フィリピン共和国
貿易産業省中小企業カウンセラー
人材育成プロジェクト
事前評価調査報告書

平成19年1月
（2007年）

独立行政法人国際協力機構
フィリピン事務所

フピ事
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07-018

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序　　　　　文

日本国政府は、フィリピン共和国政府の要請に基づき、技術協力プロジェクト「貿易産業省中小企業カウンセラー人材育成プロジェクト」を実施することを決定し、独立行政法人国際協力機構が本案件を実施することとなりました。

当機構はプロジェクトの効果的かつ効率的な実施を図るため、2005年８月から2005年12月まで、フィリピン事務所次長　吉田　勝美（2005年12月からは　同　北林　春美）を団長とする調査団を二次にわたり現地に派遣し、事前評価調査を実施しました。第１次派遣においては、先方政府関係者から要請背景および貿易産業省の中小企業支援にかかる方策を確認し、第２次派遣では、第１次派遣の調査結果を基に、先方政府関係者と本プロジェクトの内容に関する協議を行いました。その後、本調査で確認された事項をふまえ、日比両政府間および日本国内関係者間で協議を継続的に行った結果、2006年12月6日に案件実施にかかる討議議事録（Record of Discussions）の署名を行いました。

本報告書は、参考資料として広く関係者に活用されることを願い、取りまとめたものです。終わりに、本調査にご協力とご支援をいただいた関係者各位に、心より感謝申し上げます。

平成 19 年 1 月

独立行政法人国際協力機構
フィリピン事務所所長
松浦　正三

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略語一覧

略　語	英　語	和　訳
BDS	Business Development Services	ビジネス開発サービス
BSMED	Bureau of Small and Medium Enterprise Development	DTI 中小企業振興局
DTI	Department of Trade and Industry	貿易産業省
LGU	Local Government Unit	地方自治体
M/M	Minutes of Meeting	協議議事録
NGO	Non-Governmental Organization	非政府機関
OJT	On the Job Training	実地訓練による職業指導
PDM	Project Design Matrix	プロジェクト･デザイン・マトリクス
PMO	Project Management Office	プロジェクト運営事務局
R/D	Record of Discussions	討議議事録
ROG	Regional Operation Group	DTI 本省・地域管理部門
SME	Small and Medium Enterprises	中小企業
SMEDC	Small and Medium Enterprises Development Council	中小企業開発審議会
UP-ISSI	University of the Philippines, Institute for Small Scale Industries	フィリピン大学小規模産業研究所

事前評価表

作成日：2006 年 10 月 23 日
担当部所：フィリピン事務所

１．案件名

（和）フィリピン中小企業診断制度導入支援（DTI-SME カウンセラー人材育成）プロジェクト

（英）Project on SME "Shindan" for Philippine SME Counselors
－ Capacity Development for DTI-SME Counselors

２．協力概要

（１）プロジェクト目標とアウトプットを中心とした概要

プロジェクト対象となる５州（Laguna、Albay、Iloilo、Leyte、Misamis Oriental）の中小企業（SME）センターにおいて中小零細企業（注１）に対する経営相談を行う SME カウンセラーの能力開発・人材育成を目的とする。SME カウンセラーは、それぞれの対象地域で活用可能な中小零細企業振興サービスの周知を図るとともに、中小零細企業の抱える問題を分析し、個々のニーズおよび問題の性質に応じて（民間またはその他の政府関係機関の）サービス利用相談と基本的な経営相談を担当する。さらに専門的な指導・アドバイスが求められる場合には、適切な中小企業支援スキームと中小企業との間を仲介し、地方部における円滑なビジネス開発サービス（Business Development Services：BDS）の提供を促進する。（注２）

（注１）フィリピン共和国（以下、「フィリピン」と記す）では、SME（Small and Medium Enterprises）と総称する場合には、特に記載がない限りは零細（Micro）規模の企業もその定義に含んでいる。むしろ、実際には、フィリピン SME の大部分（約 90%）が零細企業のカテゴリーに属し、小規模・零細企業の事業所数はフィリピン事業所統計の 94%以上を占めている。このため、本プロジェクトで「SME」という場合には、零細企業をその範囲に含めるものとする。

（注２）本プロジェクトでは、日本の「中小企業診断」と同等な制度・システムをフィリピンに導入することをプロジェクト目標とせず、制度構築の可能性ならびにこれに対する日本からの支援の可能性については、将来的な検討課題とすることで貿易産業省（DTI）と合意した。

（２）協力期間

2007 年１月から 2009 年 12 月（３年間）

（３）協力総額（日本側）

約１億 8,000 万円

（４）協力相手先機関

フィリピン貿易産業省中小企業振興局（DTI−BSMED）

（５）国内協力機関

特になし（業務実施契約により実施）

（６）裨益対象者および規模、等

１）直接的裨益者

能力開発の対象となる５ヵ所の SME センター（主に DTI の Provincial Office 内に設置）で SME カウンセラーに任命されている職員（専任・兼任をあわせた約 40 名）

２）間接的裨益者（最終裨益者）

プロジェクト対象地域の中小・零細企業

３．協力の必要性・位置づけ

（１）現状および問題点

中小･零細企業振興／起業家育成はアロヨ政権の 10 ポイントアジェンダのトップで言及されるなど、フィリピン政府の最重要課題のひとつに位置づけられており、フィリピン貿易産業省（DTI）は、JICA 開発調査「中小企業開発計画策定支援プログラム」（2004 年 3 月終了）の支援を受け、「SME Development Plan 2004−2010」を策定・公表（2004 年 7 月）した。DTI では、この SME Development Plan をふまえ、2010 年までに優先的な実施が期待される施策を 12 のグループに整理し、関係省庁、民間中小企業支援団体、国際機関や各国ドナーとそれぞれの施策に関連する活動の実施について調整を行っている。

中小（零細）企業向けアドバイザリーサービスの充実と SME カウンセラー／アドバイザーの育成ならびに SME センターの強化は､このうちの第 2 グループ｢SME Counseling and Advisory and Upgrading of SME Centers」に位置づけられている。DTI 中小企業振興局（DTI−BSMED）は、フィリピン大学小規模産業研究所（UP−ISSI）と共同で、地方における SME センターで中小・零細企業向けの経営相談にあたる SME カウンセラーの能力開発用の教材、企業カウンセリング用マニュアルを作成し、優先センターに指定されている SME センターの SME カウンセラーから、順次、研修を実施している。DTI−BSMED では、今後、人材育成の対象を優先センター以外の SME カウンセラーに拡大するとともに、既存の教材を改訂・更新し、包括的な能力開発教材を作成していく計画である。

しかし、具体的な取り組みがすでに開始されているにもかかわらず、DTI としての包括的な人材育成計画はまだ定められておらず、業務実態に即した教材・マニュアルの改善や改訂については、多くの課題を残している。

（２）相手国政府国家政策上の位置づけ

現アロヨ政権が 2004 年に公表した中期開発計画（2004−2010）は柱のひとつとして「1,000 万人の雇用創出」を掲げ、そのなかで中小・零細企業振興／起業家育成による雇用創出を重要項目のひとつとして取り上げている。他方、JICA 開発調査「中小企業開発調査策定支援プログラム」（2004 年 3 月終了）の成果を受け、貿易産業省（DTI）が策定・公表した中小企業開発計画（SME Development Plan 2004−2010）においては、中小零細企業向けビジネスアドバイザリー・サービスの充実と SME カウンセラーの育成は今後実施すべき 12 の優先課題のひとつとして取り上げられている。

（３）わが国援助政策との関連、JICA 国別事業実施計画上の位置づけ

2000 年 8 月に作成・公表されたわが国のフィリピンに対する援助の基本方針となるフィリピン国別援助計画のなかで、「産業構造の強化」は対フィリピン援助重点分野のひとつとされている。

現行の JICA 国別事業実施計画では、地場中小企業の振興は、製品市場の拡大、地域経済の安定、地域における雇用創出などの観点で、フィリピンにおける産業構造の基盤強化につながることから、これを支援していくことの重要性が指摘されている。本件はこれらの取組方針に沿ったものである。

４．協力の枠組み

（１）協力の目標（アウトカム）

１）協力終了時の達成目標（プロジェクト目標）

5 ヵ所のプロジェクト対象 SME センターにおいて、中小零細企業の問題やニーズを分析し、中小零細企業に基本的な（高度に専門的ではない）アドバイスを提供できる SME カウンセラー（対象地域の SME センターで勤務する SME カウンセラー。DTI の州事務所の職員が大部分であるため、以降 DTI−SME カウンセラーと総称する）の育成を通じて、特にプロジェクト対象地域における BDS の円滑な提供を促進する。

＜指標 1＞

プロジェクト対象地域の DTI−SME カウンセラーにより提供される活動・サービスメニューの標準化

＜指標 2＞

プロジェクト終了までのプロジェクト対象地域の DTI−SME カウンセラーによる支援サービスを受ける中小零細企業数（延べ）の増加

＜指標 3＞

プロジェクト対象地域における DTI−SME カウンセラーによる支援サービス提供に満足する中小零細企業数の増加

２）協力終了後に達成が期待される目標（上位目標）

プロジェクト対象地域以外の SME センター（全国 85 ヵ所）の SME カウンセラーに対し、本プロジェクトで作成または改訂した人材育成計画と教材に従った能力開発が行われ、全国においてより円滑な BDS の提供が促進される。

＜指標＞

１．プロジェクトの成果をふまえて改訂された教材を使用して研修を受けた SME カウンセラーの数

２．勤務する SME センターの発展レベルにあわせて平準化された経営相談サービスを提供できる SME カウンセラーの数の増加

３．SME カウンセラーから支援サービスを受ける中小零細企業数の増加

（２）成果（アウトプット）と指標

１）成果１

プロジェクト対象地域の SME センター（主に DTI の Provincial Office に設置）における DTI−SME カウンセラーが適切に育成される

＜指標１＞

適切な指導能力を備えた DTI−SME カウンセラー40 名

２）成果２

SME カウンセラーの能力開発用の教材が本プロジェクトの活動をふまえ改訂・更新される

＜指標２＞

SME カウンセラー研修に使用される共通教材

（３）活動と指標

１）活動１：研修計画作成

＜活動内容＞

1−1. 中小・零細企業の DTI−SME カウンセラーに対するカウンセリングニーズ（需要側ニーズ）ならびに DTI−SME カウンセラーの研修ニーズ（供給側ニーズ）の分析とリストアップを行う。

1−2. 予算および調達計画を策定する。

1−3. SME カウンセラーの人材育成計画を DTI−BSMED のカウンターパートとともに作成する。

２）活動２：研修の実施

＜活動内容＞

2−1. プロジェクト対象地域の SME カウンセラーに対する研修カリキュラムを作成する。

2−2. 既存の SME カウンセラー育成用の教材も参考に、研修用教材を整備する。

2−3. SME カウンセラー研修を実施する。

2−4. 研修内容に関し、各プロジェクト対象地域において研修を終了した SME カウンセラーに対する OJT を実施し、研修成果のフォローアップを行う。

３）活動３：能力開発教材、SME カウンセラー業務マニュアルの改訂・更新にかかる支援

＜活動内容＞

3−1. 研修および OJT の結果をふまえ、本プロジェクト用の教材の内容を DTI が作成している既存の SME カウンセラー育成教材の改訂に反映させる。

3−2. 研修および OJT の成果・教訓を、既存の SME カウンセラー業務マニュアルに反映させる。

４）活動４：プロジェクト管理

＜活動内容＞

4-1. DTI-BSMED 内にプロジェクト事務局（Project Management Office）を設置し、プロジェクトの進捗管理を行う。

4-2. モニタリング・評価活動を実施する。

4-3. モニタリング結果をふまえ、プロジェクト計画を調整する。

（４）投入（インプット）

１）日本側

＜専門家＞

・ 経営コンサルティング、中小零細企業経営相談、起業支援相談、マイクロファイナンスなどの分野

＜カウンターパート研修＞

・ 日本または第三国でのカウンターパート研修

＜機材供与＞

・ 特になし

＜その他＞

・ プロジェクト活動費など

２）フィリピン側

＜人的投入＞

・ 日本人専門家に対するカウンターパート職員の配置
・ 事務局的スタッフの配置

＜施設・既存機材の提供＞

・ 専門家執務室、会議スペース、電話･インターネット回線

＜プロジェクト運営にかかる予算配分＞

・ カウンターパートの人件費
・ その他のローカルコスト負担

（４）外部要因（満たされるべき外部条件）

１）成果（アウトプット）実現のための外部条件

・ 特になし

２）プロジェクト目標達成のための外部条件

・ 能力開発の対象となる SME カウンセラーが継続して、SME センターで中小零細企業向け経営相談業務に従事する。

３）上位目標達成のための外部条件

・ SME カウンセラー育成に関する DTI の方針に大きな変更がない。
・ DTI により SME カウンセラーの人材育成のための予算（少なくとも教材改訂・更

新費）が引き続き確保される。

４）プロジェクト開始の前提条件

・ プロジェクトの運営・活動費のための予算が DTI により確保、維持される。
・ DTI−SME カウンセラーが研修に積極的に参加する。

５．評価５項目による評価結果

以下の点からプロジェクトを評価した結果、協力を行うことは必要かつ妥当と判断される。

（１）妥当性（Relevance）

以下の観点から検討した結果、本プロジェクトの妥当性は総じて高い。

- 中小零細企業向けビジネスアドバイザリー・サービスの充実と SME カウンセラーの育成は、フィリピン貿易産業省の SME Development Plan 2004−2010 においても優先課題のひとつとして取り上げられており、中小企業振興の観点から同国の政策に合致している。
- 日本政府の国別援助計画と JICA 国別事業実施計画の基本方針と合致している。
- DTI では、すでに SME カウンセラーの能力開発研修を外部機関と連携して開始している。本プロジェクトによりフィリピン政府の既存の取り組みの成果を補填・強化していくことは、実施機関である DTI のニーズと合致する。
- 日本全体として、中小企業行政担当機関の職員の人材育成や経営相談員の人材育成に関し、かなりの経験を有しており、活用可能性の高いカリキュラム類型などもすでに存在しているため、当該分野における日本の協力の比較優位性は高い。

（２）有効性（Effectiveness）

以下の理由により、本プロジェクトのアプローチの有効性は高い。

- フィリピン（特に地方）においては、地域で活用可能な Business Development Service（BDS）に関する情報を効率よく提供し、中小零細企業が必要な情報・リソースに円滑にアクセスできるようにする必要がある。地方において、DTI の地方事務所は中小零細企業にとって最もよく知られた経営相談窓口のひとつであり、特に、商工会議所や事業者団体等の会費を支払えない零細企業にとっては、DTI が、唯一の相談窓口となる場合も多い。本プロジェクトで育成対象となる DTI−SME カウンセラーは、その大部分が DTI の地方事務所で勤務する DTI 職員である。フィリピン中小零細企業の振興を長期的な目標とした場合、中小零細企業にとって最も相談しやすい窓口であるという観点から、このような DTI−SME カウンセラーを能力開発の対象とするアプローチは有効である。

（３）効率性（Efficiency）

本プロジェクトは以下の観点から効率的な実施を見込むことができる。

- DTI では、すでに DTI の地方事務所職員である SME カウンセラーに対する人材育成

研修を実施しており、本プロジェクトはフィリピン政府の既存の施策・政府による活動を補完・強化する形で実施される。このため、人材育成方針や能力開発カリキュラムの開発をゼロから開始する必要はなく、フィリピン政府の既存の取り組みとの連携を念頭に効率よくプロジェクト活動を開始することが可能である。

（４）インパクト（Impact）

本プロジェクトにより、フィリピン中小企業振興の観点から、以下のようなインパクトが期待できる。

- DTI は中小企業行政主管官庁としての役割を担っており、中小零細企業／起業家に対する円滑な BDS の提供を支援する SME カウンセラーの育成に力を入れている。本プロジェクトの活動を通じて、DTI で現在実施している人材育成の成果を検証、補完するとともに、DTI−SME カウンセラーを対象とする人材育成教材ならびに業務マニュアルをカウンセラーの業務実態に即して改善することが可能となる。DTI ではこの教材を活用して全国の DTI−SME カウンセラーの人材育成を計画しており、本プロジェクトの目標を達成することにより、上位目標の達成に貢献できる。
- 本プロジェクトにおいて能力強化の対象となる DTI−SME カウンセラーは約 40 名と想定されているが、長期的には本プロジェクトの成果（人材育成用の教材・カウンセラー業務マニュアルなど）により全国 85 ヵ所の SME センターで勤務にあたる SME カウンセラーが裨益することとなり、本プロジェクトが DTI の SME カウンセラー人材育成計画に与えるインパクトは大きいと考えられる。
- DTI−SME カウンセラー（DTI の地方事務所職員）の能力強化を図ることにより、DTI の（特に地方における）中小企業振興に関する組織的能力の強化が図られる。結果として、各地域において活用可能な BDS に関する情報提供および各種サービスが中小企業により適切に活用されることを通じ地方における民間企業の活動が活発化することが期待でき、経済的インパクトは大きいと考えられる。
- 本プロジェクトは、フィリピン政府の既存の取り組みを補完・改善する目的で実施されるため、人材育成というプロジェクトの性格から考えて、物理的・環境面でのネガティブ・インパクトは少ないものと考えられる。

（５）自立発展性（Sustainability）（プロジェクトの効果の持続性）

本プロジェクトの自立発展性は以下のように予測される。

- 本プロジェクトの実施機関である DTI−BSMED は、本プロジェクト開始以前から SME Development Plan 2004−2010 のもと、SME カウンセラーの人材育成と SME センターの機能強化に取り組んでおり、プロジェクトにより実施される活動のオーナーシップは確保されている。
- DTI−BSMED は、中小企業振興審議会（SMED Council）により、SME カウンセラー人材育成に関する計画策定・調整・実施監督機関に任じられている。このため、プロジェクト終了後も、SME カウンセラーの人材育成がプロジェクト活動を通じて作成される人材育成計画に沿って実施されることが見込まれている。

６．貧困・ジェンダー・環境等への配慮

プロジェクト活動を通じ、プロジェクトの対象となる SME センターを利用する女性起業家の育成・起業支援に間接的に裨益する。

７．過去の類似案件からの教訓の活用

先行類似案件であるマレーシア「中小企業開発公社人材育成プロジェクト」を参考に、中小企業行政主管官庁の地方職員の人材育成に関するアプローチとプロジェクト対象以外の SME センターへの成果の拡大・普及につき留意する。

８．今後の評価計画

- 中間評価（プロジェクト開始後 18 ヵ月後）
- 終了時評価（終了前６ヵ月）
- 事後評価（終了から３年以内）

第１章　調査団派遣の経緯

１－１　要請の背景

中小零細企業振興はアロヨ政権の優先政策事項を表した「10 ポイントアジェンダ」において最初に言及されるなど、フィリピン政府の最重要課題のひとつに位置づけられており、フィリピン貿易産業省（DTI）は、2004 年３月に終了した JICA 開発調査「中小企業開発計画策定支援プログラム」の調査結果を受け、2004 年７月には「SME Development Plan 2004-2010」を策定・公表した。この開発計画では、2010 年までに実施が期待される 48 施策のうちの１つとして、地方における中小企業センター（SME センター）で中小零細企業向けの経営相談にあたる SME カウンセラー／アドバイザーの育成・強化を通じたビジネス開発サービス（Business Development Services：BDS）の円滑な提供をめざすこととしている。右開発調査による課題の抽出、調査団との意見交換などを受け、フィリピン政府よりわが国に対し技術協力プロジェクト「中小企業診断制度導入支援」の要請があった。

これを受け、第１次調査としてフィリピン国内でローカルコンサルタントを活用した調査を行うとともに、第２次調査では日本人からなる調査団を派遣して事前調査を実施し、現地中小零細企業の活動実態をふまえて日本の中小企業診断スキームを応用した協力に対するニーズ等について先方政府と協議し、プロジェクトの構想を検討・確認した。しかしながら、調査および協議の結果、中小零細企業の産業振興という目的に鑑みた場合、現状では中小企業診断制度の導入よりも、むしろ DTI が地方の SME センターを通してすでに提供している BDS の質を高めることの緊急度が高いと判断され、要請元である DTI 中小企業振興局（BSMED）もこれに同意したため、本 TCP は「貿易産業省中小企業カウンセラー人材育成プロジェクト」として実施する方針のもと、プロジェクトの詳細に関する調査・協議が行われた。

１－２　調査の目的と結果

本事前評価調査では、上記の要請背景をふまえ協力の必要性、妥当性および実施可能性について検討する。特に SME カウンセラーの育成・強化については、現地調査ならびに現地関連機関との協議を通じて、フィリピン政府が抱える SME 振興・支援ニーズにプロジェクトが対応していることを検証し、必要に応じ、要請された計画、活動、スケジュールや指標を改訂した後、具体的な協力内容を議事録（Minutes of Meeting：M/M）として確認することを目的とした。

本件については、調査団が二次にわたって派遣され、その後も日比双方間で継続的に議論が続けられた。その結果、2006 年 10 月 16 日にはプロジェクトの基本的な構想について M/M が締結され、これを受けた形で、2006 年 12 月６日に討議議事録（Record of Discussions： R/D）が締結された。

第２章　事前評価調査の概要

２－１　調査団の構成

担当分野	氏　名	所　　属
総括	吉田 勝美	JICA フィリピン事務所 次長 （2005 年 12 月まで）
総括	北林 春美	JICA フィリピン事務所 次長 （2005 年 12 月から）
協力企画	横田 未生	JICA フィリピン事務所 企画調査員
企業経営指導/ビジネスマネジメント 1	遠藤 英彰	（有）グローバル開発経営コンサルタンツ コンサルタント
企業経営指導/ビジネスマネジメント 2	名倉 寛恭	（有）グローバル開発経営コンサルタンツ コンサルタント

２－２　調査日程

（１）第１次派遣（2005 年８～11 月）

JICA フィリピン事務所が調達したローカルコンサルタントにより、25 ヵ所の主要な中小企業センター（SME センター）からプロジェクト候補となる３～５ヵ所の SME センターを選定し、当該地域における SME センターおよび DTI-SME カウンセラーの活動実態について詳細調査を実施した。ローカルコンサルタントの最終報告書は、巻末付属資料 3. のとおり。

（２）第２次派遣（2005 年 11～12 月）

			主な内容
1	11 月 21 日	月	・ コンサルタント到着：東京　→マニラ　［JL741］ ・ JICA フィリピン事務所 打合わせ
2	11 月 22 日	火	・ 午前：JICA フィリピン事務所打合わせ ・ 午後：DTI-BSMED 打合わせ ・ 夕方：在フィリピン日本国大使館 商務官 打合わせ
3	11 月 23 日	水	・ ローカルコンサルタント 第１次調査結果にかかる打合わせ
4 5	11 月 24 日～ 11 月 25 日	木 金	・ 第１回地方調査（ラグナ州） DTI-SME カウンセラー聞き取り調査、関連 SME 聞き取り調査
6	11 月 26 日	土	・ 地方調査結果取りまとめ
7	11 月 27 日	日	・ 資料整理
8	11 月 28 日	月	・ 第２回地方調査 準備
9 12	11 月 29 日 ～ 12 月２日	火 金	・ 第２回地方調査 （遠藤団員）アルバイ州、（名倉団員）レイテ州 DTI-SME カウンセラー聞き取り調査、関連 SME 聞き取り調査
13	12 月３日	土	・ 資料整理および報告書執筆

14	12月4日	日	・　資料整理および報告書執筆
15 17	12月5日 ～ 12月7日	月 水	・　第３回地方調査 (遠藤団員) イロイロ州、(名倉団員) ミサミス･オリエンタル州 DTI-SME カウンセラー聞き取り調査、関連 SME 聞き取り調査
18	12月8日	木	・　JICA フィリピン事務所 調査結果に関する打合わせ
19	12月9日	金	・　DTI-BSMED 調査結果報告・討議
20	12月10日	土	・　コンサルタント帰国：マニラ　→ 東京

２－３　主要面談者

（１）貿易産業省

１．Ms. Zolida Alonzo 貿易産業省（DTI） 次官

２．Ms. Rhodora M. Leaño 貿易産業省中小企業振興局（BSMED） 局長

３．Mr. Jerry T. Clavesillas　貿易産業省中小企業振興局（BSMED）　副局長

４．Ms. Alice Opena 貿易産業省中小企業振興局（BSMED）　主任

５．Ms. Teresita A. Go 貿易産業省中小企業振興局（BSMED）　職員

（２）DTI 中小企業関係機関

地方訪問においては、DTI 州事務所関係者、DTI 職員である SME カウンセラー、SME カウンセラーより支援を受けたことのある SME 関係者から聞き取り調査を行った。

（３）フィリピン大学小規模産業研究所（UP-ISSI）

１．Ms. Sonia Tiong-Aquino, Deputy Director

（４）在フィリピン日本国大使館

１．木村 義央　商務官

第３章　プロジェクト実施の背景

３－１　フィリピン中小企業振興施策の現況

３－１－１　フィリピン中小企業の特徴

フィリピンにおける中小企業（SME）の定義は、現在、総資産額（土地資産除く）もしくは従業員数によって区分されている。この定義は 2003 年１月にフィリピン政府中小企業開発審議会（Small and Medium Enterprises Development Council:SMEDC）の Resolution No. 1 によって改訂されたもので、製造業、商業などのセクターや、法人形態の違いにかかわりなく同一の定義が適用されている。

