities

Business Continuity Actions Taken by SMEs



COPING EFFORTS

1. Alternative suppliers / service providers
2. Alternative markets
3. Utilize online platforms
4. Work from home arrangements
5. Staff housing
6. Adopt health protocols in work places
7. Diversify operations
8. Take out loans
9. Reduce operating hours

Outlook and Trends in the “New Normal”

NUMBER OF MSMEs IN THE PHILIPPINES



Data gathered from MSME Briefs and Updated List of Enterprises prepared by the Philippine Statistics Authority.

Outlook and Trends in the “New Normal”

Evolving Business Environment



1. Increased interest of SMEs in digital technology



2. Pandemic-induced changes in purchasing behavior



3. Rebalance and shifts in supply chains



4. Early arrival of Industry 4.0 and the Future of Work



5. Acceleration in the pace of medical innovation



6. Greening of industries and businesses

Opportunities for MSMEs

DIGITAL TRANSFORMATION

Foster digital transformation including the adoption of Industry 4.0 technologies and business models.



E-commerce
Digital marketing
Remote work
Fintech



Big data
Internet of Things
Artificial Intelligence
Additive manufacturing

Productivity
Competitiveness
Resilience



Connectivity

Future of Work

GREEN ECONOMY

Accelerate adoption of green, circular, and climate-smart approaches in MSME operations.



low carbon, efficient, circular, and clean in operation / production



inclusive in consumption and outcomes

- fosters lasting prosperity
- creates decent work
- addresses root causes of conflict
- contributes to the full enjoyment of all human rights

Circular Economy

ECONOMIC DIVERSIFICATION

Enable economic diversification, increased export activities, and participation in value chains.



Manufacturing Resurgence

- exports
- GVC participation

Quality Infrastructure

- Quality and safety standards
- Laboratory facilities and guidelines

Linkage to Agriculture

Supply/Value Chain Shifts

Opportunities for MSMEs

INCLUSIVITY

Promote lasting and shared prosperity through inclusivity and formalization.



- Negosyo Centers
- Regional Innovation Centers
- Shared Service Facilities
- SME Roving Academy
- Sustainability Solutions Exchange
- OTOP / Kapamilya Mentor Me

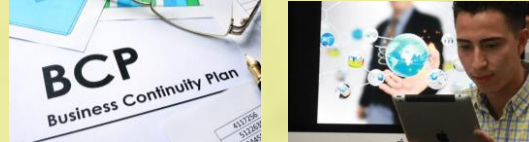
Reach and Effectivity

Formal Economy

Youth and Gender Dimensions

RESILIENCE BUILDING

Increase resilience through strategic and effective plans and investments.



Business Continuity Strategies

Adaptation

- Only 30% of micro- and small enterprises have BCPs
- Among MSMEs with BCPs, the plans developed were not responsive to the pandemic.

Capacity Development

Access to Technology

Investments

FINANCING

Improve accessibility of sustainable financing for MSMEs.



- Sustainable Financing Roadmap
- BSP – Sustainable Financing Framework
- Small Enterprise Technology Upgrading Program (SETUP)
- Agri-Agra Credit Act of 2009

Responsiveness to MSMEs

Green / Climate Financing

Capacity Development



UNIDO Knowledge Products

Tool	Weblink
Guidance for Micro, Small, and Medium Enterprises Business Recovery in the wake of the COVID-19 pandemic	www.unido.org/resources-publications/latest-publications
Pathway to Business Continuity and Recovery for MSMEs	www.unido.org/resources-publications/latest-publications
Digital Transformation and Industrial Recovery	www.unido.org/resources-publications/latest-publications
Quality and Standards and their Role in Responding to COVID-19	www.unido.org/resources-publications/latest-publications
Assessment of the impact of the COVID-19 outbreak on women and youth entrepreneurs in the manufacturing sector and manufacturing-related services	www.unido.org/resources-publications/latest-publications
Quality Policy	www.unido.org/resources-publications/publications-advancing-economic-competitiveness
Quality Infrastructure	www.unido.org/resources-publications/publications-advancing-economic-competitiveness
Promoting Quality and Standards	www.unido.org/resources-publications/publications-advancing-economic-competitiveness
Boosting Innovation	www.unido.org/resources-publications/publications-advancing-economic-competitiveness
Industrialization Modernization and SMEs Clustering	www.unido.org/resources-publications/publications-advancing-economic-competitiveness
Industrial Energy Efficiency	www.unido.org/resources-publications/publications-safeguarding-environment
Making it Green	www.unido.org/resources-publications/publications-safeguarding-environment
Energy and Climate Change	www.unido.org/resources-publications/publications-safeguarding-environment
Water Management	www.unido.org/resources-publications/publications-safeguarding-environment
Ensuring Industrial Safety and Security webinar series	https://www.unido.org/ensuring-industrial-safety-and-security-times-covid-19-and-beyond



THANK YOU.