フィリピン中小企業（ＳＭＥ）の定義

	総資産額（土地資産除く）	従業員数
零細	P3,000,000 以下	1～9 人
小規模	P3,000,001～P15,000,000	10～99 人
中規模	P15,000,001～P100,000,000	100～199 人

フィリピン国家統計局（NSO）が公表した 2001 年の全国事業所統計[1]によれば、国内総事業所数は 81 万 1,589 社であり、SME は事業所数で全体の 99.7%、従事者数で 70.4%、全付加価値額の 30.2%を占めている。しかし、このうち零細企業が全体の 91.8%（事業所数）と 38%（従事者数）を占めており、「フィリピン SME」と呼ばれる企業の大部分が実際には零細企業であることがわかる。したがって、本技術協力プロジェクトの対象となる「SME」も実際は零細企業を相当数含むものとなる。

事業所数や従事者数に占める SME の割合の大きさに比べ、付加価値額や売上高に占める割合は全体の約 30%程度に留まっており、この点からもフィリピン中小零細企業の開発ニーズは高いと考えられている。

３－１－２　フィリピン政府の対応

現アロヨ政権下においては、中小零細企業振興は 10 ポイントアジェンダのトップで言及されるなど、フィリピン政府の重要課題のひとつに位置づけられている。高い人口増加率と失業率を抱えるフィリピンでは、2004 年に策定・発表された中期開発計画（2004-2010）でも SME は全雇用数の 70%を吸収しているとされ、雇用創出の重要な担い手と認識されている。貿易産業省（DTI）の SME Development Plan 2004-2010 によれば、フィリピンの SME は他のアジア諸国と比較してパフォーマンスで見劣りすることが指摘されており、SME ファイナンス・競争力強化などを通じ SME の競争力を高めていくことによって、経済全体のパフォーマンスを向上させるとともに、増加した潜在的雇用者の吸収を図っていこうとすることが、現政権の開発課題のひとつとして掲げられている。

現在、DTI を中心に、2004 年７月に公表された SME Development Plan 2004-2010 のもと、ニーズ指向で戦略的に重要な活動に主な焦点を当てた中小企業振興の実施調整が試みられて

1 NSO, “Establishments in the Philippines in 2001”

いる。しかし、実施にあたっては資源上の限界、特に不十分な資金と支援要員の量的不足および技術・能力の質的不足が深刻な制約であり、フィリピン政府には資金や支援に適した人的資源に効果の期待できる施策に重点的に集中し、成果を上げることが求められている。

３－１－３　フィリピン中小企業の開発課題

政府の SME Development Plan 2004-2010（2004 年）などにより、これまでに指摘されている開発課題は、①中小企業ファイナンス（資金調達）、②マーケティング・市場開拓、③経営・生産システムの効率化、④人材育成の４つに大別できる。

３－２　ＤＴＩ-ＢＳＭＥＤの中小企業振興施策上の位置づけと基本情報

本技術協力プロジェクトの要請機関であるフィリピン貿易産業省中小企業振興局（DTI-BSMED）は、フィリピン大統領令第 133 号により、フィリピン国内の中小零細企業の支援・振興に関する業務の担当部局として定められ、DTI 中小企業振興部門に所属している。DTI-BSMED は、年間予算約 2,500 万ペソ（2006 年実績）、スタッフ数 36 名（専門職：22 名、事務職：14 名）の比較的小規模な部局で、民間企業振興（起業促進支援を含む）[2]、および中小企業振興関連機関の機能強化・連携支援[3]にかかわる業務を主管している。

さらに、中小企業行政機関として、中小企業開発審議会（SMEDC）が設置されている[4]が、その事務局は BSMED のなかに置かれている。SMEDC は中小企業振興にかかわる施策、組織･制度全体の監督や、関係機関への意見具申などを行う機関として中小企業行政上きわめて重要な地位が与えられており、中央レベルと地方レベルでそれぞれ組織されている。中央レベルの SMEDC は官側から 10 名、民間から 4 名の計 14 名の委員によって構成されている。また、地方レベルにおいては州ごとに SMEDC が組織され、地方での意見を中央の SMEDC に具申するシステムとなっている。

このようなことから、フィリピン中小企業振興における BSMED の役割は、施策の実施主体というよりも、それぞれの実施部局・DTI 地方事務所との間のコーディネーションが主であり、中小企業政策の企画調整役であるといえる。

３－３　ＳＭＥセンターの中小企業振興施策上の位置づけ

３－３－１　SME センター

（１）背景と現状

SME センター（SME Centers）は、DTI の中小企業振興施策のひとつとして、1996 年以降少なくとも各州に 1 ヵ所設置する方針で展開され、現在、全国に 84 ヵ所あるが、そのうち 70 ヵ所前後（約 90％）が DTI の地方事務所（DTI-Regional/Provincial Offices）に併設されている。SME センター設置にかかる法的根拠は現在のところ存在しておらず、実際の運営管理方法はそれぞれの地域・州の DTI 事務所の裁量に任されている部分が大きい。予算については、DTI の通常予算でまかなわれることが多いが、SME センターの維持

[2] 大統領令第 133 号
[3] 大統領令第 133 号
[4] Republic Act 6977（通称は小企業マグナカルタ。1997 年に RA8287 により改訂）により規定

管理・運営を目的とした特別予算は特に設定されていないため、活動実施に必要な予算が十分に措置されていないことが多い。このため、地元の地方自治体政府（Local Government Unit ：LGU）や民間セクター、商工会議所などから運営経費の補填、事務所スペースを含む施設の提供、人員配置などさまざまな形態の支援を受けている。

DTI では、SME センターの管理・運営は必ずしも DTI の地方事務所による必要はないとし、状況に応じて LGU、民間セクターなどとも連携をとるなど、より現実的な形態でセンターを運営することを認めている。SME センターの設置形態・場所についても、窓口となる最低限のスペースの確保は求めているものの、明確な規定はつくられていない。しかし、上述のとおり、既存の SME センターの多くが DTI の地方事務所（州事務所である場合が多い）に併設されていることから、SME センターを利用する中小零細企業の多くは、「SME センター＝（イコール）DTI の地方事務所」という認識をもっている。特に、中小零細企業支援サービス・スキームの情報や各種支援へのアクセスが限定される遠隔地域においては、DTI の地方事務所（＝SME センター）が中小・零細企業向け支援の窓口ととらえられていることが多い。

（２）機能

SME センターの主な機能は SME に対する情報の提供、および中央政府（DTI 本省）の定めた中小企業振興施策の実施促進であり、具体的業務としては次のようなものがある。

・ パンフレット、ポスター、ダイレクトリー、機関紙などによる情報提供
・ 中小零細企業向け経営相談
・ 経営コンサルタント、企業、融資先などの紹介、申請支援
・ 経営計画策定に関するアドバイス
・ その他、起業などにかかわるアドバイス
・ ワークショップ、セミナー、トレーニングなどの企画調整、場所の提供

SME センターは毎月、活動報告を DTI 地方事務所に報告し、さらに同事務所は四半期ごとに DTI 本省地域管理部門（Regional Operation Group：ROG）に対し報告を行うことになっている。しかし、現在 84 ヵ所に開設されているセンターのうち、実質的な中小企業支援活動を行っているセンターはまだ多くはないと認識されている。その主な原因は DTI の予算・人員不足にあり、上述のとおり、活動しているセンターは地元商工会議所や地方自治体政府から何らかの形で支援を得ているケースが多い。

DTI ならびに SMEDC は現在、SME センターの活性化のための新たな計画を推進中である。具体的には全国で 25 ヵ所の SME センターを強化優先センターとして指定し、活動に要する事務機器を支給し、スタッフの能力向上を図る意向である。

また、商工会議所、事業者組合などのなかには、それぞれのメンバーに対する支援として、SME センターと同様のビジネス支援サービス（経営相談、各種技術支援、市場拡大・販売促進支援、関連情報収集、融資申請に関するアドバイスなど）を提供するものも存在する。これらの民間によるサービスと SME センターとの関係は、地域によって異なっており、SME センターで提供するサービスの一部として組み込まれている場合、DTI とは別個に活動する場合など、その連携の形態・程度は多様である。

これら民間セクターによるビジネス支援サービスの特徴は、①支援対象がメンバーに限

定される（会費を払う必要がある）、②基本的に有料でのサービス提供（メンバーであれば免除される場合もある）、③専門的な分野にまで踏み込んだ対応が可能、④ビジネスの実態に即した支援、の4点にまとめることができる。

これに対して、SME センターで DTI-SME カウンセラーから提供されるサービスは、対応範囲は広いが内容のレベルとしては基本的なものにとどまる場合が多い。しかし、大部分のサービスが基本的に無償であるため、商工会議所や事業者団体に加入していない零細企業や起業予定者にとって最もアクセスしやすい支援窓口となっており、中小零細企業の育成･振興を国の重点政策として推進するにあたり、SME センターでの BDS 提供は、理に適っていると考えられる。

３－３－２　DTI-SME カウンセラー

上述のとおり､SME センターについては必ずしも DTI 州事務所もしくは地域事務所と同義ではないが、同センターで中小零細企業カウンセリングもしくはビジネス開発サービス（BDS）の提供業務に従事しているスタッフは、ほとんどのケースで DTI 職員であり、それぞれの所属事務所の所長（Regional Director または Provincial Director）から SME カウンセラーとしての任命を受けている。ついては、本プロジェクトでは、こうしたカウンセラーを DTI-SME カウンセラーと呼び､本プロジェクトによるキャパシティ･ディベロップメントの対象とする。

DTI-SME カウンセラーとしての SME 向け支援サービスは、クライアントの問題の性質の見極めと基本的なアドバイス、活用可能な技術・資金リソースの紹介・仲介、必要情報の提供、および支援申請のサポート（書類作成、レファレンスの提供など）が中心となっている。DTI-SME カウンセラーのなかには、専門・得意分野をもち、SME 向けの研修・セミナーでの講師を務める者もいるが、基本的には DTI の事務職員というスタンスで業務にあたるため、企業経営、生産管理などの特定分野について深い知識や経験を有する専門家にはなりにくいのが現状である。

同様に､DTI-SME カウンセラーは､カウンセラーではあるものの州事務所や地域事務所配属の DTI の正規職員であり、むしろ DTI 職員としての事務処理等の職務が本来業務となる。DTI-SME カウンセラーには､カウンセラー業務に従事するにあたっての追加手当は一切支給されていない。このため、カウンセラー業務は、本来業務に対する付加的な業務とみなされる場合が多い。現状、財政難のため政府機関内での人員削減がより一層進められており、専門性をもつカウンセラー業務専従の職員を確保することは多くの事務所においても困難な状況となっている。

今回の調査結果からは、多くの DTI-SME カウンセラーが業務過重を問題点として認識していることが明らかとなり、その理由は上述のとおり DTI-SME カウンセラーが DTI の事務処理業務との兼任であるため、カウンセラーとしての業務が追加業務と受け止められやすいことにも起因していると考えられる。

同じく上述のとおり､SME センターの運営については、人員配置やカウンセラーとしての勤務形態・業務所掌、活動内容・方法等が明確に定められておらず、各事務所長の裁量に委ねられている部分が大きく、地元 LGU からの支援等によるところも大きいため、カウンセラーの活動の内容や提供するサービスの実態にもセンターによって差が生じている。

本調査の結果によれば、BDS を必要としている中小零細企業においては、ビジネス展開・戦

略、会計・監査・財務、マーケティング・販売戦略の分野での支援ニーズが高い。また、その提供方法としては、個別相談（コンサルテーション、問題分析等）に対するニーズが最も高く、次いで金融機関に対する融資申請支援（具体的には申請書類の作成・準備支援)、パンフレット、インターネットなどを利用した情報の提供などが求められている。

第４章　プロジェクトのアプローチ

４－１　人材育成に向けた考え方

４－１－１　人材育成の方法

貿易産業省中小企業（DTI-SME）カウンセラーが活動拠点とする SME センターでは、主に、①経営相談（Business diagnosis, Counseling)、②各種研修・講習の企画・開催、③販売促進・市場拡大にかかる支援（Market matching, Trade fairs, Selling missions)、④融資申請にかかる支援（Credit facilitation)、⑤情報・資料の提供、といったサービスを提供している。本事前調査では、対象の 25 センターのうち半数以上（59%）が、これらすべての分野を網羅する BDS の提供が可能であると回答しているが、在籍する DTI-SME カウンセラーの人数や質の制約上、必ずしも十分なサービスが提供できてはいないと予測される。

実質的な中小零細企業振興のためには、上記の各種サービス提供の内容を質・量ともに改善する必要があるが、前章で記述したとおり、現状の予算不足により新しいスタッフを配置することは難しく、また、政府の財政状況を鑑みるに追加的な予算措置は期待し難いことから、現状況下では、すでに技能をもったカウンセラーを新たに雇用して人数増を図ることよりも、既存のカウンセラーの質を上げることで、高品質なサービスが提供できるカウンセラーの量を増やし、総体的に底上げを図っていく方が現実的な対策であると考えられる。

カウンセラーについては、その多くが通常業務に加えて個別に研修やセミナーの機会を捉えて知識とスキルの習得に努めているが、現状の予算不足から研修の機会はさほど多くなく、新しい知識の習得は難しい状態にある。貿易産業省中小企業振興局（DTI-BSMED）はこうした研修ニーズを理解しており、研修実施を通したカウンセラーの能力強化を希望しているが、現状で DTI-SME カウンセラーのための統一されたカリキュラムは存在していない。参加する研修の内容、習得した知識・スキルはそれぞれ参加したカウンセラーごとに異なり、可能な研修に可能な職員が参加するといった場当たり的な能力向上のシステムが主流であり、包括的な研修の実施体制や担当部門ごとのスキルアップの管理もまったくなされていないのが現状である。また、習得した知識・スキルの実践やブラッシュアップについても各人の努力に任され、研修結果の活用状況のフォローアップは行われていない。

本プロジェクトは、こうしたニーズ・現状をふまえ、DTI-BSMED と協同で統一したカリキュラムや教材を検討・作成し、それに沿った研修実施を通して DTI-SME カウンセラーの資質向上を図るとともに、より現状の課題に沿った研修教材・カリキュラムの開発をめざす。DTI が統一したカリキュラムや教材をもつことで、プロジェクト終了後に他地域で同様の研修を実施することが可能となり、プロジェクト効果が国内に展開することが期待される。

研修内容については、プロジェクト開始後に対象地域のカウンセラーから改めて聞き取りを行った上で絞り込み、カリキュラムを策定することとする。また、カウンセラーの知識・技能レベルが個人によって異なることから、研修開始後に対象となるカウンセラーの能力アセスメントを実施し、その上で、2～3 段階に研修を分けた研修コースを実施することでどのレベルのカウンセラーでもスキルアップが可能となる内容をめざす。

４－２　専門知識習得の必要性への対応

今回の調査にて実施したインタビュー等によれば、SME センターによっては、生産性向上のた

めの指導などを行っているとのことであるが、これらはカウンセラーによる企業に対する個別指導というよりも、むしろ 5S（業務改善）、HACCP（危害分析重要管理点）、QC（Quality Control）といったテーマごとに専門家に講習を依頼することにより対応している。また、顧客のニーズによっては、特定分野の生産技術や分析・リサーチなどの個別対応および技術的な専門知識を要する対応を求めるケースも多いが、各センターに特定分野の専門家を複数配置することは、人員配置上また予算上現実的ではないと思われる。

本プロジェクトにおいては、DTI−SME カウンセラーに各分野の基礎部分を広く理解する人材を育成することを基本目標とし、技術的に高い専門性が求められる内容については、SME 関連のネットワークを活用して当該分野を所管する政府機関や民間セクターを紹介するなど、DTI 内外を含めた人材を有効活用する方向でのサービス提供をめざすことが現実的と考えられる。したがって、特定の技術的な専門知識を深めるための研修は設定せず、関係者とのネットワーク構築も含めた対応策を習得せしめることをめざす。

４－３　実践形式でのＢＤＳ提供経験の蓄積

本調査で実施した DTI−SME カウンセラーに対するインタビューによれば、知識・スキルの不足を問題に挙げるカウンセラーが多いが、その大部分はビジネスカウンセリングについて過去に何らかの研修・トレーニングを受講しており、知識はある程度具備していることが察せられる。しかし、カウンセラーの業務経験をみてみると、経験 5 年以下との回答が約半数を占めている[5]ことからも、顧客との対面経験が求められるカウンセリング業務の本質を考えると、実際の業務で顧客のニーズに十分に応えられているとはいえない状況が推察される。本調査の結果によれば、SME センターにおけるビジネス開発サービス（BDS）の提供方法として、顧客との個別相談は主要な方法のひとつとして認識されており、また、顧客からのニーズも高いことから、こうしたカウンセリング業務について座学だけでなく実地訓練による職業指導（OJT）を取り入れた実践形式の研修を行うことで能力強化を図ることが必要と考えられる。

[5] DTI-SME カウンセラーのバックグラウンド等については、巻末資料ローカルコンサルタント調査結果（P78～80）を参照。

第５章　プロジェクト対象 SME センターの選定とその経緯

５－１　対象ＳＭＥセンターの選定基準と結果

貿易産業省（DTI）からの本案件要請には対象地域が特定されておらず、全国の貿易産業省中小企業（DTI-SME）カウンセラーが能力向上の対象となっているが、前述のとおり DTI-SME カウンセラーの業務実態は配属先の事務所により大きく異なっており、またクライアントとなる SME の発展レベル・業種もそれぞれの地域差が大きく、SME に対する支援サービスの種類、レベルが各事務所・各 DTI-SME カウンセラーの能力・キャパシティにより異なっている実態からも、本プロジェクトにおいて全国のカウンセラー対象の能力向上を実施することは困難と思量する。

このため、プロジェクトの対象地域（パイロット州）をある程度絞り込み、対象地域の DTI-SME カウンセラーを対象に、それぞれの地域の特色にあわせた能力向上トレーニングを実施するというアプローチを JICA 側より提案した。それについて DTI は、現在、フィリピン大学小規模産業研究所（UP-ISSI）と協力し、DTI-SME カウンセラーのトレーニングマニュアル（教習テキスト）とビジネスカウンセリング・ハンドブックの開発を行っており、本技術協力プロジェクトによる成果を、同マニュアルとハンドブックの改訂版に反映させることで、パイロット州以外の DTI-SME カウンセラーにも知識の波及が期待できるとして、このアプローチをおおむね了承した。

具体的な対象地域の確定については、事前調査の結果をふまえ、JICA と DTI の実施協議で検討を重ねた。その結果、対象地域は以下の基準に従って選定するのが望ましいとされ、最終的にアルバイ州（ルソン島）、イロイロ州（パナイ島）、ミサミス・オリエンタル州（ミンダナオ島）、ラグナ州（ルソン島）、レイテ州（レイテ島）の各 SME センター、計 5 ヵ所を候補地として選定した。

（１）地域的なバランス

ルソン、ビサヤ、ミンダナオの各地域から 1～2 ヵ所ずつ合計 3～5 ヵ所。

（２）SME センターとしてのキャパシティ・活動の持続性

DTI-SME カウンセラーは原則として各州の SME センターで SME 支援を担当するよう定められていることから、SME 支援の基礎がある程度確立している SME センター（が立地する地域）を対象とした。具体的には、①機材、レファレンス等の設備、②SME センターでサービス提供を担当する DTI-SME カウンセラーの人数、③SME センターとしてのマネジメント体制・事務局機能、④1 ヵ月あたりのクライアント数を比較検討する。また、運営の持続性の観点から、地方自治体（LGUs）や地元の商工会議所およびその他の民間セクター、中小企業開発審議会（SMEDC）から、予算配分、人的支援（事務員の配置など）、コンテンツ支援（セミナー講師の派遣、情報・資料提供など）などに関する連携実績のある SME センターを優先的に候補とする。

（３）運営形態の多様性

SME センターの運営形態は各地域の事情によって異なることから、DTI 主導、LGUs 主導、民間セクター（商工会議所・事業者組合など）主導といった異なる運営形態をとる SME セ

ンターをそれぞれ１ヵ所は対象地域候補として選定する。予算補助を主な選定基準とするが、執務スペース・設備、事務スタッフなどの in-kind contribution についても考慮する。

（４）DTI-BSMED の推薦

上記（１）から（３）までの選定基準を説明したうえで、フィリピン側実施機関である貿易産業省中小企業振興局（DTI-BSMED）からプロジェクト対象候補となる州の推薦を受ける。DTI では 25 ヵ所の優先 SME センターの現状調査を行っており、その結果も勘案しつつ推薦を受けた。

５－２　対象ＳＭＥセンターの基本情報

候補として選定された 5 ヵ所の SME センターについて、調査における第 1 次調査にてローカルコンサルタントを投入して、現状や活動状況に関する詳細な調査を行った。各センターの基本情報については、以下のマトリックスのとおりである。

プロジェクト対象ＳＭＥセンター基本情報マトリックス**

<table>
<tr><td colspan="6">1）地域</td></tr>
<tr><td>州</td><td>ラグナ</td><td>アルバイ</td><td>イロイロ</td><td>レイテ</td><td>ﾐｻﾐｽ･ｵﾘｴﾝﾀﾙ</td></tr>
<tr><td>地域</td><td>ルソン</td><td>ルソン</td><td>ビサヤ</td><td>ビサヤ</td><td>ミンダナオ</td></tr>
<tr><td colspan="6">2）キャパシティ・活動の持続性</td></tr>
<tr><td rowspan="2">①機材・設備</td><td>◎</td><td>△</td><td>△</td><td>○</td><td>◎</td></tr>
<tr><td>SME センターは DTI と同一敷地内に設置</td><td>DTI 州事務所内にスペースを確保</td><td>DTI 州事務所内にスペースを確保</td><td>SMEDC で SME センターを管理・運営</td><td>SME センターは DTI と同一敷地内に設置</td></tr>
<tr><td rowspan="2">② DTI-SME カウンセラーの人数</td><td rowspan="2">少（2 名）</td><td>普通（5 名）</td><td rowspan="2">多（9 名）</td><td rowspan="2">少（2 名）</td><td rowspan="2">多（14 名）</td></tr>
<tr><td>このほかにも 4 名のフルタイムのスタッフが NGO／民間セクターにより配置</td></tr>
<tr><td rowspan="2">③マネジメント体制・事務局機能</td><td>○</td><td>△</td><td>△</td><td>◎</td><td>◎</td></tr>
<tr><td></td><td>特になし</td><td>特になし</td><td>Leyte 商工会議所がセンターを管理、事務局運営</td><td>Center Manager として運営管理の DTI 職員を専任</td></tr>
<tr><td rowspan="2">④クライアント数</td><td>普通</td><td>多い</td><td>普通</td><td>普通</td><td>多い</td></tr>
<tr><td>6～10 件／日</td><td>11～15 件／日</td><td>6～10 件／日</td><td>6～10 件／日</td><td>11～15 件／日</td></tr>
</table>

⑤予算額	DTI州事務所の一般管理経費の一部として計上	DTI 州事務所の一般管理経費の一部として計上	DTI 州事務所の一般管理経費の一部として計上	なし	297万 (For 2005)
⑥他機関との連携	○ LGUs, Line Agencies, Private Sector	◎ LGUs, Line Agencies, Private Sector, SMEDC	◎ LGUs, Line Agencies, Private Sector, SMEDC	No data	◎ LGUs, Line Agencies, Private Sector, SMEDC
3）運営形態・Responsibility Sharing の形					
①予算補助	- DTI Regular budget* (63%)	- DTI Regular budget* (65%)	- DTI Regular Budget* (100%)	- LGU Budget (70%)	DTI Regular budget* (100%)
	- Private sector (31%)	- Private sector (10%)		- Provincial SMED Council (30%)	
	- Other (revenue of venue rental) (6%)	- LGU Budget (20%)			
		- Provincial SMEDC (5%)			
②執務スペース	DTIが別途スペース確保	DTI 事務所を使用	DTI 事務所を使用	LGU が別途スペース提供	DTI が別途スペース確保、LGU が家賃補助
4）DTI-BSMED による推薦					
	○	○	○	◎	◎

注）* DTI Regular Budget には DTI-SME カウンセラーの DTI 職員としての給与、DTI 事務所全体（DTI 事務所の一角をセンターとして活用している場合）の光熱費など、厳密には SME センターの Operation Cost にはあたらないものも含まれている。

** 2005 年 3 月のローカルコンサルタント調査の結果と、2005 年 9 月から実施した事前調査（第 1 次）による詳細情報収集の結果とをあわせ作成。

第６章　プロジェクト基本計画

本項では、付属資料のプロジェクト・デザイン・マトリックス（PDM）と活動計画に従い、プロジェクトの基本計画を説明する。

６－１　プロジェクト目標

5 ヵ所のプロジェクト対象中小企業（SME）センターにおいて、中小零細企業の問題やニーズを分析し、中小零細企業に基本的な（高度に専門的ではない）アドバイスを提供できる SME カウンセラー〔対象地域の SME センターで勤務する SME カウンセラー。貿易産業省（DTI）の州事務所の職員が大部分であるため、以降 DTI−SME カウンセラーと総称する〕の育成を通じて、特にプロジェクト対象地域におけるビジネス開発サービス（BDS）の円滑な提供を促進する。

本プロジェクトの期間内に実現すべきプロジェクト目標は、単に研修が実施されて職員の能力が向上することだけではなく、プロジェクトを通して SME カウンセラーが習得した知識や技能を通して、対象地域で円滑に BDS が提供されることを目的の達成とする。

この達成を測定するための指標としては、以下の項目が挙げられる。

1. プロジェクト対象地域の DTI−SME カウンセラーにより提供される活動･サービスメニューの標準化
2. プロジェクト終了までのプロジェクト対象地域の DTI−SME カウンセラーによる支援サービスを受ける中小零細企業数（延べ）の増加
3. プロジェクト対象地域における DTI−SME カウンセラーによる支援サービス提供に満足する中小零細企業数の増加

６－２　上位目標

本プロジェクトでは、プロジェクト対象地域以外の SME センター（全国 84 ヵ所）の SME カウンセラーに対し、本プロジェクトで作成または改訂した人材育成計画と教材に従った能力開発が行われ、全国においてより円滑な BDS の提供が促進される。

プロジェクトの上位目標はプロジェクトが達成された結果として、ある一定の時間を経て達成が期待される開発効果を意味している。本プロジェクトでは、作成されたカリキュラムや教材、研修内容の有効性が確認された上で、プロジェクト期間終了後に独自予算等で DTI が類似の活動を進めることで、全国の SME カウンセラーに裨益が及ぶことを目標とする。

この達成を測定するための指標としては、以下の項目が挙げられる。

1. プロジェクトの成果をふまえて改訂された教材を使用して研修を受けた SME カウンセラーの数
2. 勤務する SME センターの発展レベルにあわせて平準化された経営相談サービスを提供できる SME カウンセラーの数の増加

3. SME カウンセラーから支援サービスを受ける中小零細企業数の増加

６－３　成果（アウトプット）と指標

プロジェクト目標を達成するために実現を要する成果には、次の 2 つがある。

＜成果１＞

プロジェクト対象地域の SME センター（主に DTI の Provincial Office に設置）における DTI-SME カウンセラーが適切に育成される。

＜指標１＞

適切な指導能力を備えた DTI-SME カウンセラー40 名

＜成果２＞

SME カウンセラーの能力開発用の教材が本プロジェクトの活動をふまえ改訂・更新される。

＜指標２＞

SME カウンセラー研修に使用される共通教材

６－４　活動

活動１：研修計画作成

１－１　中小・零細企業の DTI-SME カウンセラーに対するカウンセリングニーズ（需要側ニーズ）ならびに DTI-SME カウンセラーの研修ニーズ（供給側ニーズ）の分析とリストアップを行う。

１－２　予算および調達計画を策定する。

１－３　SME カウンセラーの人材育成計画を DTI-BSMED のカウンターパートとともに作成する。

事前評価調査にて実施した各種調査結果をふまえつつ、プロジェクトにて強化されるべき能力を検討するために、まず、BDS 提供に際しての提供側・享受側のニーズを確認・分析し、プロジェクトにて実施する研修カリキュラムの作成に資することとする。また、本プロジェクト実施をふまえ、SME カウンセラーの育成について DTI-BSMED が取るべき方策や方針について取りまとめた人材育成計画を、カウンターパートと協議の上で作成する。

活動２：研修の実施

２－１　プロジェクト対象地域の SME カウンセラーに対する研修カリキュラムを作成する。

２－２　既存の SME カウンセラー育成用の教材も参考に、研修用教材を整備する。

２－３　SME カウンセラー研修を実施する。

２－４　研修内容に関し、各プロジェクト対象地域において研修を終了した SME カウンセラーに対する OJT を実施し、研修成果のフォローアップを行う。

活動 1-1 にて分析されたニーズに基づいて、研修カリキュラムおよび研修用教材を整備する。この際、これまでに DTI が同様の目的で開発・所有した類似の研修カリキュラムおよび教材があればレビューするとともに、本プロジェクトで活用できる部分があれば活用を図ることとする。

その後、準備した教材を活用して研修を実施する。研修は主に講義形式を想定しているが、必

要に応じてワークショップなど参加型の方法を用いることとする。また、座学だけではカウンセリングに関する能力を向上させることは難しいことから、研修受講生に対する専門家および研修講師等によるカウンセリング（OJT）を実施し、SME カウンセラーが実際の業務において研修で習得した知識や方法論を実践できるよう、プロジェクト活動としてサポートする。

なお、こうした活動に際しては、日本人専門家の監督・指導のもとで、フィリピン国内の大学や研究所、ローカルコンサルタントに蓄積された知見や経験を活用して効率的に進めることも一考である。

活動３：能力開発教材、SME カウンセラー業務マニュアルの改訂・更新支援

３－１　研修および OJT の結果をふまえ、本プロジェクト用の教材の内容を DTI が作成している既存の SME カウンセラー育成教材の改訂に反映させる。

３－２　研修および OJT の成果・教訓を、既存の SME カウンセラー業務マニュアルに反映させる。

DTI では、本プロジェクト以外でもさまざまな活動を実施しており、こうした活動とプロジェクト活動の成果や教訓などが有機的に連動することで、有効な中小企業振興を図ることが可能となる。ついては、研修実施をレビューし、有効なフィードバックを得るとともに、既存のマニュアルや教材への反映を図り、プロジェクト終了後の DTI による他地域への展開に資するものとする。

活動４：プロジェクト管理

４－１　DTI-BSMED 内にプロジェクト事務局（Project Management Office）を設置し、プロジェクトの進捗管理を行う。

４－２　モニタリング・評価活動を実施する。

４－３　モニタリング結果をふまえ、プロジェクト計画を調整する。

プロジェクトの実施状況のモニタリングについては、専門家チームだけでなく、カウンターパートも主体的に参画し、双方の合意のもとで運営・調整がなされるべきであり、これに向けた意見交換がプロジェクト運営事務局（PMO）内で定期的になされることが望ましい。

６－５　投入

６－５－１　日本側投入

（１）専門家の配置

本調査の結果、プロジェクト活動を実施するにあたっては、調査にて明らかになった BDS のニーズやカウンセラーの研修ニーズ等に鑑み、以下の分野の専門家の派遣を要する。これらの専門家については、活動の進捗状況に応じて短期派遣を数次にわたって繰り返すことで十分に業務を遂行することが可能であり、長期専門家として派遣される必要性は必ずしも高くないと考えられる。

- チーフアドバイザー/人材育成計画
- 経営分析/ビジネスカウンセリング

・　企業計画/ビジネスプラン
・　財務・税務
・　マーケティング

（２）本邦もしくは第三国における研修

本プロジェクトでは、プロジェクト目標の達成に有益であると判断された場合、必要に応じてわが国もしくは第三国において研修を実施することとする。この場合、テーマとしては、現時点では中小企業振興にかかる官セクターおよび民間セクターの役割、産官学の連携などが考えられるが、プロジェクトの進行状況に応じて発生した問題意識等をふまえながら検討することとする。

（３）機材供与

SME カウンセラーに対する研修等のプロジェクト活動の実施については、プロジェクター等を含め現在 DTI が所有する機材を活用するか、専門家チーム所有の機材を利用すれば十分に実施可能であると考えられ、現時点で本プロジェクトにおける機材供与は想定していない。

６－５－２　フィリピン側投入

（１）カウンターパートの配置

プロジェクトの実施に際しては、主たるカウンターパートである DTI‑BSMED の局長以下、スタッフが担当として配置され、活動の実施に参画するものとする。また、SME センターでの研修等の活動の実施に際しては、DTI 州事務所のスタッフが支援スタッフとして参加する。

（２）土地、建物、機材

本プロジェクトでは PMO を DTI‑BSMED に設置するが､事務所については DTI‑BSMED 内にて空いているスペースを活用することとする。また、研修等に使用する機材は、現在 DTI が所有する機材が活用できると考えられ、新たにフィリピン側にて用意する機材は現時点では想定していない。

６－６　外部条件の検討

６－６－１　プロジェクト開始の前提条件

本件は DTI‑SME カウンセラーの人材育成を通した BDS の円滑な提供をめざすものであることから、カウンセラーが研修を含む各種プロジェクト活動に参加しない限り、活動が成立し得ない。また、プロジェクト運営に向けた予算が確保されない限り、プロジェクトを開始することは不可能である。

６－６－２　プロジェクト目標達成のための外部条件

既述のとおり、本件は DTI‑SME カウンセラーの人材育成を通した BDS の円滑な提供をめざすものであることから、能力開発の対象となる SME カウンセラーが継続して、SME センター

でBDS提供業務に従事しない限りは、目標は達成し得ない。

６－６－３　上位目標達成のための外部条件

本プロジェクトにおける経験を活用して他地域のSMEセンターおよびDTI-SMEカウンセラーの育成を継続し、本プロジェクトで扱う5つのSMEセンター以外の地域で提供されるBDSの質の向上をめざしている。これについて、DTIがSMEセンターを通したBDS提供を中止・停止した場合、あるいはSMEセンターの運営から撤退するような大きな方針転換があった場合、プロジェクト効果の展開は意味がないものとなってしまう。また、プロジェクト終了後の他地域への展開はDTIが独自に進めるべきものであり、DTIのカウンセラーの人材育成のための予算が引き続き確保されることが重要となる。

６－７　実施体制

プロジェクト運営に際しては､専門家チームとDTI-BSMEDのカウンターパートによってPMOを形成して運営にあたる。この際、BSMED局長がプロジェクト･マネージャーとして主体的に活動の指揮を取る。サイトでの活動に際しては、DTI州事務所の職員たるDTI-SMEカウンセラーが研修の対象となることから、同事務所の関与が欠かせない。DTI本省においては、州事務所の活動はDTI本省・地域管理部門（ROG）が所掌しており、BSMEDとは異なる指揮命令系統にあることから、プロジェクトの計画や進捗に関する方法を頻繁に共有して、BSMEDが単独で活動を実施することがないよう留意が必要である。

また、カリキュラムや教材の作成および研修の実施に際しては、DTIはこれまでフィリピン大学小規模産業研究所（UP-ISSI）と共同で事業を行っており、それら過去の知見や経験が本プロジェクトの円滑かつ効率的な運営に際して活用されるべきと考えられ、UP-ISSIを含めたPlanning Teamを設置し、活動計画の立案等に関する助言を得ることとする。

第７章　事前評価結果

７－１　妥当性

以下の点から、本プロジェクトの妥当性は総じて高い。

- 零細・中小細企業向けビジネスアドバイザリー・サービスの充実および中小企業（SME）カウンセラーの育成は、フィリピン貿易産業省（DTI）の SME Development Plan 2004-2010 においても優先課題のひとつとして取り上げられており、中小企業振興の観点から同国の政策に合致している。
- 日本政府の国別援助計画と JICA 国別事業実施計画の基本方針と合致している。
- DTI では、すでに SME カウンセラーの能力開発研修を外部機関と連携して開始している。本プロジェクトの実施により、フィリピン政府の既存の取り組みの成果を補填・強化していくことは、実施機関である DTI のニーズと合致する。
- 日本は、中小企業行政担当機関の職員の人材育成や経営相談員の人材育成についてかなりの経験を有しており､活用可能性の高いカリキュラム類型などもすでに存在しているため、当該分野における日本の協力の比較優位性は高い。

７－２　有効性

以下の理由により、本プロジェクトのアプローチの有効性は高い。

- フィリピン（特に地方）においては、地域で活用可能なビジネス開発サービス（BDS）に関する情報を効率よく提供し、中小零細企業が必要な情報・リソースに円滑にアクセスできるようにする必要がある。地方において、DTI の地方事務所は中小零細企業にとって最もよく知られた経営相談窓口のひとつであり、特に、商工会議所や事業者団体等の会費を支払えない零細企業にとっては、DTI が唯一の相談窓口となる場合も多い。本プロジェクトで育成対象となる DTI-SME カウンセラーは、その大部分が DTI の地方事務所に勤務する DTI 職員である。フィリピン中小零細企業の振興を長期的な目標とした場合、全国に事務所を有し BDS を提供している観点から､中小零細企業にとって最も相談しやすい窓口であり、このような DTI-SME カウンセラーを能力開発の対象とするアプローチは有効である。

７－３　効率性

本プロジェクトは以下の観点から効率的な実施を見込むことができる。

- DTI では、すでに DTI の地方事務所職員である SME カウンセラーに対する人材育成研修を実施しており､本プロジェクトはフィリピン政府の既存の施策･政府による活動を補完･強化する形で実施される。このため、人材育成方針や能力開発カリキュラムの開発をゼロから開始する必要はなく、フィリピン政府の既存の取り組みとの連携を念頭に、効率よくプロジェクト活動を開始することが可能である。

７－４　インパクト

本プロジェクトにより、フィリピン中小企業振興の観点から、以下のようなインパクトが期待できる。

- DTI は中小企業行政主管官庁としての役割を担っており、中小零細企業／起業家に対する円滑な BDS の提供を支援する SME カウンセラーの育成に力を入れている。本プロジェクトの活動を通じて、DTI で現在実施している人材育成の成果を検証、補完するとともに、DTI-SME カウンセラーを対象とする人材育成教材ならびに業務マニュアルをカウンセラーの業務実態に即して改善することが可能となる。DTI ではこの教材を活用して全国の DTI-SME カウンセラーの人材育成を計画しており、本プロジェクトの目標を達成することにより、上位目標の達成に貢献できる。
- 本プロジェクトにおいて能力強化の対象となる DTI-SME カウンセラーは約 40 名と想定されているが、長期的には本プロジェクトの成果（人材育成用の教材・カウンセラー業務マニュアルなど）により全国 84 ヵ所の SME センターで勤務にあたる SME カウンセラーが裨益することとなり、本プロジェクトが DTI の SME カウンセラー人材育成計画に与えるインパクトは大きいと考えられる。
- DTI-SME カウンセラー（DTI の地方事務所職員）の能力強化を図ることにより、DTI の（特に地方における）中小零細企業振興に関する組織的能力の強化が図られる。その結果、各地域において活用可能な BDS に関する情報提供および各種サービスが SME により適切に活用されることを通じ、地方における民間企業活動が活発化することが期待できることから、経済的インパクトは大きいと考えられる。
- 本プロジェクトは、フィリピン政府の既存の取り組みを補完・改善する目的で実施されるため、人材育成というプロジェクトの性格から考えて、物理的・環境面でのネガティブ・インパクトは少ないと考えられる。

７－５　持続可能性

本プロジェクトの自立発展性は以下のように予測される。

- 本プロジェクトの実施機関である DTI-BSMED は、本プロジェクト開始以前から SME Development Plan 2004-2010 のもと、SME カウンセラーの人材育成と SME センターの機能強化に取り組んでおり、プロジェクトにより実施される活動のオーナーシップは確保される。
- DTI-BSMED は、中小企業開発審議会（SMEDC）により、SME カウンセラー人材育成に関する計画策定・調整・実施監督機関の役割を任命されている。このため、プロジェクト終了後も、SME カウンセラーの人材育成がプロジェクト活動を通じて作成される人材育成計画に沿って実施されることが見込まれる。

７－６　総論

上述のとおり本案件は、フィリピンの政策における課題の優先度および日本の協力の比較優位性が双方ともに高いことからも、妥当性が高いと判断される。また、有効性・効率性・インパクト・持続可能性については、現時点で想定される将来的な見通しではあるものの、各評価の観点から実施すべき要件を満たしている。

また、相手側実施機関からも強い意欲をもって早急なる実施が望まれており、本プロジェクトは可能な限り早期に実現、実施されることが望ましいと思われる。

７－７　貧困・ジェンダー･環境への配慮

プロジェクト活動を通じ、プロジェクトの対象となる SME センターを利用する女性起業家の育成・起業支援に間接的に裨益することが想定される。これらの観点についてのネガティブな影響は、現時点では想定されていない。

付　属　資　料

１．事前調査ミニッツ（M/M）

２．討議議事録（R/D）

３．第１次調査報告書

MINUTES OF MEETING
BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
DEPARTMENT OF TRADE AND INDUSTRY
OF THE REPUBLIC OF THE PHILIPPINES
ON
JAPANESE TECHNICAL COOPERATION
FOR
"THE PROJECT ON SME "SHINDAN" FOR PHILIPPINE SME COUNSELOR"

With regard to Japanese Technical Cooperation for the project on SME "SHINDAN" for Philippine SME Counselors" (hereinafter referred to as "the Project"), Philippine Office of Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussions with Bureau of Small and Medium Enterprise Development, Department of Trade and Industry (hereinafter referred to as "DTI-BSMED") on the basic framework of the Project.

As a result of the discussions, both parties reached common understanding concerning the matters referred to in the document attached hereto.

Manila, October 16 , 2006

北林 春美

Harumi Kitabayashi
Deputy Resident Representative
JICA Philippine Office
Japan International Cooperation Agency

Rhodora M. Leaño
Director
Bureau of Small and Medium Enterprise Development
Department of Trade and Industry
Republic of the Philippines

THE ATTACHED DOCUMENT

I. The Basic Framework of Cooperation between JICA and the Government of the Philippines

1. Both sides discussed and agreed that the Project will be implemented in accordance with the Master Plan of which draft is given in Annex I.
2. Training contents of the Project will cover skills and knowledge of general business counseling, focusing on such methods by which SME Counselors apply theories to the actual situation and assess needs of SMEs. It is expected that DTI-SME Counselors will be able to identify the problem and the kind of services to be provided to SMEs as well as to provide them preliminary advices at the end of the Project.

II. Introduction of Japanese "SHINDAN" system

1. In the course of discussion, DTI-BSMED stated that, although the introduction of "SHINDAN" system was mentioned in the official document of Japan Philippine Economic Partnership Agreement (JPEPA), DTI would not intend to immediately introduce/establish such a "system" equivalent to Japanese SHINDAN by implementing this single technical cooperation project. DTI-BSMED suggested that modality and processes for eventually adopting and establishing such system could be discussed later based on the progress and results of the Project.
2. DTI-BSMED suggested that a sub-title can be used prepared to indicate that the Project does not strictly aim to introduce the SHINDAN system but to develop the capacity of DTI-SME Counselors in accordance with the requirements of their clientele.

III. Definition of SMEs (Target Clients of DTI-SME Counselors)

1. Although they are called as "SME Counselors", most of their clients are still at the micro level, reflecting the actual proportion of micro-sized enterprises in the total number of business establishments in the Philippines.
2. According to the SME Development Plan 2004-2010, the definition of Philippine SMEs includes micro-sized enterprises, and is categorized based on asset size (excluding land) and the number of employees. Micro enterprises are those businesses whose total assets are 3 million pesos or less and/or whose number of employees is less than 10. Micro-sized enterprises account for more than 90 % of the national total of business establishments.

3. DTI-BSMED and JICA agreed that the definition of "SMEs" in the Project includes not only small and medium enterprises but also micro-sized businesses. Moreover, both sides confirmed that it would be possible that the majority of target clients of DTI-SME Counselors could be categorized as micro enterprises.

IV. Requirement for Target SME Centers

1. DTI will ensure that the currently selected 5 target SME Centers will make their SME Counselors physically available to participate in the SME Counselors training and on-the job training (OJT), and will continuously assign those personnel trained through the Project as SME Counselors to promote smooth delivery of Business Development Services (BDS) in the respective province.
2. DTI-BSMED and JICA agreed that those 5 SME Centers and respective DTI provincial offices which assign their staff as SME Counselors need to make a commitment, in a document format, to fulfill the above mentioned condition before they would undergo the training provided by the Project.

V. Next Steps

1. The Chart for Project Ex-ante Evaluation for "The Project on SME "SHINDAN" for Philippine SME Counselors" will be made based on these Minutes of Meetings (M/M) immediately. The M/M must be approved by JICA.
2. DTI will authorize Undersecretary of DTI to sign Record of Discussion (R/D). DTI-BSMED will coordinate acquiring the acceptance from SMEDC.
3. The counterpart personnel who will assist the Project Management Office will be assigned by the authorities concerned from the Philippine side before concluding R/D.
4. R/D will be signed by both sides. After then, the Project is officially authorized to commence.

END

List of Annex:
Annex 1 Master Plan of the Project (draft)

ANNEX 1

MASTER PLAN OF THE PROJECT

As of October 2006

I. GENERAL INFORMATION OF THE PROJECT

1. Title of the Project

The Project on SME "SHINDAN" for Philippine SME Counselors - Capacity Development for DTI-SME Counselors

2. Duration of the Cooperation

3 years

3. Target SME Centers

2 Centers in Luzon (Laguna and Albay), 2 Centers in Visayas (Iloilo and Leyte), and 1 Center in Mindanao (Cagayan de Oro)

4. Target Beneficiaries

1) Direct Beneficiaries:

Approximately 40 SME Counselors (assigned as both full-time and part-time DTI-SME Counselors) working at the 5 target SME Center

2) Ultimate Target:

All DTI-SME Counselors to be trained through training material/manuals/handbooks published by DTI-BSMED. Also, indirectly, the results of the Project will benefit those SMEs which are/would be clients of SME Counselors.

II. BASIC FRAMEWORK OF THE COOPERATION

1. Overall Goal

At 85 SME Centers, SME Counselors become more trained through training material which is developed/improved through the Project activities. And, DTI implement human resource development of those SME Counselors in accordance with a SME Counselor training plan.

2. Project Purpose

At 5 target SME Centers, approximately 40 SME Counselors are trained to be able to analyze SMEs' problems/needs, and to provide basic business advice to SMEs so that those SME Centers can more efficiently support SMEs in delivery and coordination of locally available Business Development Services (BDS).

3. Outputs

1) SME Counselors are appropriately trained.
2) A SME Counselor training plan and training materials/guidelines are developed.

4. Activities

1) Planning of training:

1-1. Conduct training needs assessment based on preliminary information gathering done by DTI-BSMED,

1-2. Establish budget and logistics requirement for DTI, and

1-3. Formulate a SME Counselor training plan.

2) Training:

2-1. Prepare training curriculum

2-2. Prepare training materials based on the existing training manuals/handbooks published by DTI-BSMED,

2-3. Conduct SME Counselor training, and

2-4. Conduct follow-up on the job trainings (OJTs) in the provinces where respective target SME Centers locate.

3) Revision/improvement of existing Training Materials

3-1. Prepare a draft of revised training materials based on results and lessons learned from the SME Counselor training and OJTs, and

3-2. Prepare a draft of SME Counselors work manuals/handbooks based on results and lessons learned from the Training and OJTs.

4) General Project Management

4-1. Establish a Project Management Office in DTI-BSMED which organize the entire process of project implementation and undertake general administrative activities,

4-2. Conduct monitoring and evaluation activities, and

4-3. Make necessary adjustment in response to result of the monitoring.

END

RECORD OF DISCUSSIONS BETWEEN JAPAN INTERNATIONAL COOPERATION AGENCY AND DEPARTMENT OF TRADE AND INDUSTRY OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES ON JAPANESE TECHNICAL COOPERATION FOR "THE PROJECT ON SME "SHINDAN" FOR PHILIPPINE SME COUNSELORS - CAPACITY DEVELOPMENT FOR DTI-SME COUNSELORS"

The Japan International Cooperation Agency (hereinafter referred to as "JICA"), through the Philippine Office, had a series of discussions with Philippine Government represented by the Department of Trade and Industry (hereinafter referred to as "DTI") on measures to be taken by both sides for the successful implementation of the Project on SME "SHINDAN" for Philippine SME Counselors – Capacity Development for DTI-SME Counselors (hereinafter referred to as "the Project").

As a result of the discussions, JICA and DTI agreed on the matters referred to in the document attached hereto.

Manila, December 6, 2006

SHOZO MATSUURA
Resident Representative,
Japan International Cooperation Agency
Philippine Office

ZORAYDA AMELIA C. ALONZO
Undersecretary for Small and Medium Enterprises Development,
Department of Trade and Industry
Republic of the Philippines

Rhodora M. Leano
Director
Bureau of Small and Medium Enterprise Development
Department of Trade and Industry
Republic of the Philippines

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN JICA AND THE GOVERNMENT OF THE PHILIPPINES

1. The Government of the Republic of the Philippines will implement the Project on SME "SHINDAN" for Philippine SME Counselors – Capacity Development for DTI-SME Counselors (hereinafter referred to as "the Project") in cooperation with JICA.

2. The Project will be implemented in accordance with the Master Plan which is given in Annex I.

II. MEASURES TO BE TAKEN BY JICA

In accordance with the laws and regulations in force in Japan, JICA will take, at its own expense, the following measures according to the normal procedures under the Colombo Plan Technical Cooperation Scheme.

1. DISPATCH OF JAPANESE EXPERTS
   JICA will provide the services of the Japanese experts as listed in Annex II.

2. TRAINING OF PHILIPPINE PERSONNEL IN JAPAN
   JICA will receive selected Philippine personnel connected with the Project for technical training in Japan (Annex VI, for details).

III. MEASURES TO BE TAKEN BY THE GOVERNMENT OF THE PHILIPPINES

1. The Government of the Republic of the Philippines will take necessary measures to ensure that the self-reliant operation of the Project will be sustained during and after the period of Japanese technical cooperation, through full and active involvement in the Project by all related authorities, beneficiary groups and institutions.