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UNIDO Mandate

The **United Nations Industrial Development Organization** (UNIDO) is the specialized agency of the United Nations that promotes **industrial development** for poverty reduction, inclusive globalization, and environmental sustainability.

Promote and accelerate **inclusive and sustainable industrial development (ISID)**.



ISID INCLUSIVE AND
SUSTAINABLE
INDUSTRIAL
DEVELOPMENT

UNIDO Programmatic Focus

1. Creating Shared Prosperity

Value-chain Development

Blue Economy

Human Security

Gender and Youth Development

2. Advancing Economic Competitiveness

Industry 4.0 and Digital Transformation

Trade Capacity Building and Industry Diversification

SME Development

3. Safeguarding the Environment

Circular Economy and RECP

Energy and Climate Change

Environment and Health

Eco-industrial Parks

4. Strengthening Knowledge and Institutions

Creating Shared Prosperity

1. Creating Shared Prosperity

Value-chain
Development

Blue Economy

Human Security

Gender and Youth
Development



Advancing Economic Competitiveness

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Industry 4.0 and Digital Transformation

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Safeguarding the Environment

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and RECP

Energy and Climate
Change

Environment and
Health

Eco-industrial Parks





Strengthening Knowledge and Institutions

A photograph of two women in white lab coats working in a laboratory. The woman on the left is wearing glasses and is focused on a task, while the woman on the right is looking on. The background shows laboratory equipment and shelves.

**STRENGTHENING KNOWLEDGE
AND INSTITUTIONS**

UNIDO Enabling Functions

Technical Cooperation

- Capacity building
- Technology demonstration and transfer
- Investment facilitation

Analytical and research functions and policy advisory services

- Policy documents
- Thematic research and publications
- Industrial Development Report
- International Yearbook of Industrial Statistics
- SDG 9 Analytics / Dashboard

Normative functions and standards and quality-related activities

- Regulatory and advisory services and assistance in the development of strategies and thought-leadership products
- Global standards (e.g. ISO, quality standards)

Convening and partnerships for knowledge transfer, networking and industrial cooperation

- Vienna Energy Forum
- Global Manufacturing and Industrialization Summit
- Global Alliance on Circular Economy and Resource Efficiency
- South-South and Triangular Industrial Cooperation
- Networks

UNIDO in the Philippines



UNIDO country programming framework for inclusive and sustainable industrial development for the Philippines for 2018-2023

Components of the framework:



Portfolio

- 21 projects
- USD 120M (ongoing and completed projects)
- Funds support from multilateral and bilateral donors

Government Partners

- DTI
- NEDA
- DENR
- DOE
- DOH
- MinDA
- BARMM
- LGUs
- Development Banks

Private Sector Partners

- PCCI
- UN-GCNP
- Industry Associations
- Commercial Banks
- Civil Society Organizations