2. The Government of the Republic of the Philippines will ensure that the technologies and knowledge acquired by the Philippine nationals as a result of Japanese technical cooperation will contribute to the economic and social development of the Philippines.

3. The Government of the Republic of the Philippines will grant in Philippine privileges, exemptions and benefits to the Japanese experts referred to in II-1 above and their families, which are no less favorable than those accorded to experts of third countries working in the Philippines under the Colombo Plan Technical Cooperation Scheme.

4. The Government of the Republic of the Philippines will take necessary measures to ensure that the knowledge and experience acquired by the Philippine personnel from technical training in Japan will be utilized effectively in the implementation of the Project.

5. In accordance with the laws and regulations in force in the Philippines, the Government of the Republic of the Philippines will take necessary measures to provide or prepare the following at its own expense :

   (1) Services of the Philippine counterpart personnel and administrative personnel as listed in Annex III;
   (2) Existing facilities and equipment as listed in Annex IV and suitable working space for experts;
   (3) Means of transport and travel allowances for the Japanese experts for official travel within the Republic of the Philippines following the existing travel allowances provided for government officials/employees; and
   (4) Assistance to find suitably furnished accommodation for the Japanese experts and their families.

6. In accordance with the laws and regulations in force in the Philippines, the Government of the Republic of the Philippines will take necessary measures to meet:

   (1) Personnel expenses for the Philippine counterparts, and
   (2) Running expenses necessary for the implementation of the Project

IV. ADMINISTRATION/IMPLEMENTING FRAMEWORKS OF THE PROJECT

1. The Undersecretary for Small and Medium Enterprises Development of the Department of Trade and Industry (hereinafter referred to as "DTI"), as the Project Director, will bear overall responsibility for the administration and implementation of the Project.

2. Director of DTI-Bureau of Small and Medium Enterprise Development (hereinafter referred to as 'DTI-BSMED"), Head Counterpart of the Project, as the Project Manager, will be responsible for the managerial and technical matters of the Project.

3. The Japanese Team Leader will provide necessary recommendations and advice to the Project Director and the Project Manager on any matters pertaining to the implementation of the Project.

4. The Japanese experts will give necessary technical guidance and advice to the

Philippine counterpart personnel on technical matters pertaining to the implementation of the Project.

5. For the effective and successful implementation of technical cooperation for the Project, a Joint Coordinating Committee will be established whose functions and composition are described in Annex V.

V. JOINT EVALUATION

Evaluation of the Project will be conducted jointly by JICA and the Government of the Republic of the Philippines, at the middle and during the last six months of the cooperation term in order to examine the level of achievement.

VI. CLAIMS AGAINST JAPANESE EXPERTS

The Government of the Republic of the Philippines undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in the Republic of the Philippines except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

There will be mutual consultation between JICA and the Philippine Government on any major issues arising from, or in connection with this Attached Document.

VIII. MEASURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT

For the purpose of promoting support for the Project among the people of the Philippines, the Government of the Republic of the Philippines will take appropriate measures to make the Project widely known to the people of the Philippines.

IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be three (3) years from February 1, 2007 to January 31, 2010.

ANNEX I	MASTER PLAN
ANNEX II	FIELDS OF EXPERTISE TO BE PROVIDED BY JAPANESE EXPERTS
ANNEX III	LIST OF PHILIPPINE COUNTERPARTS AND PROJECT MANAGEMENT OFFICE
ANNEX IV	LIST OF LAND, BUILDINGS AND FACILITIES
ANNEX V	JOINT COORDINATING COMMITTEE
ANNEX VI	OTHER ADMINISTRATIVE MATTERS

ATTACHMENT A:	Project Design Matrix (As of November 2006)
ATTACHMENT B:	Plan of Operations (As of November 2006)

ANNEX I MASTER PLAN

I. GENERAL INFORMATION OF THE PROJECT

1. Title of the Project

The Project on SME "SHINDAN" for Philippine SME Counselors - Capacity Development for DTI-SME Counselors

2. Duration of the Cooperation

3 years

3. Target SME Centers

2 Centers in Luzon (Laguna and Albay), 2 Centers in the Visayas (Iloilo and Leyte), and 1 Center in Mindanao (Cagayan de Oro)

4. Target Beneficiaries

1) Direct Beneficiaries:

Approximately 40 SME Counselors (assigned as both full-time and part-time DTI-SME Counselors) working at the 5 target SME Centers

2) Ultimate Target:

All DTI-SME Counselors to be trained through training material/manuals/handbooks published by DTI-BSMED. Also, indirectly, the results of the Project will benefit those SMEs which are existing or would-be clients of SME Counselors.

II. BASIC FRAMEWORK OF THE COOPERATION

1. Over-all Goal

At 85 SME Centers, SME Counselors become more trained through training material which is developed/improved through the Project activities. And, DTI implement human resource development of those SME Counselors in accordance with a SME Counselor training plan.

2. Project Purpose

At 5 target SME Centers, approximately 40 SME Counselors are trained to be able to analyze SMEs' problems/needs, and to provide general business counseling to SMEs so that those SME Centers can more effectively and efficiently support SMEs in the delivery and coordination of locally available Business Development Services (BDS).

3. Outputs

1) SME Counselors are appropriately trained.
2) A SME Counselor training plan and training materials/guidelines are developed.

4. Activities

1) Planning of training:

1-1. Conduct training needs assessment based on preliminary information gathering done by DTI-BSMED,

1-2. Establish budget and logistics requirement for DTI, and

1-3. Formulate a SME Counselor training plan.

2) Training:

2-1. Prepare training curriculum

2-2. Prepare training materials based on the existing training manuals/handbooks published by DTI-BSMED,

2-3. Conduct SME Counselor training, and

2-4. Conduct follow-up on the job trainings (OJTs) in the provinces where respective target SME Centers locate.

3) Revision/improvement of existing Training Materials

3-1. Prepare a draft of revised training materials based on results and lessons learned from the SME Counselor training and OJTs, and

3-2. Prepare a draft of SME Counselors work manuals/handbooks based on results and lessons learned from the Training and OJTs.

4) General Project Management

4-1. Establish a Project Management Office in DTI-BSMED which shall organize the entire process of project implementation and undertake general administrative activities,

4-2. Conduct monitoring and evaluation activities, and

4-3. Make necessary adjustment in response to result of the monitoring.

END

ANNEX II FIELDS OF EXPERTISE TO BE PROVIDED BY JAPANESE EXPERTS

(1) Team Leader / Human Resource Management
(2) Business Counseling
(3) Business Plan / Entrepreneurship Development
(4) Business Finance / Tax Management
(5) Marketing

Note: Other fields of expertise may be provided, upon mutual agreement of both sides, for the effective implementation of the Project.

ANNEX III LIST OF PHILIPPINE COUNTERPARTS AND PROJECT MANAGEMENT OFFICE

1. Philippine Counterparts

(1) Project Director

Undersecretary for Small and Medium Enterprises Development, Department of Trade and Industry (DTI)

(2) Project Manager

Director of Bureau of Small and Medium Enterprise Development (BSMED), DTI

2. Project Management Office (PMO)

(1) National-level

DTI-BSMED One (1) Division Chief

One (1) Senior Trade & Industry Development Specialist

One (1) Trade & Industry Development Specialist / Analyst

(2) Regional-level

The five DTI Provincial Offices shall appoint their respective Coordinators for this Project.

(3) Administrative Personnel

Administrative Officers (Secretary, etc)

Note: As the need arises, DTI shall add other personnel to the PMO in accordance with the requirements of the various stages of the Project.

3. Planning Team for Training

(1) DTI-BSMED

Director of DTI-BSMED

Assistant Director of DTI-BSMED

Division Chief (at least one (1))

(2) DTI-Human Resource Development Service (DTI-HRDS)

One (1) representative from DTI-HRDS

(3) University of Philippines –Institute for Small Scale Industries (UP-ISSI)

One (1) representative from UP-ISSI

(4) Other concerned parties as the necessity arises.

ANNEX IV LIST OF LAND, BUILDING AND FACILITIES

1. Office space and necessary facilities for Japanese experts and Philippine counterpart personnel in both Metro Manila and respective target SME Centers

2. Lecture rooms and meeting rooms necessary for the implementation of the Project

3. Other facilities mutually agreed upon as necessary for the implementation of the Project

4. Recurrent expenses such as electricity, water, gas, fuel and other contingencies for the above mentioned facilities

ANNEX V JOINT COORDINATING COMMITTEE

1. Functions

The Joint Coordinating Committee will meet at least once a year and whenever necessity arises, to:

(1) Approve the Annual Implementation Plan and strategies under the framework of the Project,

(2) Review and monitor the overall progress of the Project as well as the achievement of the Annual Implementation Plan mentioned above,

(3) Exchange views on major issues arising from or in connection with the Project, and

(4) Coordinate with related offices, agencies and stakeholders

2. Composition

(1) Chair Person:

Undersecretary for Small and Medium Enterprises Development, Department of Trade and Industry (DTI)

(2) Members from Philippine side

- Undersecretary for SME Development, DTI (Project Director)
- Director of BSMED, DTI (Project Manager, Head of the counterparts)
- Representative from the Regional Operations Group (ROG), DTI
- Representative from the National Economic and Development Authority (as an observer)
- Other concerned parties (to be decided by the Philippine side)

(3) Members from Japanese side

- Resident Representative, JICA Philippine Office
- Japanese Experts, JICA
- Personnel concerned to be decided by the Resident Representative of JICA Philippine Office

3. Note

(1) Officials of the Embassy of Japan may attend a Joint Coordinating Committee meeting as observers.

(2) Persons who are invited by the Chairperson may attend a Joint Coordinating Committee meeting as observers.

ANNEX VI OTHER ADMINISTRATIVE MATTERS

1. Training of Selected DTI-SME Counselors in Japan

When the necessity of further technical training arises, and upon recommendation by the Japanese Project Team, JICA will consider the sending of selected Philippine personnel (participating in the local training under the Project) to Japan for technical training.

2. Additional Participants from non-targeted DTI-SME Centers

In case both DTI and the Japanese Project Team agree to let additional DTI-SME Counselors of SME Centers -- other than the 5 target SME Centers -- participate in lectures and/or OJTs under the Project, expenses that may be incurred for the said additional participants shall be shouldered by DTI.

ATTACHMENT A
(Version 1.0)
As of November 2006

Project Design Matrix

Project Title: The Project on SME "SHINDAN" for Philippine SME Counselors - Capacity Development for DTI-SME Counselors

Direct beneficiary: DTI-SME Counselors in the selected SME Centers   Final beneficiary: SMEs in the selected areas   Duration: 3 years

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption
Overall Goal 1. At 85 SME Centers, SME Counselors become more trained through training material which is developed/improved through the Project activities. And, DTI implement human resource development of those SME Counselors in accordance with a SME Counselor training plan.	(Figures as of 3-5 years after the end of the project period) 1. The number of Philippine SME Counselors who would undergo training through training material to be developed by the Project activities. 2. Increase in numbers of SMEs Counselors who can provide appropriate level of advisory/counseling services in SME Centers in the Philippines 3. Increase in numbers of SMEs being assisted by Philippine SME Counselors	1. Reports of related DTI Provincial Offices 2. Periodical Reports of SME Centers 3. Reports of DTI Provincial Offices	1. There will be no major changes to overall policies and strategies for SME Counselor development.
Project Purpose 1. At 5 target SME Centers, approximately 40 SME Counselors are trained to be able to analyze SMEs' problems/needs, and to provide general business counseling to SMEs so that those SME Centers can more efficiently support SMEs in delivery and coordination of locally available Business Development Services (BDS).	1. Standardized Business Development Services (BDS) available at the target SME Centers. 2. Increase in numbers of SMEs receiving advisory services by SMIDEC 3. Increase in numbers of SMEs being satisfied with SMIDEC programs.	1. Progress Reports of the Project 2. Progress Repots and Activity Records of the target SME Centers 3. Questionnaire Survey	1. Other SME related agencies function properly in cooperation with SMIDEC. 2. Continuous budgetary allocation to BSMED for SME Counselor training is secured by the government.

Outputs 1. SME Counselors are appropriately trained.	1. 40* DTI-SME Counselors in the target SME Centers who can provide services with appropriate advisory capabilities ***NOTE**: The number of DTI-SME Counselors to be trained was estimated from results of the previous baseline survey on the target SME Centers. But the figure is still tentative and subject to change in the process of the project implementation.	1. Progress Reports / Training Reports	1. Most of SME Counselors trained through the Project will continuously work as SME Counselors in their SME Centers to provide BDS to SMEs.
2. A SME Counselor training plan and training materials/guidelines are developed.	2. SME Counselor training plan and Training materials / guidelines / Work Manuals commonly used for Philippine SME Counselor training	2. Progress Reports	
Activities **1. Planning of training** 1-1. Conduct training needs assessment based on preliminary information gathering done by DTI-BSMED, 1-2. Establish budget and logistics requirement for DTI, and 1-3. Formulate a SME Counselor training plan. **2. Training** 2-1. Prepare training curriculum 2-2. Prepare training materials based on the existing training manuals/handbooks published by DTI-BSMED,	**Input** Government of Japan (Experts) 1. Short-term experts to cover at least the following fields: Team Leader/Human Resource Management, Business Counseling, Business Plan/ Entrepreneurship Development, Business Finance / Tax Management, Marketing (Training in Japan) 2. Training of Counterpart Personnel (C/P) in Japan (2 persons/yr)	Government of Philippines 1. Assignment of Philippine Counterparts 2. Office, work space and relevant facilities 3. Local cost for project implementation and management such as business trips and stationery procurement	

2-3. Conduct SME Counselor training, and 2-4. Conduct follow-up on the job trainings (OJTs) in the provinces where respective target SME Centers locate. **3. Revision/improvement of Existing Training Materials** 3-1. Prepare a draft of revised training materials based on results and lessons learned from the SME Counselor training and OJTs, and 3-2. Prepare a draft of SME Counselors work manuals/handbooks based on results and lessons learned from the Training and OJTs. **4. General Project Management** 4-1. Establish a Project Management Office in DTI-BSMED which organize the entire process of project implementation and undertake general administrative activities, 4-2. Conduct monitoring and evaluation activities, and 4-3. Make necessary adjustment in response to result of the monitoring.			
			Pre-conditions: 1. Sufficient budgetary and personnel arrangement are secured by DTI. 2. The selected SME Counselors will proactively participate in training (lectures and OJT)

ATTACHMENT B
(Version 1.0)
As of November 2006

Plan of Operations (PO)
Project Title: The Project on SME "SHINDAN" for Philippine SME Counselors - Capacity Development for DTI-SME Counselors

Activities	Expected Results	Calendar Schedule 2007	2008	2009	Implementer	Remarks
1. Planning of training						
1-4. Conduct training needs assessment based on preliminary information gathering done by DTI-BSMED,	(1) Confirmed training needs in Assessment Report	→			1. Japanese consultants/ 2. DTI-BSMED Project Counterpart	
1-5. Establish budget and logistics requirement for DTI,	(2) Budget and logistic arrangement confirmed by DTI	→				
1-6. Formulate a SME Counselor training plan.	(3) SME Counselor Training Plan	→				
2. Training (Lectures and OJTs)						
2-1. Prepare training curriculum	(1) Training curriculum	→			1. Japanese consultants 2. DTI-BSMED Project Counterpart 3. Selected DTI-SME Counselors	
2-2. Prepare training materials/workbooks based on the existing training manuals/handbooks prepared/published by DTI-BSMED	(2) Training materials	→				
2-3. Conduct SME Counselor training (lectures),	(3) Number of trainees undergone training, training reports	→	→ →	→		
2-4. Conduct follow-up on the job trainings (OJTs) in the provinces where respective target SME Centers locate	(4) Number of SMEs assisted by DTI-SME Counselors through/after on-the-job-training (OJTs)	→	→	→		

3. Revision/improvement of Existing Training Materials						
3-1. Prepare a draft of revised training materials based on results and lessons learned from the SME Counselor training and OJTs	(1) Revision of training materials				1. Japanese consultants/ 2. DTI-BSMED Project Counterpart 3. JICA Project Evaluation Mission	
3-2. Prepare a draft of SME Counselors work manuals/handbooks based on results and lessons learned from the Training and OJTs.	(2) Revision of SME Counselors work manuals/handbooks					
4. General Project Management						
4-1. Establish a Project Management Office in DTI-BSMED which organize the entire process of project implementation and undertake general administrative activities,	(1) Organization chart				1. Japanese consultants/ 2. DTI-BSMED Project Counterpart	
4-2. Conduct monitoring and evaluation activities, and	(2) Monitoring Report and Evaluation Report		* Mid-term Evaluation	* Terminal Evaluation		
4-3. Make necessary adjustment in response to result of the monitoring.	(3) Activity Report, Revised PO (if applicable)					

Training C/P in Japan will be conducted as required.

FINAL REPORT
THE PREPARATORY SURVEY ON
MANAGEMENT CONSULTING PROGRAM FOR SMEs

<u>November 2005</u>

JICA Philippine Office

FINAL REPORT

THE PREPARATORY SURVEY ON

MANAGEMENT CONSULTING PROGRAM FOR SMEs

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FINAL REPORT

1. INTRODUCTION

1.1 Rationale of the Study

The small and medium enterprises (SME) sector is considered an important segment of the Philippine economy. In 2001, the sector accounted for more than 800,000 firms or about 99.6 percent of all registered establishments nationwide. The SMEs employed about 70 percent of the country's labor force. However, while the SMEs contributed significantly to employment, its contribution to the country's economic output in terms of gross domestic product accounted for only a third (32 percent) of the total economic output.

Given the considerable potential economic and social contributions of SMEs, the government has continuously provided an enabling environment for the development of the sector. During the last decade, two major laws, namely: R.A. 6977 (and amended by RA 8289) known as the "Magna Carta for Small Enterprises" and R.A. 9179, known as the "Barangay Micro Business Enterprise Act of 2002", were implemented to address the sector's requirements for human resource development, financing, market and product development and policy support and advocacy.

To focus the provision of support to the sector, the SME Development Plan (2004-2010) was formulated to map out priority strategies for developing the SMEs and expanding business undertakings by upgrading their productivity and value-added capabilities. The Medium Term Philippine Development Plan (MTPDP) 2004-2010 also calls for the vigorous implementation of the SME Development Plan particularly focusing on the twin strategies of credit provision and product development.

One of the vital mechanisms behind the implementation of SME policies and development plan are the SME Centers. These centers are “one-stop shops” that provide information, advisory and consulting services in the areas of productivity improvement, technology upgrading, market information, product and market development, trade promotion, financing and entrepreneurial development. The SME Centers operate through the close coordination of the Department of Trade and Industry (DTI), local government units (LGUs), local chambers of commerce and provincial SME Development Councils (SMEDCs) and the private sector. These centers are manned by SME or business counselors who have been trained to assist entrepreneurs in their financing, marketing, technology, human resource development and advocacy needs. To date, DTI directly operates 25 SME Centers all over the country.

With the increasing demand for business development services (BDS) and in line with the thrusts of the SME Development Plan, the strengthening of the SME Centers becomes imperative. Relative to this, the Bureau of Small and Medium Enterprise Development of the Department of Trade and Industry (DTI-BSMED) submitted a project proposal, entitled “Management Consulting Systems for SMEs (Kigyo Shindan)”, for consideration by the Japanese government under JICA’s Technical Cooperation Project (TCP). The proposed project aims to enhance the capacity of DTI SME counselors in selected regions of the country by applying Japanese SME counseling/advisory scheme (“Kigyo Shindan”). The project is part of the “SME Counseling and Advisory Program”, which was identified as one of the possible activities to provide micro, small and medium enterprises (MSMEs) access to more comprehensive and focused business development support.

The applicability of the Japanese scheme to the actual needs and requirements of the Philippine MSMEs and DTI SME Counselors assigned to SME Centers, however, requires an in-depth assessment of BDS in selected areas to ensure the responsiveness of the proposed project to the actual Philippine situation and facilitate appropriate revisions on the proposed project’s plans, activities, schedules and inputs as maybe needed. In this regard, the “Preparatory Survey on Management Consulting Program for SMEs” was undertaken in selected areas to provide the bases of possible capacity building interventions for the SME Counselors related to BDS.

1.2 Objectives

The preparatory survey was conducted to assess the current situation and needs of selected SMEs and SME Centers. Specifically, the survey:

a) conducted an in-depth assessment of five (5) candidate areas (province/city-base) for the pilot SME Centers;
b) collected information on the economic and industrial profiles of the candidate provinces/cities, analyzed their characteristics in terms of local economy, industrial structure, and the level of development of SMEs/private sectors in the areas;
c) assessed the performance of SME Centers and activities of SME Counselors in the selected provinces/cities;
d) identified the most client-demanded services of SME Counselors and the most competent fields of functions of SME Counselors; and
e) proposed recommendations to strengthen the capabilities of SME Counselors to respond to the needs of local SMEs.

1.3 Scope/Coverage

The study sites included the following: a) Laguna and Albay in Luzon; b) Iloilo and Leyte in the Visayas; and c) Cagayan de Oro City in Mindanao. The survey covered SMEs, SME Centers and BDS providers and SME Counselors [1] located in the provincial centers and nearby municipalities of the study sites and in the city of Cagayan de Oro. A total of 307 SMEs, 23 SME Centers and BDS providers and 31 SME Counselors were covered by the study (Table 1).

Table 1.1 - Summary of Respondents

[1] *SMEs* covered included firms with assets ranging from P100 million and below. About 60 % of the SMEs surveyed were taken from the DTI list of assisted SMEs; the rest from lists provided by the LGUs and local chambers. *SME Centers* surveyed included venues (either a distinct office/location or a section in DTI Provincial Office) directly operated by DTI or LGU-operated and assisted by DTI to render a range of services for start-ups and already established SMEs in addressing their business needs. The Centers are part of those covered in the previous JICA survey conducted in the early part of 2005. Meanwhile, *other BDS providers* included government-supported or private sector organizations offering similar or related services promoting the development of SMEs. *SME Counselors* included DTI staffs who are designated as full-time or part-time SME Counselors assigned in the SME Centers and those from the DTI-Provincial Offices who directly provide BDS to SME clients.

Study Area	No. of SMEs	No. of SME Centers	No. of Other BDS Providers	No. of SME Counselors
1. Albay	84	1	2	9
2. Iloilo	50	1	3	4
3. Leyte	52	1	6	3
4. Laguna	70	1	4	6
5. Cagayan de Oro	51	1	3	9
Total	**307**	**5**	**18**	**31**

1.4 Methodology

The study involved four major activities, namely: a) preparation of the questionnaires; b) actual conduct of surveys; c) data processing; and d) data analysis and report preparation. Both primary and secondary data were used to examine the demand and supply of BDS in the study areas. Three sets of questionnaires were prepared for the survey of SMEs, SME centers/BDS providers and SME Counselors. Purposive sampling from the lists of SMEs gathered from DTI, LGUs and other BDS providers was undertaken in the conduct of the SME survey. Existing SME Centers and other prominent BDS providers identified in the initial SME survey results were also covered. The questionnaires were administered through face-to-face interviews, focus group discussions (FGDs) and key informant interviews. Telephone calls were made to clarify questions related to the survey with the respondents and letters were also sent to follow up and ensure retrieval of the questionnaires. Data on the physical and socio-economic profiles of the study areas, SME situationer and SME programs and projects were gathered from secondary sources including in-house reference materials published by government statistical agencies like NSO and NSCB publications, Comprehensive Land Use Plans, Regional Statistical Yearbook and Regional Physical Framework Plan and available data from the DTI and LGUs.

1.5 Constraints and Limitations

There were several factors that hindered the expeditious conduct of the survey. Nonetheless, mitigating measures were undertaken to address these constraints.

a) There was lack of provincial aggregation of some economic and social indicators such as gross domestic product, gross value of production and labor statistics, thus, regional data was used as appropriate.

b) There was lack of updated and varying data on the number of SMEs by asset size and by sector. Provincial data might not reflect the true number of SMEs from the municipal LGUs and DTI data was only limited to those being assisted by the agency. In many cases, the information pertaining to the SMEs in the lists provided by DTI or LGU was not updated (e.g. new business owners/managers, new/forwarding addresses, or status of business operation – active, renamed, or already inactive). Consequently, the survey cover letter had to be revised to indicate the new information on the SME respondents or new respondents were identified.

c) The survey coverage of SMEs focused on those located in the provincial centers or nearby municipalities. While they comprise a representative sample of SMEs in the province since many are concentrated in the centers, there would still be a considerable number of SMEs left out of the survey, particularly agricultural/agribusiness enterprises which are usually based outside these areas; and

d) Several identified respondents (SMEs and BDS providers) declined to be covered either because they were busy or lacked interest in the activity. Some respondents asked the questionnaires to be left behind for transmittal later, but many failed to return them. While other SME owners responded, their responses were incomplete (several blank spaces unfilled). In some instances, questionnaires were returned unaccomplished.

2. REVIEW OF RELATED STUDIES

DTI confirmed the existence of a large number of SMEs. In its report prepared in 2004[2], it noted that 99.6 % of the firms nationwide comprise of SMEs (Table 2.1).

Table 2.1 - Category of Firms, Philippines, 2001

Category	# Firms	Assets (Php M)	Employment
Large	2,958	> 100	> 200
Medium	2,923	15.1-100	100 – 199
Small	61,762	3.1-15	10 – 99
Micro	743,949	< 3	1-9
TOTAL	811,592		

Source: NSO 2001

While they account for 70% of employment nationwide, they only contribute 32% to the total value of production. The same report noted that the productivity of SMEs in the Philippines is low compared to other Asian countries (Table 2.2).

Table 2.2 - Comparative Contribution of SMEs among Asian Countries

	Malaysia	Thailand	RP	South Korea	Japan	China	Indonesia
SME Establishments	94.4%	98%	99.6%	99%	99%	99.7%	99.995 %
Employment	40.4%	55.8%	69.1%	69%	88%	74%	99.04%.
Value Added	26%	n.a.	32.0%	46%	56%	60%	63.11%

Source: JICA & Various Sources, 2001

The SME Development Plan, thus, envisions to create globally competitive SMEs in the new industrial economic environment by increasing their contribution as a primary engine of growth and ensuring that their performance will be at par or better than the performance level of comparable Asian enterprises in terms of value added, employment, number of establishments, and export volume.

[2] "Current Situation of SMEs and the SME Development Plan", DTI, Manila, May 24, 2004

Donor communities have been engaged to provide support to the development of the SMEs in consonance with the thrusts of the SME Development Plan. JICA has been one of the donor agencies that have actively supported the development of SMEs. In the early part of 2005, JICA commissioned a survey of the current situation of 26 SME Centers nationwide to explore the possibilities of applying the Kigyo Shindan model to the Philippine SME development context. [3] Results of the survey and workshop provided the baseline data on the level of institutional maturity and dynamism of the SME Centers. One of the findings is that majority of the SME Centers are manned by DTI Senior Trade and Industry Development Specialists who generally have at least five (5) years) of experience in BDS but 11-15 years of experience as DTI staff. The SME Centers showed relatively the same levels of dedication and competencies. Majority of the centers offered complete package of BDS covering counseling, credit facilitation and information dissemination, trainings/seminars, business development and marketing assistance and productivity enhancement. However, they varied in terms of their abilities to mobilize support for SME development efforts from LGUs, line agencies, private sector and from the SMEDCs. About 60 percent of the SME Centers covered do not generate revenues from services and many still depend on DTI budget to finance their operations.

Training, market assistance and counseling services were identified as the BDS with the highest and robust current and/or latent market demand from SMEs. Counseling services was also noted as the top revenue generator for the centers. Meanwhile, the foremost training need identified by the SME Counselors was capacity building on comprehensive SME business consulting followed by ICT, finance, marketing and technical processes. These results imply that enhancing the business counseling skills of the counselors will surely benefit the SMEs and ensure the long-term sustainability of the centers.

Aside from the need for enhanced trainings on BDS, other problems encountered by SME Centers included the lack of financial support from especially from partners, duplication of efforts and lack of commitment among partners. Concomitantly, the SME development stakeholders recognized the need to evolve a more responsive and collaborative model on enterprise development that is attuned to the dynamics and realities at the local level. The following conclusions from the survey and workshop were drawn:

[3] "Survey on the Current Situation in Selected SME Centers and Clarification of Needs for Japanese Assistance", DTI-JICA-Philkoei, Manila, March 2005

(a) Current SME development mandates, systems and resources of SME development stakeholders can be utilized more efficiently to avoid duplication of efforts;

(b) SME Centers need to promote proactively their BDS offerings to their client SMEs;

(c) SME Centers and their development partners are becoming more proactive in their resource mobilization functions;

(d) Upgrading of office logistics, facilities and equipment will contribute to the efficiency of center operations in the long-run;

(e) There is a need to configure the institutional and operating systems of the SME Centers to make them operate as profit centers;

(f) SME Counselors possess the capability as well as the skills necessary to champion the promotion and development of Philippine SMEs; and

(g) Future training programs for SME Counselors should consider the mainstreaming of BDS service offerings with the end in view of standardizing the quality of services across provinces and regions.

The Employers Confederation of the Philippines (ECOP) noted that SMEs have the capacity to a) create jobs at low capital costs; b) improve forward and backward linkages economically and geographically diverse sectors; c) create opportunities for developing and adapting appropriate technologies; d) provide training environment for entrepreneurial and managerial talent; e) develop a pool of skilled and semi-skilled workers; f) act as ancillaries to large scale enterprises; g) adapt to market fluctuations; h) fill in market niches which are not profitable for large enterprises; and i) contribute to the equitable distribution of income and dispersal of economic activities from major growth centers to rural areas in the country. The organization conducted a study in 2003 to identify and prioritize the problems faced by SMEs, identify types of support, services and improvements they want from government and private BDS providers and identify new areas and lines of advocacies, services and partnerships to address SME issues and concerns. [4] A total of 1,000 SMEs was surveyed nationwide based on DTI and ECOP-member associations lists.

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[4] National Study on SMEs: Perspectives and Expectations of Filipino Entrepreneurs, ECOP, Manila, 2003

The study revealed that among the major problems identified included a) high and unfair competition related to emerging and new requirements of markets and difficulties in market access; b) unsupportive government policies related to labor regulations, taxation, mandatory wages and benefits; c) difficult access to credit; d) low access to good business networks; e) relatively low productivity and quality status of SMEs; f) low investments in technical and managerial base; and g) low access to new technologies. It also revealed that the important sources of BDS information are: a) own personal experience (24%); b) newspapers (20%); c) government (18%); d) fellow business practitioners (16%) and e) business associations (8%). Few SMEs approached sources of information that are treated as "users pay services" or those who charge substantial amount of users or access fees. However, many were willing to pay customized or specialized services that cannot be availed of from other sources.

The study further found out that almost 52 % of the SMEs surveyed have participated in a training program. There was moderately high demand for marketing (66%) and production (54%) types of training programs; moderately low demand for financial planning, employee/labor relations, personnel management and occupational safety and health trainings; and very low demand for trainings on contract administration, stock control, records keeping, business plan preparation and purchasing. About 70-80 % of the SMEs who approached government agencies (DTI, DOST and DOLE) found their services effective. About 58% of SMEs are members of a business association and about 90% of those who approached their associations found their services effective and 73% found the local chamber services effective.

A World Bank Study defined good practice in BDS delivery as approaches which deliver the most beneficial outcomes and identified four performance criteria for BDS services as follows: a) outreach (number of SMEs reached by services); b) efficiency (cost and rate at which inputs are converted to outputs); c) effectiveness (extent by which objectives of BDS interventions are achieved); and d) sustainability (extent to which the services provided can be financed through client fees and the degree of durability of the resulting changes in SMEs). [5] The study recommends that BDS instruments such as trainings;

[5] "Business Development Services for SMEs: Preliminary Guidelines for Donor-Funded Interventions", Committee of Donor Agencies for Small Enterprise Development, Secretariat a/o PSD, World Bank, Washington D.C., 1999.

extension, consultancy and counseling; developing commercial entities; technology development and transfer; and information dissemination should be treated in a business-like manner, separated from financial services, designed to respond to client needs and delivered in a practical learning style, delivered by the right institutions, marketed, monitored and evaluated.

Similarly, the efficiency, effectiveness and sustainability of delivery of BDS can be enhanced through institutional development or capacity building of the BDS providers. Factors seen to be important in creating business-like BDS providers include a) organizational capacity; b) managerial capacity; c) technical capacity; and d) financial capacity. Experience of BDS providers suggest the following general principles which should underpin capacity building: a) comprehensive and systematic institution building – developing organizational capacity to adopt a business-like approach to identifying and responding to SME needs; b) a dynamic process – interventions should continuously meet changing needs; c) increased specialization while at the same time maintaining a broad offer of services; and d) application of the basic business practice of maintaining a tight fixed cost base with a view to sustainability while at the same time increasing capacity to offer BDS.

3. PHYSICAL PROFILE OF THE STUDY AREAS

3.1 Physical Features of the Study Areas

3.1.1 Location

The study sites are located in various areas in the Philippines. Laguna and Albay are located in the South of Manila. Laguna's proximity to Metro Manila makes it a strategic site for domestic and international business. Laguna lies within CALABARZON, one of the country's most progressive and dynamic industrial regions. CALABARZON encompasses the provinces of Cavite, Laguna, Batangas, Rizal and Quezon. The province of Albay, meanwhile, is located in the Bicol region, at the southeastern part of the island of Luzon. It is bounded by the province of Camarines Sur on the north, the Lagonoy Gulf on the northeast, the Pacific Ocean on the east, the province of Sorsogon on the south and the Burias Pass on the west.

Iloilo and Leyte are located in the Visayas region. Iloilo is one of the progressive cities of Panay Island. Both provinces are accessible through land, water and air transportation from Manila being connected by the Roll-On-Roll-Off (RORO) transport scheme and having major ports and airports.

Cagayan de Oro City is the regional capital of the Northern Mindanao administrative region, or Region 10. It is located between the coastline of Macajalar Bay on the north and the rich plateaus and mountains of Bukidnon and Lanao del Norte to the south; the industrial municipality of Tagoloan on the east; and the municipality of Opol on the west.

3.1.2 Land Area and Land Use

Alienable and disposable land in all study areas, except Cagayan de Oro, covers more than 65 % of the total land area (Table 3.1, *see also Attachment 3.1*). These lands are used for agricultural, industrial, commercial and residential purposes. The rest (about 35 %) are classified as forest lands. Among the study areas, Leyte has the biggest land area, followed by Iloilo and Albay.

Table 3.1 - Land Classification of Study Areas

Land Classification	**Laguna**	**Albay**	**Iloilo**	**Leyte**	**Cagayan de Oro**
Total Land Area	175,973	255,257	532,397	626,826	46,246
Alienable & Disposable Land	134,720	206,205	396,149	410,182	21,266
% of A&D Land to Total Area	*76.6*	*80.8*	*74.4*	*65.4*	*46.0*
Total Forest Land	41,253	49,052	136,248	216,644	24,980
% of Forest Land to Total Area	*23.4*	*19.2*	*25.6*	*34.6*	*54.0*

Source: DENR, NSO

4. SOCIO-ECONOMIC SETTING

4.1 Population

Table 4.1 (*see also Attachment 4.1*) indicates the population, population density and growth rate of each study site. Cagayan de Oro City and Laguna are the more thickly populated areas among the study sites with population densities of 1,119 persons/sq. meter and 1,078 persons/sq. meter, respectively. Both areas are considered centers of commerce and industry. Cagayan de Oro being the regional center of Northern Mindanao and Laguna being located within CALABARZON, one of the country's most progressive and dynamic industrial regions. These two areas have the highest average population growth rates over the past 30 years among the study sites. Results show that the lower the level of development, the lower is the population growth rate.

Table 4.1 - Population, Land Area & Density of Study Areas

Population, Land Area & Density	Philippines	Laguna	Albay	Iloilo	Leyte	Cagayan de Oro
Population ('000)						
1980	48,098,460	973,104	809,177	1,096,432	1,302,648	227,312
1990	60,703,206	1,370,232	903,785	1,337,981	1,367,816	339,598
1995	68,616,536	1,631,082	1,005,315	1,415,022	1,511,251	428,314
2000	76,504,077	1,965,872	1,090,907	1,559,182	1,592,336	461,877
Total Land Area (in ten square km)	300,000	1,824	2,566	4,899	6,515	413
Population Density (in persons/sq m)						
1980	160	534	315	224	200	551
1990	202	751	352	273	210	823
1995	229	894	392	289	232	1,038
2000	255	1,078	425	318	244	1,119
Annual Population Growth (in percent)						
1970-1980	2.75	3.35	1.84	2.16	1.56	5.88
1980-1990	2.35	3.48	1.11	2.01	1.39	4.10
1990-1995	2.32	3.32	2.01	1.05	1.89	4.44
1995-2000	2.36	4.08	1.77	2.10	1.13	1.63
Average	2.45	3.56	1.68	1.83	1.49	4.01

Source: NSCB, PSY 2005

4.2 Labor Force and Employment

Based on regional data, an average of 68 % of the total population comprises the labor force in the study sites (Table 4.2, *see also Attachment 4.2*). Employment rate stands at 91 % in 2000, higher than the national average of 90.6 %. Of the total persons employed, however, about 20 % are underemployed and 14 % are visibly underemployed (working below 40 hours a year). More than half of the visibly underemployed are in the agriculture sector.

Table 4.2 - Average Population & Labor Force of Study Areas, 2000-2004

Employment Status	Philippines	Average of Study Areas
Household Population (15 Years Old and Over), 000s		
2000	48,076	3,816
2001	49,424	3,939
2002	50,841	4,156
2003	52,305	3,946
2004	53,569	4,061
Percent in the labor force		
2000	64.3	67.0
2001	67.5	69.7
2002	66.2	69.7
2003	67.1	70.4
2004	66.5	68.8
Employment rate		
2000	89.9	91.3
2001	90.2	91.3
2002	89.8	92.0
2003	89.8	91.4
2004	89.1	90.6

Source: NSO

In terms of employment by industry, regional data indicates that an average of 46 % of the total labor force in all study sites are employed in the service sector, followed by 38 % in the agriculture, fishery and forestry sector and 16 % in the industrial sector (Table 4.3, *see also Attachment 4.3*). In terms of type of occupation, more than one third (32 %) of the labor force are engaged as laborers and unskilled workers, followed by farmers and agricultural workers (19 %), government staffs (13 %) and service workers and trade and related workers (9 % each). The rest (14 %) comprise of professionals and special occupations. The figures indicate that SMEs play a significant role in absorbing labor in these areas. The presence of a growing labor force has implications on the growth of and potentials for MSMEs. Given that majority of the labor force are still engaged as laborers and employees, there is a great need for capacity and skills building to develop more entrepreneurs and improve the contribution of the MSME sector to economic output.

Table 4.3 - Employed Persons by Industry & Major Occupation

Industry/ Occupation Group	Philippines		Ave of Study Areas	
	Number 000s	Share,%	Number 000s	Share,%
All Industries	31,741	100.0	2,325	100.0
Agriculture, Fishery & Forestry	11,785	37.1	884	38.0
Industrial Sector	4,880	15.4	372	16.0
Service Sector	15,076	47.5	1,070	46.0
All Occupations	31,741	100.0	2,325	100.0
Officials of Government & Special Interest, Organizations, Corporate Executives, Managers, Managing Proprietors and Supervisors	3,551	11.2	294	12.6
Professionals	1,378	4.3	86	3.7
Technicians and Associate Professionals	874	2.8	62	2.7
Clerks	1,360	4.3	87	3.8
Service Workers and Shop Market Sales	2,848	9.0	207	8.9
Farmers, Forestry Workers and Fishermen	6,140	19.3	445	19.1
Trades and Related Workers	2,836	8.9	203	8.7
Plant and Machine Operators & Assemblers	2,493	7.9	177	7.6
Laborers and Unskilled Workers	10,128	31.9	736	31.6
Special Occupations	133	0.4	8	0.3

Source: NSO

4.3 Income and Poverty Situation

National data reveal that wages and salaries still account for 46 % of the income sources in the country, followed by 27 % from entrepreneurial activities and also 27 % from other sources including receipts from abroad (Table 4.4, *see also Attachment 4.4*). This validates the information that despite the number of SMEs, their contribution to income is only a third of the total economic output. Thus, there is still a significant potential for the sector to be developed to contribute more to economic growth.

Table 4.4 - Percentage Distribution of Income from Selected Sources, Philippines

Source of Income	Average (1991-2000) In percent
Total	**100.0**
Wages and salaries	**45.9**
Agricultural	3.6
Non-agricultural	42.2
Entrepreneurial activities	**27.4**
Crop farming & gardening	7.8
Livestock & poultry raising	0.9
Wholesale & retail trade	9.0
Manufacturing	1.8
Other entrepreneurial activities	7.9
Other sources of income	**26.8**
Net share of crops	1.0
Receipts from abroad	8.6
Rental value of occupied dwelling units	7.9
Family sustenance activities	1.3
Other sources	8.0

Source: FIES, NSO

Meanwhile, a look at the expenditure structure of families shows that food (46 %) and housing (14 %) account for more than half of total expenditures (Table 4.5, *see also Attachment 4.5*). This indicates the potential for the food industry and housing-related industries to grow more given the demand for such goods and services.

Table 4.5 - Percentage Distribution of Total Family Expenditures by Expenditure Group, Philippines

Expenditure Group	Average (1991-2000) In percent
Food	46.0
Alcoholic Beverages	0.9
Tobacco	1.4
Housing	14.3
Fuel, Light and Water	5.7
Transportation and Communication	5.6
Household furnishings and equipment	2.8
Household Operations	2.5
Personal Care and Effects	3.4
Clothing, Footwear and Other Wearables	3.3
Education	3.7
Recreation	0.4
Medical Care	2.1
Taxes Paid	1.9
Miscellaneous Expenditures	0.0
Special Occasions of the Family	1.0
Gifts and Contributions to Others	2.5
Other Expenditures	2.7

Source: FIES, NSO

Table 4.6 (*see also Attachment 4.*6) depicts that an average of about 80 % of total income is spent on various personal consumption expenditures and only about 20 percent of total income is saved. This implies that demand for consumption goods and services remains high indicating positive potentials for MSME growth.

Table 4.6 - Average Expenditures & Savings

Average Share to Income (1991-2000)	Philippines	Region IV	Region V	Region VI	Region VIII	Region X
Expenditures	0.81	0.81	0.87	0.89	0.78	0.78
Savings	0.23	0.24	0.16	0.13	0.27	0.29

Source: NSO

In 2000, the annual per capita poverty threshold averaged at P 11,462 among study areas (Table 4.7, *see also Attachment 4.7*). Poverty incidence averages at 33 % which is higher than the national average of 28 %. Among the study areas, Albay has the highest poverty incidence posted at 40 % and Iloilo and Misamis Oriental/Cagayan de Oro having the lowest at 30 %. Poverty dampens demand for goods and services. Developing the MSMEs, therefore, will meet two objectives – to address poverty by providing jobs and to improve demand by increasing incomes of families.

Table 4.7 - Poverty Threshold and Incidence, All Study Areas

Region/Province/City	Annual Per Capita Poverty Threshold* (Pesos)	Incidence of Poor Families**
Philippines	11,451	27.5
Laguna	12,469	32.9
Albay	12,101	40.3
Iloilo	12,120	29.6
Leyte	9,454	34.9
Misamis Oriental	11,164	29.3
Average of all Study Areas	11,462	33.4

Source: NSCB

The human development index (HDI) measures any change or progress in human development. The HDI in the study areas in 2000 averaged at 0.615 (Table 4.8, *see also Attachment 4.8*). Only Laguna has an HDI (0.709) which is above the national average of 0.656. Iloilo’s HDI (0.642) also approximates the national average. The HDIs of the three other study areas fall below the national average. Improvement in the HDI will have positive implications on the growth of MSMEs. This will entail improvement in life expectancy; functional literacy/education and real per capita income of the populace.

Table 4.8 - Human Development Index, All Study Areas

Area	Human Development Index		
	1994	1997	2000
Philippines	0.627	0.629	0.656
Laguna	0.721	0.676	0.709
Albay	0.580	0.560	0.586
Iloilo	0.579	0.588	0.642
Leyte	0.533	0.523	0.563
Misamis Oriental	0.564	0.543	0.575
Average of all Study Areas	0.595	0.578	0.615

Source: NSCB

4.4 Structure and Growth of the Economy

The major industry groups include agriculture (including fishery and forestry), industrial and services (including wholesale and retail trade). Average figures for all areas based on regional data indicate that the gross regional domestic product (GRDP) from the service sector accounts for 48 % of total GRDP, followed by 28 % from the industrial sector and 24 % from the agriculture sector (Table 4.9, *see also Attachment 4.9*). This shows that the structure of the economy has shifted from a largely agriculture sector to a flourishing service-oriented economy.

Table 4.9 - Share of Gross Regional Domestic Product by Industrial Origin At Current Prices

INDUSTRY	% Share to Total GDP (Average from 2000-2004 at current prices)
Philippines	
I. AGRI.,FISHERY,FORESTRY	15
II INDUSTRY SECTOR	32
III SERVICE SECTOR	53
GROSS DOMESTIC PRODUCT	100
Average of All Study Areas	
I. AGRI.,FISHERY,FORESTRY	20
II INDUSTRY SECTOR	31
III SERVICE SECTOR	49
GROSS REGIONAL DOMESTIC PRODUCT	100

Source: NSCB

At constant 1985 prices, average growth rate of GDP from the service sector was highest at 4.4 percent from 2000 to 2004 (Table 4.10, *see also Attachment 4.10*) at the national level followed by 3.1 % from the agriculture sector and 2 percent from the industry sector. Average GRDP growth in the study areas, however, reveals that the service sector had the highest growth rate (4.0 %), followed by the industry sector (3.3 %) and by the agriculture sector (1.8 %). GRDP growth has a positive correlation with the growth of SMEs and both are facilitated by the presence of infrastructure, good resource endowments, access to credit, technology, markets and information.

Table 4.10 - Average Growth Rate of Gross Regional Domestic Product At Constant Prices

INDUSTRY	Average Growth Rate in % (2000-2004 at constant prices)
Philippines	
I. AGRI., FISHERY, FORESTRY	3.1
II INDUSTRY SECTOR	2.0
III SERVICE SECTOR	4.4
GROSS DOMESTIC PRODUCT	3.3
Average of All Study Areas	
I. AGRI., FISHERY, FORESTRY	1.8
II INDUSTRY SECTOR	3.3
III SERVICE SECTOR	4.0
GROSS REGIONAL DOMESTIC PRODUCT	3.2

Source: NSCB

4.5 Distribution of SMEs

National figures show that the distribution of SMEs by industry is skewed toward the service sector (82 %) (Table 4.11, *see also Attachment 4.11*). Of the total number of firms, SMEs from the industrial sector account for only about 17 % and less than 1 % from the agriculture sector. The same trend is shown in the provinces covered by the study.

Table 4.11 - Distribution of SMEs by Industry

Major Industry Division	% Share to Total Firms (Philippines)	Ave % Share to Total Firms (All Areas)
Total	100	100
Agriculture	0.57	0.36
Industrial Sector	17.20	16.97
Service Sector	82.23	82.66

Source: NSO

Data from provincial LGUs and DTI showed that in terms of asset size, micro enterprises account for almost 97 % of the total establishments in the study areas (Table 4.12. *see also Attachment 4.12*). The small and medium enterprises only account for about 3 % of the total number of firms in the study areas. The government, thus, needs to pursue more vigorously its programs to assist micro enterprise to enable them to graduate to small and medium enterprises.

Table 4.12 - Percent Distribution of SMEs by Asset Category, All Areas

Asset Category	% of Total SMEs
Total SMEs (All Areas)	100.0
Micro (P 3M below)	97.3
Small (P 3.1M - 15M)	2.4
Medium (P 15.1 - 100M)	0.2

Derived from DTI and LGU records

5. RESULTS AND FINDINGS

5. 1 Supply of BDS

BDS in the study refer to services or activities carried out to inform, advise or assist the SMEs in starting, growing and improving their operations, products or services and markets. The supply of BDS was assessed by looking at four areas, namely a) on-going and pipeline programs and projects; b) institutions engaged in BDS and SME development; c) conditions of SME centers and selected BDS providers in the study areas; and d) profile of SME Counselors.

5.1.1 Programs and Projects Related to BDS and SME Development

Support to SME development has been pursued through various programs and projects implementing the thrusts and strategies espoused in the SME Development Plan. An inventory of these programs and projects indicate a range of interventions for SME development from capacity building, business development, management services, product development, marketing support and financing (*see Attachments 5.1 and 5.2*).

Many of the interventions are focused on the development and capacity building of the target clientele - the SMEs.

Direct assistance for capacity building of BDS providers, in particular the SME Centers and Counselors, however, is limited. Aside from JICA projects, only the IFAD-funded project entitled “Rural Micro-Enterprise Promotion Programme (RuMEPP)” will involve strengthening of SME Centers and upgrading the capability of business counselors and regional/provincial officials and strengthening of MFI-conduits of the targeted regions. Assistance under the RuMEPP will be focused on the 19 poorest provinces including Albay and Leyte.

Capability building components of other programs such as the Private Enterprise Accelerated Resource Linkages II (PEARLS) of CIDA and Trade Policy and Trade Promotion (TPTP) and Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP) of GTZ are more focused on capacitating DTI staffs and business support organizations in investment and trade promotions and negotiations. The rest of the programs are related to financing, e.g. KFW-SBGCF’s SME Finance Program, ADB-DBP’s SME Development Support Project; WB’s Asenso Program.

5.1.2 Institutions Engaged in BDS and SME Development

Institutions involved in SME development can be categorized according to their major areas of concern and prime components related to MSME development: policy and advocacy for enabling environment, marketing assistance, technology/production development, financing, regulatory/incentives and training/entrepreneurship and institutional development. Table 5.1 lists various government and private BDS providers. *Attachment 5.3* also contains a detailed matrix of BDS providers and the range of services they offer.