Academe Partners

- UP
- DLSU
- AIM
- DAP

The 2030 Agenda for Sustainable Development



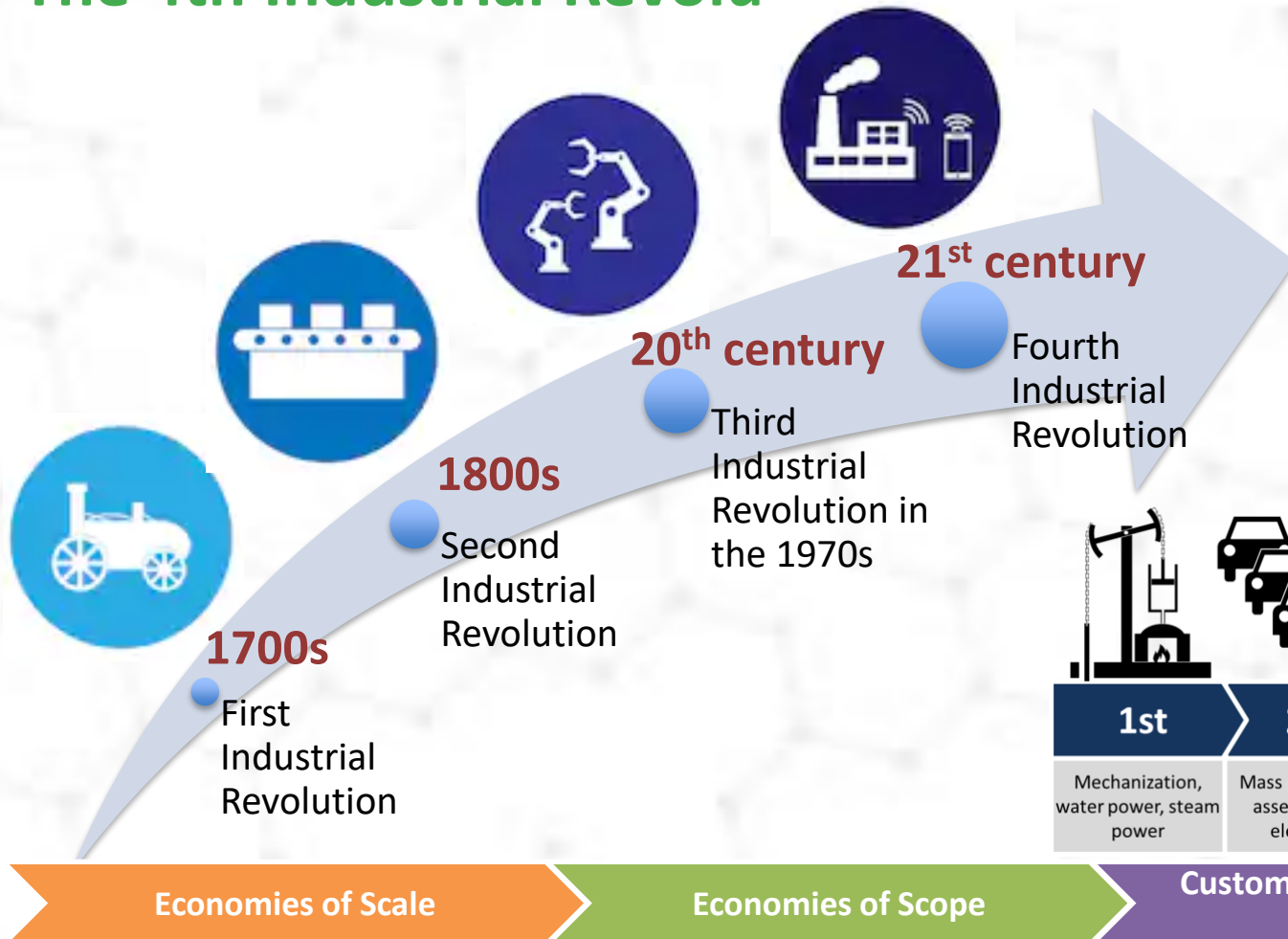
SUSTAINABLE DEVELOPMENT GOALS



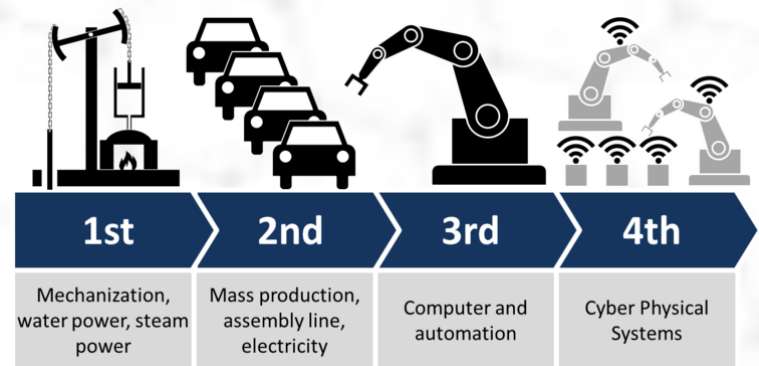
ISID and the Sustainable Development Goals



Capitalizing on the Digital Space – The 4th Industrial Revolution



Physical and software components are deeply intertwined where data access and transfer is conducted dis-centrally, allowing computers and smart machines to interact with one another, ultimately making decisions without human involvement leading to higher levels of autonomy and capability for self-cognition, self-optimization, and self-customization.



Industry 4.0

Industry 4.0 involves concepts, tools, and applications that complement a smart embedded system of machines able to communicate with each other and with people while performing autonomous tasks.

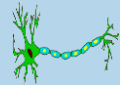
Elements

Artificial Intelligence



brain

Data and Connectivity



nervous system

Cameras and sensors



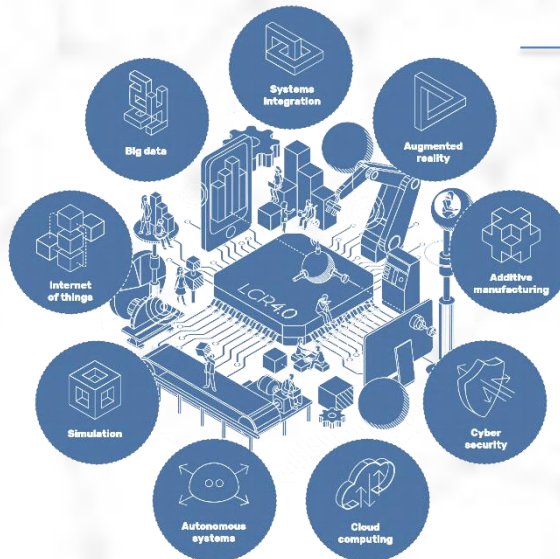
senses

Automation and robotics



arms and legs

Main Tools



cyber-physical systems (CPS)

Industrial Internet of Things (IIoT)

big data and cloud computing

autonomous robots

simulation and visualization models

additive manufacturing

cyber security