Table 5.1 - List of BDS Providers

Type of BDS	Government BDS Providers	Non-Gov't/Private BDS Providers
Policy & Advocacy for Enabling Environment One Stop Centers One-Stop Shop SME Caravan	SMED Council SME Centers TIIC BSMED DILG	PCCI, ECOP, Philexport, Philfoodex, Chamber of Furniture Industries of the Phils. Phil Chamber of Handicraft Industries, donor institutions
Marketing Assistance Trade Fairs Buying & selling missions Buyer-supplier matching Tradeline	BSMED DTI-ROG, BDT, BETP, CITEM, PITC, DA-AMAS, LGUs	PCCI, ECOP, Philexport, Philfoodex, Chamber of Furniture Industries of the Phils. Phil Chamber of Handicraft Industries,Phil. Retailers Assn, Phil. Franchising Assn, other industry associations, cooperatives, business consultants/counselors
Technology/Product Development Product design & development Package design & development Product technology R&D Design and technical information	DA-BAI, BFAR, BPI DENR-FMB DOST-FPRDI, ITDI, MIRDC, PRDCP, PTRI, TARI, TAPI, PPRDI PDDCP FDC, IPO, OMA TLRC	Business schools, universities, industry associations, business consultants/counselors
Financing Assistance SULONG One-Town-One Product-One million pesos	SB Corp, SBGCF, DBP, LBP, NLSF, PhilEXIM Credit Agency, QUEDANCOR	Commercial banks, rural and thrift banks
Regulatory/Incentives One-Stop Shop	BOI, BPS, BIS, PEZA, BTRCP, CIC, BFAD	
Training & Entrepreneurship/ Institutional Development	PITC, CITC, PTTC, DepEd, DOLE, TESDA, TLRC, UP-ISSI	PCCI, ECOP, Philexport, Philfoodex, Chamber of Furniture Industries of the Phils., Phil Chamber of Handicraft Industries, business schools, universities, industry associations, business consultants/counselors; NGOs

Source: Programs & Services for MSMEs, DTI and JICA, September 2004, Other sources

There are other BDS providers based locally in the study areas including the state universities and colleges (SUCs), private and non-governmental organizations *(see specific area reports for details)*.

An assessment in terms of areas of specialization indicates that DTI frontlines in business development advocacy, promotions and operations (including business consulting, marketing and sales). Other prominent BDS providers are focused on production technology (TLRC/TLDC, DOST, DA and SUCs) and training, entrepreneurship and human resource development (DOLE, TESDA, TLRC/TLDC and NGOs).

5.1.3 Profile of SME Centers/BDS Providers in the Study Areas

The SME Centers covered by the survey are venues directly operated by DTI or LGU-operated and assisted by DTI to render a range of services to assist start-ups and already established SMEs in addressing their business needs. The Centers are part of those covered in the previous JICA survey. Other BDS providers covered by survey are government-supported or private sector organizations offering similar services or related services promoting SME development (*see Attachment 5.4 for the list of SME Centers and BDS providers covered)*. Survey results indicate that the SMEs and Counselors do not distinguish the SME Centers from the DTI Provincial Offices. Thus, in the succeeding sections, SME Centers and DTI Provincial Offices are treated as the same service provider.

Over-all, the BDS providers are manned by full time (about 70 %) and part-time (about 30 %) staffs Table 5.2 (*see also Attachment 5.5*). About half of the staffs in SME Centers are assigned on full-time basis and the other half on part-time basis.

Table 5.2 - Staffing of the SME Center/s/BDS Providers

BDS Provider	Number of Staff/Nature of Assignment		
	Full time	Part time	Total
All Areas	**114**	**60**	**174**
Percent Distribution	*66*	*34*	*100*
SME Centers	21	22	43
Other BDS Providers	93	38	131

In terms of educational attainment, majority of the staffs in the SME Centers have master's degrees (Table 5.3) (*see also Attachment 5.6*). Many of the other BDS providers are manned by college graduates. Based on institutional capacity, the SME Centers are manned by highly trained staffs in terms of formal education.

Table 5.3 - Educational Attainment of Personnel

BDS Provider	Number of Staff/Educational Attainment					
	Ph D. Degree	Masters degree	College Graduate	Under-graduate	High school	Total
All Areas	**1**	**15**	**15**	**6**	**0**	**37**
Percent Distribution	*3*	*48*	*48*	*19*	*0*	*100*
SME Centers	0	9	2	2	0	13
Other BDS Providers	1	6	13	4	0	24

A list of BDS offered by these providers are listed in Table 5.4 below. A ranking of these services made by their staffs reveals that for SME Centers, marketing and sales and business development counseling/advisory and trainings rank as the top services being provided or sought from the Centers (*see Attachment 5.7 for details*). Meanwhile, human resource development and production technology related services rank as the top services being offered by the other BDS providers. The most demanded services are often equated with the areas of competence of the BDS providers. Notably, DTI-SME Centers have competence in business development and marketing services while other BDS providers have expertise on other services.

Table 5.4 - Types of Business Development Services

A. Business Development /Strategy	**E. Information and Communication Technology (ICT)**
business diagnosis	computerization (needs analysis and advice on software and hardware)
business/strategic planning	web design
project development/ FS preparation	information dissemination/ advocacy
counseling services	training in ICT
training in business development/strategy	**F. Safety/Environmental**
B. Accounting/Audit/Finance	job safety and protection
accounting, auditing and finance	advisory on introduction of standards
credit facilitation	waste management
financial consulting (budgeting and forecasting)	training in safety/environmental
training in accounting/audit and finance	

C. Marketing and Sales	G. Legal/Regulatory advice
trade fairs/selling mission	business registration and licensing
market research	product standards
marketing advice	consumer protection
market matching	**H. Human Resources Development**
sales and promotion	leadership training
D. Production Technology/Operations	recruitment of qualified personnel
production technology/operations	motivational and team-building programs
production planning	employee skills-enhancement training programs
productivity improvement/enhancement	supervisory, management and leadership development programs
product design and development	
quality systems (e.g. ISO, BFAD, etc)	
quality control and improvement	
purchasing and procurement	
training in production technology/operations	

Actual number of assistance by type of BDS based on the SME Assistance Monitoring Report prepared by DTI reveals that more than half of the assistance provided by the agency was focused on marketing (Table 5.5). This is true for almost all areas, except in Region 5 where most assistance provided were related to product development.

Table 5.5 - Matrix of DTI Assistance by BDS Type and Region

Region	All	Financing	Marketing	Product Development	Training	Others
Philippines	**1,959**	**110**	**1,067**	**257**	**430**	**93**
Region 4a	199	13	124	24	28	9
Region 5	141	1	49	57	33	1
Region 6	73	2	47	21	3	0
Region 8	47	2	26	12	7	0
Region 10	10	2	7	1	0	0

Source: DTI SME Assistance Monitoring Report

The top three documents required by the SME Centers from clients are the DTI business registration certificate, BIR certificate of registration and SEC registration (*see Attachment 5.8*). The ranking is different for other BDS providers which require business plan, business permit from the LGU and BIR certificate of registration. In terms of performance, SME Centers average about 3-4 clients a day (1-5 in the previous survey) compared to other BDS providers which average 1-3 clients per day (*see Attachment 5.9*).

The top problems identified by SME Centers and BDS providers include lack of financial support, work overload, lack of reference materials and lack of manpower (*see*

Attachment 5.10). Previous survey results on SME Centers done in March 2005 noted the same problems including lack of facilities. Thus, donor support would go a long way in augmenting the resources of these centers.

Most SME Centers (59 percent of the Centers surveyed in the previous survey) are located in DTI premises. Other BDS providers are either located in their own premises and LGU facilities (*see Attachment 5.11*).

Most BDS providers, including the SME Centers render services through one-on-one consultations and mentoring (Table 5.6, *see also Attachment 5.12*). Brochures is found to be the most useful BDS information dissemination tool, followed by one-on-one consultations/mentoring and radio/tv. These indicate that services are still mainly provided through direct staff-client/ face to face meetings.

Table 5.6 - Percentage Distribution of Information Dissemination Tools of SME Centers/BDS Providers, All Areas

Information Dissemination Tools	% of Total
a) brochures	21.0
b) radio/tv	17.7
c) publication	14.5
d) website/internet	14.5
e) email	12.9
f) others (one-on-one consultations, mentoring, telephones)	19.4
Total	100

The physical support and facilities needed by the SME Centers include vehicle, photocopier and internet connection (*see Attachment 5.13*). Meanwhile, other BDS service providers identified internet connection, computers, display room and vehicle as among the most needed. The need for communications related support indicates the imperative to improve ICT facilities in the BDS providers.

The main source of funding of SME Centers is the DTI regular budget appropriation from the government (almost 70 %) (Table 5.7, *see also Attachment 5.14*). Previous survey results also indicated that the SME centers were highly supported by the DTI budget and support from partners such as the LGU, SMEDC and private sector. For other BDS providers, equal sharing/co-financing with partners and special programs and projects account for the major portion of their budgetary support. The main expenditure item for both BDS providers is salary which eat up more than half of their budgets (*see Attachment 5.15*).

Table 5.7 - Percentage Share of Funding Sources, All Areas

Source of Funding	Percent Share of Funding	
	SME Center	Other BDS Providers
Total	**100**	**100**
DTI regular budget	66	6
Private sector funding	8	11
Equal sharing	0	27.5
LGU budget	22.5	0
Provincial SMED Council	1	0
Revenues from Services	1	23
Special Programs and Projects	0	25
Others (Training venue rental, product sales)	1.5	7.5

The top revenue sources for SME Centers are counseling/advisory services and trainings on business development (business diagnosis, plan preparation and business planning) and marketing assistance (*see Attachment 5.16*). Previous survey also noted trainings/seminars/conferences, trade fairs and selling missions and counseling and market matching as the main sources of revenues of the SME Centers. This confirms that the area of competence of the SME Centers is basically the provision of business development and marketing assistance. Notably, however, revenues from services rendered comprise a very small proportion of funding for the centers and other BDS providers.

For SME Centers, the LGU, SMEDC and local chambers have been generally supportive partners to their operations (Table 5.8, *see Attachment 5.17 also*). On the other hand, other BDS providers noted government line agencies, LGUs and local and national chambers as their major partners in providing services.

Table 5.8 - Partner Agencies/Institutions Supporting the SME Center/BDS Provider

Partner Agency/Institution	Percent of Total	
	SME Centers	Other BDS Providers
SME Development Council	18.8	3.7
PSMED	9.4	7.4
Local/National Chamber of Commerce	18.8	18.5
SUC	3.1	3.7
LGU	34.4	25.9
Donor Agencies/ Private Sector	6.3	11.1
Others (other government line agencies, GFIs, regional agencies)	9.4	29.6
Total	100	100

Partnerships and coordination among BDS providers, however, are affected by many factors. Limited or lack of funding support is identified as the major hindrance to more effective partnerships/coordination among the SME Centers and BDS providers (Table 5.9, *see also Attachment 5.18*). Other factors such as varying priorities and functions/mandates also constrain partnerships and coordination. The previous survey indicated lack of funds, lack of commitment, lack of facilities and workload and lack of personnel as the constraining factors.

Table 5.9 Constraints/Problems Encountered in Dealing with Partners

Constraints/Problems	% Attribution
slow implementation of programs & projects for SMEs	5.9
limited/lack funding support	35.3
overlapping of functions (various agencies offered the same services to the same clients)	11.8
government competes with private BDS Providers & exercise less regulating functions	5.9
different priorities of different sectors	23.5
extent of support of partners in terms of technical and financial assistance is limited and constrained by what is allowed by their office's mandate	17.6

Foremost of the identified capacity building needs of the SME Centers and BDS providers is training on advisory/counseling and training on business development (Table 5.10, *also see Attachment 5.19*). Marketing, production technology and ICT rank next. These choices are consistent with the most demanded services from SME centers and other service providers. Previous survey indicated the following by priority as the top capacity building needs of the BDS providers: comprehensive SME business consulting course, ICT, finance, marketing and technical processes.

Table 5.10 - Capacity Building Needs of the SME Center/BDS Providers

BDS Area	Percent Share	
	Advisory and Counseling	Training
A. Business Development /Strategy	19.0	19.2
B. Accounting/Audit/Finance	14.3	12.3
C. Marketing and Sales	17.5	15.1
D. Production Technology/Operations	15.9	16.4
E. Information and Communication Technology (ICT)	14.3	15.1
F. Safety/Environmental	4.8	4.1
G. Legal/Regulatory advice	3.2	5.5
H. Human Resources Development	11.1	9.6
I. Others (specify)	0.0	2.7

5.1.4 Profile of the SME Counselors

The DTI SME Counselors are frontline providers of BDS to SMEs. Majority of the SME Counselors are DTI permanent staffs (the previous survey revealed that 65% of the respondents are Senior Trade and Industry Development Specialists and 35% are Trade and Industry Development Specialists) (Table 5.11, *see also Attachment 5.21*).

Table 5.11 - Employer and Nature of Assignment of the SME Counselors

Employer	Nature of Assignment				
	Full time	% of Total	Part time	% of Total	Total
DTI	9	37.5	6	25.0	15
Chamber of Commerce	0	0.0	0	0.0	0
Private Consulting Firm	0	0.0	0	0.0	0
Self-Employed	0	0.0	0	0.0	0
NGO	5	20.8	0	0.0	5
LGU	1	4.2	3	12.5	4
Total	**15**	**62.5**	**9**	**37.5**	**24**

In terms of educational attainment, about 35 % of the SME Counselors have attained their master's degree and a similar percentage are college graduates. A quarter of the respondents have attained Ph.D.s. Majority of them have been trained as business trainors-advisors and counselors and have undergone a number of trainings on business consulting and marketing.

Table 5.12 - Educational Attainment of SME Counselors

Educational Attainment	% of Total
Ph D degree	25.8
Masters degree	35.5
College Graduate	35.5
Undergraduate degree	0.0
Others	3.2
Total	**100**

Almost half of the SME have been in the service for less than five years and more than half of them have been in the service for more than five years (Table 5.13, *see also Attachment 5.22*).

Table 5.13 - Number of Years in Service

No. of Years in Service	% of Total
Below 5 years	48.4
5 -10 years	25.8
11-20 years	25.8
Above 20 years	0.0
Total	**100**

SME Counselors have expertise in business development /strategy in the areas of both advisory/counseling and training (Table 5.14, *see also Attachment 5.23*). These have been acquired generally from formal education and trainings as DTI staff.

Table 5.14 – Areas of Expertise

Area of BDS Expertise	% of Total Responses	
	Advisory/Counseling	Training
A. Business Development /Strategy	20.0	20.5
B. Accounting/Audit/Finance	15.8	11.0
C. Marketing and Sales	16.8	13.7
D. Production Technology/Operations	13.7	15.1
E. Information and Communication Technology (ICT)	9.5	9.6
F. Safety/Environmental	2.1	5.5
G. Legal/Regulatory advice	9.5	2.7
H. Human Resources Development	9.5	15.1
I. Others (specify): Coop Management	3.2	6.8
Total	100.0	100.0

Table 5.15 (*see also Attachment 5.24*) shows the salary scale of the SME Counselors. More than half have remunerations ranging from P10,000 and below and about 40 % have salaries of not more than P20,000.

Table 5.15 – Remuneration /Salary of SME Counselors

Remuneration/Salary	% of Total
P 10,000 and below	50.0
P 10,001 – P 20,000	41.7
P 20,001 – P 30,000	8.3
Above P 30,001	2.8
Total	**100**

About 60 % of the SME Counselors do not receive any honoraria Table 5.16, *see also Attachment 5.25*). Incentives often come in the form of free accommodations, transportation and tokens from trainings or business counseling. This validates that services in the SME Centers and those of the Counselors are usually free as part of their mandate. If given incentives, a majority indicated that these should be based on project fees. Honoraria fees ranging from P200-2,500 per hour was the second incentive scheme identified.

Table 5.16 – Incentive Received & Suggested Incentive Scheme by SME Counselors

Area of BDS Expertise	% of Total	
	Incentives Received	Suggested Incentive Scheme
Honoraria/day (P200-2,500/hr)	4	36
None	64	0
Free Accommodation, travel allowance, transportation & tokens	29	0
Project-Based Fees	4	64
Total	100	100

Majority of the SME Counselors identified business development and strategies, marketing and sales, production technology and ICT as the top three advisory/counseling areas where they need further training (Table 5.17, *see also Attachment 5.26*). They also identified similar areas, except for marketing and sales, as the top three training areas where they need further capacity building.

Table 5.17 – Top Three BDS Areas Needing Further Training by SME Counselors

Area of BDS Expertise	Advisory/Counseling		Training	
	% of Total	Rank	% of Total	Rank
A. Business Development /Strategy	17.6	1	21.3	1
B. Accounting/Audit/Finance	8.1		11.5	
C. Marketing and Sales	16.2	2	9.8	
D. Production Technology/Operations	16.2	2	16.4	3
E. Information and Communication Technology (ICT)	16.2	2	18.0	2
F. Safety/Environmental	6.8		1.6	
G. Legal/Regulatory advice	12.2	3	9.8	
H. Human Resources Development	5.4		11.5	
I. Others (specify): Coop Management	1.4		0.0	
Total	**100.0**		**100.0**	

5.2 Demand for BDS

A total of 307 SMEs were surveyed to get their views on BDS from DTI-SME Centers and other service providers. The assessment of the demand for BDS is based on the results of the survey on the BDS requirements of SMEs.

5.2.1 Profile of SME Respondents

The legal structure of about 80 % of the SMEs is single proprietorship (Table 5.18, *see also Attachment 5.27*). Many of the SMEs are family enterprises basically because of the patriarchal nature of Filipinos where the head of the family is the legal owner. Of these SMEs, about half have been in operation for more than 5 years.

Table 5.18 – Legal Structure and Years in Business of SME Respondents

Legal Structure	Years in Existence			Total	% of Total
	Less than 3 years	3-5 years	More than 5 years		
Single Proprietorship	52	39	135	226	78
Partnership	1	0	3	4	1
Corporation	4	1	28	33	11
Cooperative	2	2	9	13	4
Association	1	6	6	13	4
Others	0	0	0	0	0
Total Respondents	60	48	181	289	100

Majority of the SMEs are in the service sector comprising mainly of manufacturing/exporting, trading, hotels and restaurants and food processing (Table 5.19, *see also Attachment 5.28*).

Table 5.19 – Nature of Business of SME Respondents

Nature of Business	No. of Respondents	% of Total
Agribusiness	11	3
Trader (Retailer/Wholesaler/others)	58	16
Furniture & Furnishings	31	9
Food Processor	43	12
Manufacturer- Marketer/Exporter	65	18
Services (Resort/Restaurant/Others)	57	16
Toys, Gifts & Decors	14	4
Handicrafts/Cottage Industry	49	13
Others	36	10
Total	364 *	100

* Total number of respondents is 307; some respondents indicated multiple nature of business

Being mostly single proprietorship, a large proportion of the SMEs are microenterpises with capitalization of P 3 million and below (Table 5.20, *see also Attachment 5.29*). Similarly, employee size of majority of the SMEs ranges from 1-9 staffs. Given the smallness of the size of business operations, many of the SMEs have informal organizational structures. Most often, the owner-entrepreneur does multiple tasks or roles, from being production and marketing manager to auditor/accountant to worker.

Table 5.20 – Category of Business and Number of Employees

Category/Size of Business	Number of Employees				Total	% Distribution by Asset Size
	1-9	10-99	100-199	200 & above		
Micro enterprise (₱ 3 million and below)	180	41	0	1	149	89
Small enterprise (₱ 3.1 to ₱ 15 million)	8	28	6	1	43	26
Medium enterprise (₱ 15.1 to ₱ 100 million)	3	11	3	6	23	14
Total respondents	191	80	9	8	167	100
% Distribution of Employee Size	114	48	5	5		

5.2.2 Source, Perception and Satisfaction of BDS

Table 5.21 (*see also Attachment 5.30*) indicates the awareness and availment levels of BDS by the SMEs. Based on total respondents, about 70 % of the SMEs were aware of BDS offered by the DTI/SME Centers and other BDS providers. Across types of BDS, however, awareness level of BDS is quite low (about 13 %). Of those who were aware of of the BDS, less than 60 % of the respondent SMEs have availed of the services. Availment across types of BDS was similarly low. This indicates that the SME Centers and BDS providers need to proactively promote their products. On the other hand, this may indicate lack of resources to fully promote and implement BDS, concerns on appropriateness and quality of available BDS or the need for ICT to improve BDS awareness and availment.

Table 5.21 – Awareness and Availment of BDS

Type of BDS	Aware of BDS		Availed of BDS	
	% of Total Respondents	% of Total Responses	% of Total Respondents	% of Total Responses
A. Business Development /Strategy	72.0	13.4	56.4	13.5
B. Accounting/Audit/Finance	68.4	12.7	57.0	13.7
C. Marketing and Sales	73.0	13.5	59.3	14.2
D. Production Technology/Operations	67.8	12.6	52.4	12.6
E. Information and Communication Technology (ICT)	57.7	10.7	38.1	9.1
F. Safety/Environmental	62.9	11.7	45.0	10.8
G. Legal/Regulatory advice	68.7	12.8	55.7	13.3
H. Human Resources Development	61.6	11.4	46.9	11.2
I. Others	6.8	1.3	6.8	1.6
Total	100	100	100	100

In terms of quality (defined in terms of timeliness, relevance, efficiency and effectiveness), 75% of those who have availed noted that the BDS offered were of good quality (Table 5.22, *see also Attachment 5.31*). The rest (25%) think that the quality is just average. The results also support the findings in the 2003 ECOP study that about 70-80 % of the SMEs who approached government agencies (DTI, DOST and DOLE) found their services effective. Nonetheless, these figures indicate that there is still room for improving the quality of BDS to address the perception of a quarter of these SMEs.

Table 5.22 – Quality of Availed BDS

Type of BDS	% of Total		
	Good	Average	Bad
A. Business Development /Strategy	12.0	2.0	0.0
B. Accounting/Audit/Finance	10.5	3.0	0.1
C. Marketing and Sales	10.6	3.5	0.0
D. Production Technology/Operations	8.6	2.6	0.1
E. Information and Communication Technology (ICT)	6.0	2.4	0.0
F. Safety/Environmental	7.8	3.7	0.0
G. Legal/Regulatory advice	11.4	4.3	0.0
H. Human Resources Development	7.9	3.2	0.0
I . Others	0.2	0.1	0.0
Total	75.1	24.7	0.2

Results show that DTI remains to be the most preferred BDS provider followed by other service providers and the LGUs (Table 5.23, *see also Attachment 5.32*). This preference is attributed to the accessibility of DTI Provincial Offices and the free services they offer. The low share of SME Centers maybe due to the fact that they are largely associated with DTI and many respondents vaguely distinguished the two sources.

Table 5.23 – Preferred BDS Provider

BDS Provider	% of Total
SME Center	5.0
DTI Provincial Office	62.1
Chamber of Commerce	2.0
TLRC/TLDC	2.3
LGU	6.3
Institutes/Colleges/Universities	2.7
Industry Associations	3.7
Financial Institutions (LBP, DBP, Rural Bank, MFIs)	4.7
Others (DOLE, DOST, DTI Regional Office, PhilExport; NGOs)	11.3
Total	100.0

The ECOP study revealed that the important sources of BDS information are: a) own personal experience (24%); b) newspapers (20%); c) government (18%); d) fellow business practitioners (16%) and e) business associations (8%). Survey results similarly indicate that information regarding BDS is largely disseminated by the DTI being one-stop information center, followed by the SMEs themselves and other BDS providers (Table 5.24, *see also Attachment 5.33*). The figures imply that DTI and SME Centers in particular need to enhance their ICT operations to further improve as information centers and to improve its linkages with the SMEs and other service providers for complementary BDS.

Table 5.24 – Source of Information Regarding the BDS

Source of Information	% of Total
Thru referral by DTI	51.8
Thru referral by another SME	11.1
Thru the internet/email	2.9
Thru print advertisement	7.3
Thru the local chamber	5.0
Thru radio advertisement	3.8
Thru invitation	7.9
Others (DOLE, DOST, DTI Regional Office, PhilExport)	10.2
Total	100

The top three factors in the choice of BDS provider include appropriateness of the service they offer, free services and reasonable fees (Table 5.25, *see also Attachment 5.34*). The ECOP study also revealed the same results which indicated that few SMEs approached sources of information that are treated as "users pay services" or those who charge substantial amount of users or access fees.

Table 5.25 – Factors Considered in Choosing the BDS Provider

Factors	% of Total Respondents
1. The provider has a good reputation	72.6
2. Service/training they offer is appropriate for our needs	79.8
3. The provider is recommended by friends	63.8
4. The provider is also being used by competitors	63.8
5. Have used before and am comfortable with their service	65.8
6. Services are free	75.9
7. Price/fee is reasonable	75.6
8. The provider has capable and helpful staff	67.4
9. The provider has good facilities, e.g. computers, brochures, other materials)	33.2
10. Others	12.4

Table 5.26 (*see also Attachment 5.*35) further support the findings in the preceding table. Advisory/counseling services availed of from BDS providers are mostly free. However, minimum fees were paid for trainings participated in by respondent SMEs. The findings imply that SMEs are also willing to pay for relevant BDS including customized or specialized services that cannot be availed of from other sources.

Table 5.26 – Amount Spent for the Last BDS Availed Of

Amount (P)	% of Total	
	Consulting/ Advisory Services	Training
PhP 100 - PhP 5,000	13.2	47.1
PhP 5,001 - PhP 10,000	2.8	15.1
PhP 10,001 and above	5.7	2.5
Free/No Fees	78.3	35.3
Total	100.0	100.0

The DTI business registration certificate is the most required prerequisite from SMEs who avail of BDS, followed by business permits and BIR certificate of registration (Table 5.27, *see also Attachment 5.36*). The same requirements were indicated by the BDS providers in the previous section. These prerequisites can be standardized among BDS providers to improve the data base on the SMEs.

Table 5.27 – Prerequisites Asked by the BDS Provider

Required Documentation	% of Total
1. SEC certificate of registration	8.8
2. Business permit from city/municipal mayor's office	22.7
3. Financial statements	11.7
4. DTI business registration certificate	28.4
5. BIR certificate of registration	20.1
6. Business plan	8.1
7. Others (specify)	0.3
Total	100.0

5.2.3 BDS Needs and Priorities

The most helpful BDS availed of by SMEs by priority are related to business development/strategy, marketing and sales and accounting/finance (Table 5.28, *see also Attachments 5.37 and 5.38*). Meanwhile, the most important BDS are those related to marketing and sales, business development/strategy and accounting and finance. The most helpful and important BDS noted in the survey is consistent with the ECOP study findings which also revealed moderately high demand for marketing (66%) services. The latter study, however, revealed moderately high demand for production (54%) types of training programs and moderately low demand for financial planning, employee/labor relations, personnel management and occupational safety and health trainings and very low demand for trainings on contract administration, stock control, records keeping, business plan preparation and purchasing. These services have direct impact on SME operations and profits.

Table 5.28 – Three Most Helpful and Important BDS

Type of BDS	Most Helpful		Most Important	
	% of Total	Rank	% of Total	Rank
A. Business Development /Strategy	15.0	1	21.6	2
B. Accounting/Audit/Finance	14.2	3	19.6	3
C. Marketing and Sales	14.3	2	25.2	1
D. Production Technology/Operations	12.2		14.3	
E. Information and Communication Technology (ICT)	10.6		5.1	
F. Safety/Environmental	11.1		3.6	
G. Legal/Regulatory advice	10.6		4.3	
H. Human Resources Development	11.1		4.9	
I . Others	0.9		1.4	
Total	100.0		100.0	

The most effective BDS tools and strategies are trainings, seminars and one-on-one consulting services (Table 5.29, *see also Attachment 5.39*). These tools and strategies require direct staff to client interaction.

Table 5.29 – Three Most Effective Tools or Strategies of Delivering BDS

Type of BDS	% of Total	Rank
brochures	10.1	
publications	9.2	
internet service/website	7.6	
trainings	26.4	1
seminars	20.7	2
radio/tv	6.6	
one-on-one consulting services	17.5	3
others (mentoring)	1.9	
Total	100.0	

6. ASSESSMENT OF GAPS IN BDS

The gaps in the supply and demand for BDS were assessed in terms of the a) outreach or SME coverage of SME Centers and Counselors; b) their efficiency (cost and rate of their services and ease in delivery); c) effectiveness (appropriateness, relevance and quality of BDS); and d) sustainability of BDS offerings.

6.1 Limited Capacity Building for SME Counselors. There are a number of on-going programs and projects catering to the BDS requirements of SMEs. Many of the interventions of these programs are focused directly on the provision of BDS to capacitate the target clientele - the SMEs. Direct assistance for capacity building of BDS providers, in particular the SME Centers and Counselors, however, is limited. Capability building components of other programs are more focused on capacitating DTI staffs and business support organizations in investment and trade promotions and negotiations. The rest of the programs are related to financing. Capability building assistance specifically designed to develop the efficiency and effectiveness of the SME Centers and Counselors will be very relevant to improve the delivery of BDS and implementation of on-going SME development programs and projects.

6.2 Low Availment of BDS. About 70 % of the SMEs are aware of BDS offered by the SME Centers and other BDS providers. Of those who are aware of the BDS, less than 60 % of the respondent SMEs have availed of the services. This situation may be attributed to a number of factors:

a) Lack of resources to promote and implement BDS - Limited or lack of funding support was identified as a major constraint in the operations of the SME Centers and in dealing with partner agencies. Lack of logistical support has also been identified as another major problem which is attributed to limited budget of SME Centers and other (especially government) service providers. Meanwhile, there may not be enough BDS Counselors to address the needs of MSMEs. The survey identified five SME Centers, about 20 other BDS providers/institutions and 42 SME Counselors (31 of whom were respondents) and a hundred or more other BDS Counselors in the areas covered by the survey. However, the study areas host an average of about 14,000 MSMEs each (Table 6.1). The numbers translate to about 1,700 MSMEs per Counselor or 10 MSMEs per counselor everyday, based on a 22 day work month. Actual performance reveals that only about 1 % of the potential demand for BDS is covered by the SME Centers. Moreover, the survey covered only MSMEs in the provincial centers. The awareness and availment rates may even be lower if MSMEs that are far from the capital cities are included. These imply the need to improve capacity of SME Centers and marketing of their services to cover more client SMEs.

Table 6.1 - Supply-Demand Matrix, SME Centers, All Areas

Area	Supply (SME Counselors) *	Demand	
		Potential based on Estimated No. of MSMEs **	Actual based on No. of SME Clients/Year ****
Laguna	6	30,654	330
Albay	9	7,510	145
Iloilo	10	11,035 ***	Not reported
Leyte	8	9,551	74
Cagayan de Oro	9	9,958	200
Average	8	13,742	187

*Notes: * DTI Staffs assigned as full-time SME Counselors and part-time staffs actually providing BDS to SMEs*
*Figures from **NSO and *** Provincial data*
***** Taken from average actual SMEs assisted (2004 & 2005) based on survey results*

Also, most BDS providers, including the SME Centers, still render services through staff-client, face to face meetings and one-on-one consultations and mentoring. This cannot be done effectively given the present ratio of Counselor to SMEs of 1:1-5 a day.

b) Appropriateness and quality of available BDS - While majority of those who availed of BDS believed that the BDS providers offered good services, still a quarter think that the quality of their services is just average. As gathered from field discussions, some SMEs think that they need more practical and hands-on BDS advice or assistance but these cannot be expected from SME Counselors who are not practicing entrepreneurs. At the same time, there may be a need to update and standardize business development modules, materials and course offerings among the centers to ensure relevance to current demand and quality to improve availment rate of BDS.

c) Lack of appropriate and functional ICT tools – There is a need for a more effective ICT application to improve BDS awareness and availment. The survey results also pointed out the lack of reference materials as a constraint in disseminating information on BDS and in effectively delivering BDS. There is a need to improve on this area considering that based on the survey, brochures appear to be one of the most useful dissemination tools, followed by publications, radio and email identified by the SMEs.

6.3 Lack of an Effective BDS Delivery System. The SME Development Plan calls for the adoption of a comprehensive and integrated approach to SME development considering the following aspects: advocacy, training, technology and product development, financing and marketing. Given a big number of SMEs with varying needs on one or all of these aspects, the SME Centers, other BDS providers, and individual Business Counselors have offered a wide range of services that purport to address the SMEs' needs. While the SME Centers and Counselors specialize in marketing and business development strategies and operations (please refer to Tables 5.5, 5.14, 5.17, 5.21 and Attachment 5.16 which indicate their areas of expertise and focus), they also cover other areas not necessarily within their competence. The Counselors are also saddled with various BDS tasks that make them generalists. While they attempt to adopt a total business development approach to SME assistance, more often than not, such situation affects not only the quality but also the effective delivery of BDS to client SMEs.

There is also a lack of updated and comparable data on SMEs. There are varying figures on SMEs from various official sources (NSO, DTI and LGUs). In many cases, the information pertaining to the SMEs in the lists provided by DTI or LGU was not updated (e.g. new business owners/managers, new/forwarding addresses, or status of business operation – active, renamed, or already inactive). This problem hinders good analysis and effective delivery of BDS. Recognizing this problem, survey results indicate the need by BDS providers and SME Counselors for capacity building in ICT and production technology as among the top BDS areas needing further training and assistance.

6.4 Sustainability of BDS Services. SME Centers operate as cost centers depending largely on government budgetary appropriations for their main source of funding. While counseling/advisory services and trainings on business development, trade fairs and selling missions and market matching were identified as sources of revenues of the SME Centers, earnings from these services comprise a very small proportion of their funding sources. Services availed of from SME and other BDS providers are mostly free. However, minimum fees were paid for trainings participated in by respondent SMEs. While the provision of free services is consistent with the mandate of the SME Centers and other government and NGO BDS providers, this has implications not only on the sustainability of their operations but also on outreach, efficiency and their effectiveness. This is the reason for the perennial budgetary constraint faced by the SME Counselors and lack of motivation among some Counselors in delivering BDS.

7. RECOMMENDATIONS

7.1 Capacity Building of SME Counselors

Practical and Hands-on Trainings. There clearly a need to capacitate the SME Counselors to improve the delivery of BDS. The most apparent need is for more practical, hands-on or residency type of trainings on advocacy, business counseling and marketing services which are along the areas of competence of DTI. Training can include exposure trips to well-established business establishments, residency assignments and other short-term on the job immersions in identified private sector establishments in order to enhance their experiential earnings on the various business operations. This strategy could augment their skills which were mostly acquired through the academe.

Training on Effective BDS Coordination and Facilitation. Based on the survey, DTI/SME Centers remain to be the most preferred BDS provider and source of information by the SMEs (as indicated in Tables 5.6, 5.23 and 5.24). Given this confidence by SMEs on the institution as the one-stop center of information on BDS and SMEs and to improve their delivery of BDS, SME Counselors need training on the rudiments of effective BDS coordination and facilitation and ICT. This will include the following: electronic database mining and management, working knowledge on the inventory of BDS offered by public and private BDS providers, BDS marketing skills, customer relationship management, BDS referral and coordinating skills.

Training on Soft Skills. Some sectors claim that SMEs need and look for Counselors that have good training as well as expertise gained from actual work experience in their fields of specialization. The survey indicates that many counselors have the necessary backgrounds in business and marketing. Additional training on soft skills like communication, coaching, and teamwork can improve their interaction with SMEs.

7.2 Establishment of a Results-Based Work Program for SME Centers and Counselors

As part of capacitating the Centers and the Counselors, there is a need to develop a results-based, time-bound work program to serve as their guide in improving the delivery of services and as reference for the conduct of focused capacity building assistance. In this regard, a results-based institutional development work-programming forum among major public and private SME development stakeholders in the province can be initiated. This will include SWOT analysis so that stakeholders can capitalize on their strengths and exploit emerging opportunities to the fullest while being observant of institutional weaknesses and threats. Knowing the SWOT of the SME Center, the stakeholders can proceed to conduct the institutional development priority analysis (IDPA) where they can identify and prioritize tasks that will make the SME Center more responsive to the needs of the SMEs. Included here are the technical (including manpower support) and financial commitments that each stakeholder can extend to the SME Center. The IPDA may also include a portfolio analysis where the stakeholders can identify market-determined BDS and subject the menu of market-driven BDS to the rudiments of incisive market planning, implementation and demand management. At the end of the forum, a rationalized, simplified and a well-coordinated institutional development work program for the SME Center is completed. This deliverables of the SME Center can then be monitored using the results-based institutional development work program's performance measurement matrix.

7.3 Joint Program with the Private Sector and Establishment of a Pool of Counselor-Practitioners

The DTI/SME Centers can link up with the private BDS providers, e.g. national and local Chambers of Industry and work out a training program which taps practitioner-entrepreneurs as trainors as well as identify large or SMEs that are willing to enter into joint on the job or residency training programs for government BDS Counselors. To augment the lack of BDS Counselors, a pool of counselor-practitioners from the private sector can also be established. Sponsorships and incentive schemes can be worked out as part of the program. Capacity building assistance from the government sponsored by donor agencies can also include training of selected counselor-practitioners to fully implement the joint program.

7.4 Development of an Effective BDS Delivery System

The adoption of a total business development approach in assisting SMEs requires a BDS system that is comprehensive, integrated and interlinked.

Improved Data Base on SMEs. There is a need to enhance the data base on SMEs, BDS providers and information on all the five aspects of SME development (advocacy, training, technology and product development, financing and marketing). The system should be supported by an operative information system on available providers, their areas of expertise, resources and type of assistance they offer as well as an effective referral system to direct SMEs to the appropriate BDS providers. Relatedly, a standard system of registering and licensing business must be done in order to accurately quantify and qualify SME data. The DTI, SEC, BIR and LGUs must spearhead this initiative.

Development of Appropriate and Functional ICT Tools and Materials. The enhancement and/or development of appropriate and functional ICT tools can significantly improve

BDS delivery. This has to be accompanied by the conduct of apposite market research and studies to make the tools more demand-driven. This can include the development of an appropriate set of BDS resource materials (economic and sectoral profiles, case studies, SME directory, etc.) can be developed based on Philippine and local experience that the SME Center and counselors may readily use and share with SMEs to improve SME growth and development. This may include a readily accessible listing of SMEs that may indicate possible sources and markets for goods and services.

In recent years, government and some private sector organizations have recognized selected SMEs and entrepreneurs who have become successful in business, and their products and services showcased in some national fairs and exhibits. The experiences of these successful SMEs/ entrepreneurs may be compiled into a set of "best practices" to guide counselors and SMEs in their undertakings. The compilation may start with business development/strategy, accounting/audit/finance, and marketing & sales, the most popular BDS among SMEs (indicated in Tables 5.28).

Strengthening Institutional Linkages. With the enormity of the system, there is a need to promote stronger institutional linkages and networking among different national and local government agencies and private BDS providers. This will improve information flow and rationalize BDS services to minimize duplication of efforts amidst budgetary constraints. This entails developing a referral system that leads the SMEs to the DTI/SME Center or specific BDS providers/ counselors that can best address the SME needs. This will enable BDS providers to specialize on their mandates and areas of competence (e.g. The SME Center to focus on business development advocacy, promotions and operations - including business consulting, marketing and sales – and its coordinative function while the other institutions like TLRC/TLDC, DOST, DA and SUCs cover production technology and DOLE, TESDA, TLRC/TLDC and NGOs concentrate on training, entrepreneurship and human resource development).

Relatedly, to ensure that total business development assistance is provided, the assignment of Counselors/staffs from other BDS providers/partner agencies in the SME Center may be pursued. This will enhance the Center as a one-stop shop not only of BDS information but also actual assistance on all aspects of business development.

DTI/SME Centers, being a coordinating center and in coordination with the SMEDC, can likewise organize regular coordination meetings among BDS providers to match, synchronize and rationalize BDS offerings and support to client SMEs in line with the concept of total business development approach.

Clustering of SMEs and BDS Providers. The clustering of SMEs for BDS assistance will not only improve outreach and efficiency of the Centers but also improve the effectiveness of delivery of BDS. In this way, standardizing BDS strategies and materials can also be facilitated. At the same time, existing SME Centers, other BDS providers, and individual business counselors can be organized so they can deliver BDS services efficiently and effectively. This will enable them to focus on and promote their areas of competence and expertise.

Provision of ICT Software and Hardware. There is also a need to equip the SME Centers with appropriate equipment including digital softwares and hardwares to link them to the information economy and better serve their clientele.

7.5 Creating Business-like SME Centers and BDS Providers for Sustainability

Costing BDS. While SMEs prefer free BDS, they are willing to pay for relevant BDS including customized or specialized services that cannot be availed of from other sources. In this regard, services and information should be charged users or access fees including nominal fees on services or success fees that are based on incremental change in revenues and profits from improved business operations counseling services to ensure that the SME Centers and government BDS providers operate as profit centers rather than cost centers.

Developing Funding Strategies. An intermediate (5 years) strategy for the effective marketing of BDS can be developed which would entail a gradual shift from free-based to fee-based provision of said services thus allowing for the diminution of financial support from the government for the SME Centers and BDS agencies. Strategies involving private sector partners and the SMEs themselves need to be developed to ensure that revenues accrue back to DTI/SME operations. Similarly, strategies can be developed to tap other possible income reflows from other sources such as written agreements that allow for the accruals of savings on government initiated and/or foreign funded SME assistance programs and projects.

In summary, the findings and recommendations suggest that capacity building for SME development facilitators should be: a) comprehensive and systematic and should adopt a business-like approach to identifying and responding to SME needs; b) a dynamic process that continuously meet changing needs; c) promote increased specialization while at the same time maintaining a broad offer of services; and d) focus on the application of the basic business practice of sustaining BDS operations while at the same time increasing capacity to offer BDS. These further suggest continuing capability building assistance to facilitators of SME development to address the growing demand for BDS.

Preparatory Survey on
Management Consulting Program for SMEs
CAGAYAN DE ORO CITY

Main Report

1. INTRODUCTION

In the early part of 2005, the Japan International Cooperation Agency (JICA) commissioned a survey of the current situation of 26 SME Centers nationwide to explore the possibilities of applying the Kigyo Shindan model to the Philippine SME development context. The survey focused on 4 key variables, namely: (1) institutional delivery capacities; (2) organizational development capacities; (3) inter-agency relationships and responsibilities; and (4) SME Counselor qualifications and performance. The findings from the said survey were validated through a one-day workshop held on March 4, 2005 that was attended by SME Counselors and SME development division heads from the regions.

Results of the survey and workshop provided the baseline data on the level of institutional maturity and dynamism of the SME Centers. One of the findings is that majority of the SME Centers are manned by DTI Senior Trade and Industry Development Specialists. In terms of dedication and relative competencies, it was revealed that most centers relatively stand as co-equals. However, from the insights obtained from the workshop, the SME Centers varied in terms of their abilities to mobilize support for SME development efforts from LGUs, line agencies, private sector and from the SMEDCs. In particular, various collaborative models on enterprise development had varying levels of capability among centers.

Counseling services were identified as the BDS with the highest and robust current and/or latent market demand from SMEs. The same was also noted as the top revenue generator for the centers. Meanwhile, the foremost training need identified by the SME Counselors was capacity building on comprehensive SME business consulting followed by ICT, finance, marketing and technical processes. These results imply that enhancing the business counseling skills of the counselors will surely benefit the SMEs and ensure the long-term sustainability of the centers.

Aside from the need for enhanced trainings on BDS, other problems encountered by SME Centers included the lack of financial support from especially from partners, duplication of efforts and lack of commitment among partners. Concomitantly, the SME development stakeholders recognized the need to evolve a more responsive and collaborative model on enterprise development that is attuned to the dynamics and realities at the local level.

The following conclusions from the survey and workshop were drawn:

(a) that the current SME development mandates, systems and resources of SME development stakeholders can be utilized more efficiently to avoid duplication of efforts;

(b) that SME Centers need to promote proactively their BDS offerings to their client SMEs;

(c) that the SME Centers and their development partners are becoming more proactive in their resource mobilization functions;

(d) that the upgrading of office logistics, facilities and equipment will contribute to the efficiency of center operations in the long-run;

(e) that the greater challenge is how to configure the institutional and operating systems of the SME Centers so as to make them operate as profit centers;

(f) that the SME Counselors possess the required pedagogical and theoretical groundings as well as the skill-sets necessary to champion the promotion and development of Philippine SMEs; and

(g) that the future training program for SME Counselors should consider the mainstreaming of BDS service offerings with the end in view of standardizing the quality of services across provinces and regions.

Based on the preceding results, JICA decided to conduct a fact finding survey and preparatory study to further firm up the proposed DTI-BSMED Kigyo Shindan Project. The conduct of the preparatory study was to be undertaken prior to the conduct of the fact finding survey by a study mission from Japan.

1.1 Rationale of the Study

The Project Study involves the conduct of a preparatory survey on the current situation of selected SME Centers in the country and assessment of their needs. The study will build on findings and conclusions of the previous survey and specify the capability-building package for the SME Centers in situ for pilot sites in the light of the environment in which they operate.

1.2 Objectives

Based on the approved Scope of Work for the Study, the main objectives of the study are to:

a) conduct the in-depth surveys for 5 candidate areas (province/city-base) for the pilot SME Centers;
b) multi-dimensionally assess the performance of SME Centers and activities of SME Counselors in the selected provinces/cities;
c) identify the most client-demanded services of SME Counselors and the most competent fields of functions of SME Counselors;
d) collect the information on the economic and industrial profile of the candidate provinces/cities, analyze their characteristics in terms of local economy, industrial structure, and the level of development of SMEs/private sectors in the areas; and
e) come up with practical recommendations by the candidate area that SME Counselors there can adopt to strengthen their capability to respond to needs of local SMEs.

1.3 Scope/Coverage

Cagayan de Oro City in Mindanao was chosen based on the initial assessment of SME activities and current industrial trends and discussions made by JICA and DTI-BSMED. Other target geographical areas of the study included were: Laguna and Albay in Luzon; and, Iloilo and Leyte in the Visayas.

These provinces and city were the pilot areas where the proposed project will be implemented.

1.4 Methodology

The prospective SME respondents were identified, initially, through the listing provided by DTI/Oro Business Center. However, as the Questionnaire (Form 1) were sent out, most of those indicated in the DTI-provided listing either have stopped business operations or the addressees were incorrect, or the names of business registrants have changed. The Research Assistants (NEDA-10), therefore, revised/updated the original listing based on new information they have gathered in the field (like new address of respondents or name of new owners/managers). In addition, additional identification of SME respondents was made on available business directories. All the SME respondents identified were study area-based (i.e. businesses located and registered in Cagayan de Oro City).

The first attempt to distribute the questionnaires to target respondents was done through direct delivery personally to addressees. Various modes of transportation were availed of to deliver the questionnaires, as the respondents were located distant from each other, while others were in far-flung or in suburban fringe areas. On succeeding deliveries though, including subsequent retrievals and follow-ups, the services of a private courier services was resorted to.

Several respondents sought face-to-face assistance with the Research Assistants. Some respondents called through the telephone for clarifications.

Follow-up letters and tracers were also sent to SME target respondents who have not returned their forms yet. Telephone calls were also made to follow up the status of the forms sent.

The Focus Group Discussion (FGD) was conducted smoothly as most of the target invitees attended the activity, including major industry players. Majority of those invited to the FGD were respondents of the survey. This approach was meant to ensure that the

FGD invitees would be able to relate to the issues and concerns discussed during the FGD activity.

The data gathering activity was mostly conducted through in-house reference materials published by government statistical agencies, like NSO and NSCB publications. The major reference document for data about the study area was the latest Comprehensive Land Use Plan of the LGU concerned. In addition, references were also made on regional statistical and planning materials, like the Regional Statistical Yearbook and Regional Physical Framework Plan. In cases where data appear inconsistent, referencing with NSO and NSCB, including LGU official websites were also done.

1.5 Constraints and Limitations

The initial listing provided was not updated for information like new business owners/managers and new/forwarding addresses, or status of business operation (e.g., either active, renamed, or inactive already). Consequently, the survey cover letter had to be prepared again to indicate the new information on the SME respondents.

Several identified respondents declined to accept the questionnaire or respond to questions for several reasons common among which was that they were busy. Several respondents requested that the questionnaires be left behind for transmittal later, but several of them failed to return the materials. While other SME owners have responded, their responses were incomplete (several blank spaces unfilled). In some instances, they returned the questionnaire totally unaccomplished.

Coordination efforts were initially upbeat with the DTI regional and offices and with the business center. However, as the study activities went on, the interest seems to have wore off. Apparently, they appear to have other equally pressing concerns with their respective offices other than the SME study.

The retrieval and processing of secondary data was constrained by conflicting information derived from differing, but nevertheless, official sources. The absence of local area dis-aggregated statistics on the city and regional levels and whatever available other information were not of much help either. Notably dis-aggregated were data on land area, employment, among others.

3. PHYSICAL PROFILE OF THE STUDY AREAS

3.1 Physical Features of the Study Areas

3.1.1 Location

Cagayan de Oro City is the regional capital of the Northern Mindanao Administrative Region, or Region 10. It is located between the coastline of Macajalar Bay on the north and the rich plateaus and mountains of Bukidnon and Lanao del Norte to the south; the industrial municipality of Tagoloan on the east; and the municipality of Opol on the west. The city is located between latitudes 8-25-00 and 8-33-00 north and longitudes 124-30-00 and 124-48-00 east.

3.1.2 Land Area and Land Use

Comprising a total land area of about 462 square kilometers (km^2) or 46,246.13 hectares, the city is 18% urban and 82% rural and it is divided into 80 administrative barangays composed of 40 poblacion barangays and 40 non-poblacion barangays.

About 28%, or 14,000 has, of the city land area have a slope of between 0% and 8%, which is considered safe for most uses. These are concentrated on the narrow coastal plain, the flood plain areas, of the Cagayan de Oro and Iponan Rivers, and the upland terraces. The remaining 72% of the land has slopes that are greater than 8%, which poses a challenge to development.

While the city's land area is extensive, it has limited level areas resulting in serious competition within these areas among the different land uses, often in areas currently dedicated to agriculture or that are characterized as steep slopes.

As regards the city's urban land uses, the city's Comprehensive Land Use Plan (2004) reported the following information, namely, vacant land: 32%, covered by road/etc:

24.98%, residential: 24.37%, planned unit development: 7.33%, commercial: 3.78%, institutional: 3.73%, utility: 1.71%, industrial: 1.15%, and parks/open spaces: 0.95%.
(References: Table 1 – Land Classification; Table 2 – Land Use)

3.1.3 Biophysical Characteristics

The city is characterized by a narrow plain along the coastline and by highland areas separated by steeply incline escarpments. The escarpment areas poses a natural barrier to urban sprawl that runs from east to west of the city. The two bridges that span the Cagayan de Oro River mitigate the north-south constraints created by the waterway in earlier years. The national highway on the east-west stretch attracts commercial and industrial activities to the area.

City climate is mainly tropical without very pronounced wet and dry seasons. The annual rainfall is about 1,603 millimeters. Rainy season lasts from June to October, while the dry periods are from February to May. The city registers an annual mean temperature of 27.2^{O} Celsius and an annual mean relative humidity of 80%.

4. SOCIO-ECONOMIC SETTING

4.1 Population

For the last ten years, i.e. 1990 to 2000, the population of the City grew by an annual average of 3.6% that in 2000, the population of Cagayan de Oro reached 461,877. Region X population, on the other hand, grew annually during the same 10-year period by 2.5% to 2,747,585; whereas, the national population grew by 2.6%.

In Cagayan de Oro, females outnumber males with females comprising 50.5% and males 49.5%; and, an average household size of 4.7 that is smaller compared to the regional average of 5.1 and to the national average of 5.0.

(References: Table 3 - Total Population and Rate; Table 4 - Total Population by Sex, Number of Households, Average Household Size and Growth Rate)

4.2 Labor Force and Employment

CDO has a labor force size of 348 thousand; a labor participation rate of 67%; an unemployment rate of 7.9%; and, a visible underemployment rate of 1.6%.

The services industry comprised the bulk of labor force in which about 77% is employed, or about 159,000 of the 207,000 employees. The industry sector comes second with 59,000 and the agricultural sector at 9,000.

(References: Table 5 - Total Population 15 years Old and Over and Employment Status; Table 6 - Employed Persons by Type of Industry; Table 7 - Employed Persons by Major Occupation Group; Table 8 - Number of Employment Generated By Sector)

4.3 Structure and Growth of the Economy

Cagayan de Oro City is ranked 1st class (in terms of income class) and is categorized as highly urbanized.

The city's Comprehensive Land Use Plan 2000 states that the city assumed a role that is larger than its physical boundaries. Characteristically, it is the 2nd highest-ranking urban settlement in Mindanao and is considered the most important center in the Cagayan de Oro – Iligan Development Corridor, more popularly known as CIC.

The 187-kilometer all-weather road strip that spans the CIC area is home to about 1.06 million residents and is endowed with rich agricultural and natural resources. This description defined the functional role of the city as the service center that will complement and support the other towns and cities of Northern Mindanao in the areas of financial, trading, transport, education, medical, and cultural activities.

For the 4-year period 2000-2004, the services sector contributed the biggest share in the gross regional domestic product in Region X at 38.7%; followed by Industry at 32.4%; and, by Agriculture, Fishery and Forestry at 28.9%.

For the same period, the Agriculture, Fishery and Forestry sector registered the highest average annual growth rate at 12.10%; followed by Industry at 6.66%; and Services at 6.26%.

(References: Table 9 - Gross Regional Domestic Product by Industry; Table 10 - Gross Domestic Product by Industrial Origin)

4.4 SME Situationer

4.4.1 Distribution of SMEs

In 2003, there were 13,603 registered business establishments in Cagayan de Oro City with Wholesale and Trade representing 8,443 or 62% of total. Other Community, Social and Personal Service Activities followed at 2,147 (16%); Financial Intermediation, Real Estate with 1,844 (14%); Manufacturing with 694 (5%); and, Transport, Storage and communications with 461 (4%).

Based on the cumulative number of registered business establishments of 10,036 for the 5-year period 2000-2004, Micro Enterprises (PhP 3 million and below) constituted 98.0% of this total; Small Enterprises (PhP 3.1 million to PhP 15 million) represented 1.4%; and, Medium Enterprises (PhP15.1 million to PhP 100 million) comprised close to 0.6%.

The accumulative approach to the number of business establishments is based on the DTI's policy of requiring business establishments to renew their respective registrations every 5 years, thus, this approach does not result to a recount or double count of an establishment.

(References: Table 11 - Number of Registered Business Establishments By Sector; Table 12 - Number of Registered Business Establishments By Size)

5. RESULTS OF THE SURVEY

5. 1 Supply of BDS

5.1.1 Programs and Projects Related to BDS and SME Development

Several programs and projects are currently being implemented such as: the Processing, marketing of cashew nuts products financed through a mix of loans and grants for capital assistance, machineries and equipment, and working capital; the Improvement of training facilities (building, tools, and equipment) coupled by a Trainers Training Program in Wielding and Metal Fabrication and, Hotel and Restaurant Management; the Construction of CENTEX and Testing Venue Buildings for Automotive Technician; and, Development of lead trainers from private and public TVET institutions.

Other programs include: the in-plant assessment by industrial engineering graduating students; entrepreneurship and productivity trainings; the program on technological innovations and improvements on productivity, product quality, manpower development, cost of production, waste management and other operation related activities; and, assistance programs for manufacturers in maintaining high quality products standards, for consumers in ensuring the quality of goods, for other government agencies in the performance of their regulatory functions, and, for researchers in the region on their R&D activities; for MSMEs in the development of functional designs for packages, identification and development of suitable or alternative packaging materials especially from indigenous sources; among others.
(Reference: Table 13 – Inventory of BDS/SME Programs and Projects)

5.1.2 Institutions Engaged in BDS and SME Development

The Oro Business Promotion Center (DTI), TESDA, DOLE/RTWPB, and the DOST were the identified institutions in the study area who are engaged in the provision of BDS. The OBPC is also considered as the SME Center of the area. All the providers are national government agencies or deeply associated with it, i.e. OBPC.

Identified donor agencies include KFW and ADB for TESDA programs and projects whereas the other program fund sources comes from the national government agencies budgets.

(Reference: Table 14 – Business Development Service Providers)

5.1.3 Profile of SME Center and Other BDS Providers

All of the BDS providers employed full-time staff members except for the Oro Business Promotion Center who has 4 part-time staff-members who are SME Counselors of the DTI Provincial Office.

Most of the staff-members of the BDS providers have college degrees (11/19) with 7 of the 19 having acquired masters degrees, with 1 from the DOST holding a doctorate degree.

For the SME Center, the top services offered were on the areas of business development/strategy; marketing and sales; and, production, technology and operation; whereas, the other providers indicated business development/strategy; production, technology and operation; safety and environment; legal and regulatory advice; and, human resource development.

On documentary requisites, the SME Center preferred the submission of the DTI registration document while the other BDS providers indicated a host of other requirements such as SEC registration, business permit, financial statements, DTI registration document, and BIR registration certificate.

The periodic targets on volume of advisory/counseling and trainings were usually exceeded by the SME Center and BDS providers - especially on trainings, surpassing targets by a combined 86% on the number of participants.

The lack of manpower/staffing and consequently work over load, was the main problems identified that beset the provision of BDS by the providers. Other problems, although to a lesser extent, include lack of financial support, facilities, and reference materials/studies contributed too to the problems that hound the operations of the BDS providers.

BDS providers are mostly located within the premises of the provincial offices of the national government agencies. The SME Center is located at the premises of the DTI provincial offices, as with the other BDS providers.

The BDS providers employ various information dissemination tools most notable of which are TV-Radio spots, brochures, word-of-mouth, one-on-one consultations, mentoring – all of which are less costly than the other lesser employed tools such as website development and maintenance; publications; and electronic mail.

The BDS providers also identified that needed hardware and manpower support included computers, video-conference facilities, and transportation equipment, and an expansion in human resources.

Budgetary support for the SME Center for the provision of BDS fully comes from the regular budgets of the DTI. However, for the other BDS providers, rare instances of cost-sharing occurred between provider and providee and whenever there are special programs and projects on SME development. Practically non-existent is support coming from the local government units, or the private sector, or from fee-based revenues.

The main expense account of the SME Center is on personnel services which accounts for 75%, followed by office rental at 20%, and the remaining 5% is expended for communications. The other BDS providers cost structure showed the following information: personnel services (62%); communications, supplies, and informational materials (12%); office rental (11%); and, transportation, equipment and office maintenance, janitorial (16%).

Revenue sources of the providers are non-existent except for regulatory fees on testing, analysis, and calibration. The provision of BDS is therefore practically given free.

Support from other institutions comes mostly in the form of networking services and are therefore non-financial. These institutions include the local government units, the local chamber of commerce and industry, academic institutions, and other national government agencies.

Moreover, the partnership with these institutions are also hampered by problems and issues such as: the slow implementation of programs & projects for SMEs; the limited and the lack of funding support and lack of available skilled personnel for detail at the SME Center; the overlapping of functions (various agencies offered the same services to the same clients); the differing priorities for similar sectors; the conflicts (and difficulties) in schedule setting; and, the extent of support by partners is very limited even in terms of technical assistance which is further restrained by what is considered allowable by their respective office's mandates.

On capacity building requirements on the areas of advisory/counseling and training, the providers indicated that the functional aspects of business development strategy; marketing and sales; production, technology, and operations; and, accounting, audit and finance; are most needed, all of which have been earlier identified as the services with the largest demand from the SME sector.

(References: Table 15 - Staffing of the SME Center/s/BDS Providers; Table 16 – Educational Attainment of Personnel; Table 17– Top Five BDS Offered by the SME Center/s; Table 18 - Top Three Documents Required from Clients; Table 19 – Performance of the SME Center/s; Table 20 - Problems Encountered in Providing BDS; Table 21 – Location of the SME Center/BDS Provider; Table 22 – Information Dissemination Services; Table 23 - Physical Support Needed by BDS Providers; Table 24 - Main Source of Funding for the SME Center/BDS Provider; Table 25 – Main Expenditure Item of the SME Center/BDS Provider; Table 26 - Top Three Sources of Revenues from Services; Table 27 – Partner Agencies/Institutions Supporting the SME Center/BDS Provider; Table 28 – Constraints/Problems Encountered in Dealing with Partners; Table 29 – Capacity Building Needs)

5.1.4 Profile of the SME Counselors

All the 9 SME Counselors are employed by the provincial office of the Department of Trade and Industry and are mostly composed of senior staff-members or specialists with 1 head of office and another analyst. Of the 9, all are on full-time basis except for 1 who serves on a part-time basis.

Most of the counselors, i.e. 5, have acquired their respective masters degree with the remaining 4 equipped with undergraduate degrees.

To augment their knowledge and skills, the counselors have attended trainings with Trainors-Advisors-Counselors topping the list of trainings attended followed by Marketing and Business Counseling; and, Financial Management. However, four of the nine counselors have indicated that they have not received any form of training.

The SME counselors were mostly senior DTI staff-members before they were detailed as counselors. These counselors have been with the department between 5 to 10 years with 2 counselors having been in service for more than 20 years.

The counselors' main areas of expertise with respect to advisory/counseling and training are principally on: business development strategy; and, accounting, audit, and finance; although they also indicated the areas of marketing and sales; production, technology and production; information and communication technology; and, the provision of legal and regulatory advice; as secondary areas of expertise.

A majority of the SME counselors receive salaries in the range of P10,001 – P20,000, however, 3 indicated that their services are for free, meaning no additional remuneration is given on their detail with the SME Center. Additionally, counselors have indicated that they mostly receive free accommodation, travel allowance, transportation & tokens as incentives for their services but suggested that project-based incentives be given instead.

The training needs that the counselors said would enhance further their skills would be on the BDS areas of business development strategy; information and communication technology; marketing and sales; and, production, technology and operations.

(References: Table 30 – Employer and Nature of Assignment of the SME Counselors; Table 31 - Educational Attainment of SME Counselors; Table 32 - Number of Years in Service; Table 33 – Areas of Expertise; Table 34 – Remuneration /Salary of SME

Counselors; Table 35 – Incentive Received by SME Counselors; Table 36 - Suggested Incentive Scheme; Table 37 – Top Three BDS Areas Needed Further Training by SME Counselors)

5.2 Demand for BDS

5.2.1 Profile of SME Respondents

The majority, or 59%, of SMEs that were surveyed were single proprietors, with corporations accounting for 35%. On the other hand, partnerships and cooperatives represented the remaining 6% of all respondents.

In terms of years in operations, 3 out of 4, or 75%, of all respondents have been operating for more than 5 years while the rest have been operating for less than 5 years.

On the nature of their business, services and service-related business (trading, others) accounted for 75%, while food processing, manufacturing, handicrafts/cottage industries, and agribusiness, made up the rest.

Micro-enterprises constituted 43%, or 22 of the 51 respondents; small enterprises represented 27% (14/51); and, medium-sized enterprises 29% (15/51).

On size of employment, enterprises with between 1-9 employees represented nearly half (25/51) or 49%, and those employing 10-99 employees at 41% (21/51) or about 4 out of 10 enterprises. Nearly 10% (5/51) have employees in excess of 100.

(References: Table 38 – Legal Structure and Years in Existence; Table 39 – Nature of Business; Table 40 – Category of Business and Number of Employees)

5.2.2 Source, Perception and Satisfaction of BDS

Less than half (162/335), or 48% of the respondents indicated that they were aware of the existence of various forms of BDS. Of those who were aware of its existence, only 30% (92/309) availed of BDS. And for those who availed, a majority, or 71% (65/91) said that the quality of the services were good; 27% (25/91) said its quality was average; with only 1 indicating that the BDS received was of poor quality.

The DTI Provincial Office is the most preferred BDS provider (10/22) with the local chamber, TLRC, and the academe as second most preferred. Of the 22 respondents, only 1 indicated their preference for the SME Center. The existence of BDS providers were made mostly known through referrals made to DTI and the local chamber.

The three main factors in the choice of a BDS provider are: capable and good staff; appropriateness of the service; and its being free and/or its reasonableness of fees and charges, in that order.

Most respondents indicated that they spent less than P10,000 for BDS whether this be in the forms of advisory, counseling, or training, while the rest indicated that they spent no amount.

Among documentary requirements, local business permit and DTI registration were the most requested. SEC registration, financial statements, and business plans were also required but to a lesser degree.

The most helpful BDS offered by the providers are in the areas of: marketing and sales; business development/strategy; human resource development; accounting, auditing and finance; production, technology, and operations; and, ICT.

(References: Table 41 – Awareness and Availment of BDS; Table 42 – Quality of Availed BDS; Table 43 – Preferred BDS Provider; Table 44 – Source of Information Regarding the BDS Provider; Table 45 – Factors Considered in Choosing the BDS Provider; Table 46 – Amount Spent for the Last BDS Availed Of; Table 47 – Prerequisites Asked by the BDS Provider; Table 48 – Most Helpful BDS)

5.2.3 BDS Needs and Priorities

Aside from being the most helpful, the areas on marketing and sales; business development/strategy; production, technology, and operations; and, accounting, auditing and finance were at the same time considered by the respondents as the most important areas of BDS. Respondents also indicated that the most effective BDS tools and/or strategies were trainings, seminars, brochures, and one-on-one consulting services.

(References: Table 49 – Three Most Important BDS; Table 50 – Three Most Effective Tools or Strategies of Delivering BDS)

6. ASSESSMENT OF GAPS IN BDS

Based on the foregoing, it is clear that there exists almost a matching on the demand and supply for BDS services. The SME sector have indicated that the BDS areas on marketing and sales; business development/strategy; production, technology, and operations; and, accounting, auditing and finance were the most helpful and the most important. On the other hand, these are the same top services offered by the SME Center and at the same time considered by its counselors as their areas of expertise.

Despite this match, the counselors have similarly specified that they still need to further enhance their skills on these areas through capacity-building activities mainly to maintain and improve on the three main factors on which SMEs decide on the choice of their BDS provider, i.e. capable and good staff; appropriateness of the service; and it being free or reasonableness of fees and charges – in that order.

The hierarchy of these choice factors should be maintained or improved from the current satisfaction level of 71% of SMEs who availed of BDS services. Through this, the marketing potential of a fee-based BDS is therefore enhanced over the medium term, i.e. 5 years considering that the level of availment is very low at only 30% of those who were aware of its existence. Although still on a very limited scale, SMEs have been willing to spend limited amounts for advisory, counseling and training services.

Hence, the SME providers must develop skills and strategies that could effectively market BDS which would basically require the gradual and systematic increase in the availment and the simultaneous introduction of fee-based services through the gradual reduction of subsidy-based provision of BDS. This approach would then transform BDS from a cost to a profit center.

7. CONCLUSIONS AND RECOMMENDATIONS

From the foregoing preliminary findings, the following conclusions and recommendations are prescribed, namely:

1. The Oro Business Promotion Center has to be strengthened in all the areas of BDS provision in order to initiate a shift from a government-led to a private sector-led BDS program of assistance. This shift would entail interventions, viz:

    - Promote stronger institutional linkages by networking with the different national and local government agencies with each agency placing more emphasis on their respective areas of expertise thus, avoiding duplication of efforts as this reduces efficiency in the provision of BDS amidst budgetary constraints;

    - Embark on an image-building campaign to place itself at the forefront on the provision of BDS. This allows the private sector to gradually emerge as the main provider of BDS but who must be ably assisted by the national and local government agencies. That is, a government-led program that is implemented by the private sector;

    - Identify from the present pool of personnel from both the private and government sectors who possesses the competence, dedication, and integrity for further trainings on the BDS areas most helpful and important to SMEs;

    - Develop an intermediate (5 years) strategy for the effective marketing of BDS which would entail a gradual shift from free-based to fee-based provision of said services thus allowing for the diminution of subsidy support from government agencies; and,

    - Develop strategies that would tap other possible income reflows can also come from other sources such as written agreements that would allow for the accruals of savings on government initiated and/or foreign funded SME assistance programs and projects on condition ; collection of minimal fees during the conduct of trainings; etc.;

2. SME Counselors, being in the forefront of BDS, would require the following interventions, namely:

- The present crop of counselors training needs must include exposure trips to well-established business establishments which may include short-term immersions in these establishments in order to enhance their experiential earnings on the various functions of businesses. This strategy could hopefully augment their skills which mostly were acquired through the academe; and,

- Develop a strategy that would provide for the gradual absorption of the counselors from the public to the private sector so that this early, the privatization of the BDS sector would include a decision from the present crop of counselors on whether they choose to return to their agencies or be absorbed at some pre-determined point in time.

Table 1
Land Classification
Cagayan de Oro City
CY 2003

	Area (in Has.)	Percent
Alienable and Disposable Land	17,207.27	**41.7**
Forest/Public Land	24,072.73	**58.3**
Forest Reserve/Timberland		
NIPAS		
Others		
TOTAL	**41,280.00**	**100.0**

Source: Northern Mindanao Regional Physical Framework Plan, 2004-2034

Table 2
Land Use
Cagayan de Oro City
CY 2000

LAND USES	AREA (in Has.)	PERCENT
Residential	1,879.83	**4.06**
Institutional	287.94	**0.62**
Agricultural Areas	13,704.92	**29.63**
Industrial	88.36	**0.19**
Commercial	291.41	**0.63**
Forest Reserve/Timberland	17,726.57	**38.33**
Parks/Open Spaces	73.61	**0.16**
Open Land	7,037.09	**15.22**
Vacant Land	2,468.82	**5.34**
Mining/Quarrying	23.35	**23.35**
Utility	131.97	**0.29**
Lakes, Rivers, Other Water Bodies, Swamps and Mangrove Areas	39.70	**0.09**
Planned Unit Development	565.79	**1.22**
Others: Road, Railroad and Power ROWs, Barren/Unclassified	1,926.77	**4.17**
TOTAL	**46,246.13**	**100.00**

Sources: CLUP, Cagayan de Oro City, 2000

Note: The above Tables 1 and 2 on CDO's total land area were derived from the indicated sources. The discrepancies on total land area could not be confirmed or validated with one another principally because of differing land classifications. (table1 is based on DENR/LMB/NAMRIA data while table 2 is based on the CDO LGU)

Table 3
Total Population and Growth Rate
Census Years 1980-2000

Province/City	Population			
	1980	1990	2000	Average Annual Growth Rate
Philippines	48,098,460	60,703,206	76,504,077	2.6%
Region 10	2,226,169	2,811,286	2,747,585	2.5%
Cagayan de Oro City	227,312	339,598	461,877	3.6%

Source: Northern Mindanao Regional Physical Framework Plan, 2004-2034

Table 4
Total Population by Sex, Number of Households, Average Household Size and Growth Rate
Cagayan de Oro City, Region 10
Census Year 2000

Province/City	Population, 2000 or latest			Number of Households	Household Size
	Male	Female	Total		
Philippines	38,524,266	39,979,811	76,504,077	15,271,290	5.0
Region 10	1,777,191	1,728,517	3,505,708	689,346	5.1
Cagayan de Oro City	228,524 (49.5%)	233,353 (50.5%)	461,877 (100.0%)	98,937	4.7

Sources: Philippine Statistical Yearbook 2004
Northern Mindanao Regional Physical Framework Plan 2004-2034

Table 5
Total Population 15 years Old and Over and Employment Status
Cagayan de Oro City, Region 10
Month of January 2003

Province	Total Population 15 years old and over (in thousands)	Labor Force Partici-pation Rate	Employ-ment	Under Employment Rate	Visible Under-Employment Rate
Philippines	**51,280**	**65.7**	**89.4**	**10.6**	**10.8**
Region 10	**2,363**	**73.7**	**93.3**	**6.7**	**19.5**
Cagayan de Oro City	**348**	**67.6**	**92.1**	**7.9**	**1.6**

Sources: Northern Mindanao Regional Social and Economic Trends (RSET) 2004

Table 6
Employed Persons by Type of Industry
Month of April
(CY 2003)

Province/City/ Municipality and Type of Industry	Urban	Rural	Total
Philippines	**14,358**	**16,060**	**30,418**
Agriculture	**1,815**	**9,341**	**11,155**
Industry	**3,019**	**1,840**	**4,859**
Services	**3,525**	**4,879**	**14,404**
Region 10	**639**	**1,032**	**1,671**
Agriculture	**149**	**635**	**784**
Industry	**89**	**90**	**179**
Services	**401**	**307**	**708**
Cagayan de Oro City	**207**	**-**	**207**
Agriculture	**9**	**-**	**9**
Industry	**39**	**-**	**39**
Services	**159**	**-**	**159**

Sources: Northern Mindanao Regional Social and Economic Trends (RSET) 2004

Table 7
Employed Persons by Major Occupation Group
CY 2001

Region/Province/City and Major Occupation Group	Month of Jan	Month of Apr	Month of Jul
Philippines	**28,096**	**29,160**	**29,281**
Officials of Government and Special Interest Organizations, Corporate Executives, Managers, managing Proprietors and Supervisors	**2,783**	**2,844**	**2,965**
Professionals	**1,286**	**1,289**	**1,327**
Technicians and Associate Professionals	**725**	**760**	**753**
Clerks	**1,311**	**1,332**	**1,299**
Service Workers and Shop and Market Sales Workers	**2,532**	**2,580**	**2,494**
Farmers, Forestry Workers and Fishermen	**6,279**	**6,390**	**6,397**
Trades and Related Workers	**3,093**	**3,106**	**3,055**
Plant and Machine Operators and Assemblers	**2,281**	**2,275**	**2,298**
Laborers and Unskilled Workers	**7,682**	**8,437**	**8,559**
Plant and Machine Operators and Assemblers			

Laborers and Unskilled Workers			
Special Occupations	**124**	**147**	**134**
Region 10			
Officials of Government and Special Interest Organizations, Corporate Executives, Managers, managing Proprietors and Supervisors			
Professionals			
Technicians and Associate Professionals			
Clerks			
Service Workers and Shop and Market Sales Workers			
Farmers, Forestry Workers and Fishermen			
Trades and Related Workers			
Plant and Machine Operators and Assemblers			
Laborers and Unskilled Workers			
Special Occupations			
Cagayan de Oro City			
Officials of Government and Special Interest Organizations, Corporate Executives, Managers, managing Proprietors and Supervisors			
Professionals			
Technicians and Associate Professionals			
Clerks			
Service Workers and Shop and Market Sales Workers			
Farmers, Forestry Workers and Fishermen			
Trades and Related Workers			
Plant and Machine Operators and Assemblers			
Laborers and Unskilled Workers			
Plant and Machine Operators and Assemblers			
Laborers and Unskilled Workers			
Special Occupations			

Sources: National Statistics Office Philippine Statistical Yearbook 2004, NSCB Regional Social and Economic Trends (RSET)
Note: No regional and city data dis-aggregation from available documents

Table 8
Number of Employment Generated By Sector (In Thousands)

Region/Province/City and Sector	1999		2000		2001		2002		2003	
	No.	%	No.	%	No.	%	No.	%	No.	%
Region 10										
Agriculture, Fishery & Forestry	669	51.86	611	50.12	618	49.28	750	44.51	830	49.20
Mining & Quarrying	1	0.08	1	.08	2	.16	2	.12	1	.06
Manufacturing	75	5.81	55	4.51	72	5.74	96	5.70	89	5.28
Electricity, Gas & Water	6	0.47	6	.49	5	.40	8	.47	6	.36
Construction	47	3.64	41	3.36	43	3.43	65	3.86	80	4.74
Wholesale & Retail Trade	193	14.96	201	16.49	224	17.86	326	19.35	291	17.25
Transportation, Storage &										
Communication	70	5.43	73	5.99	80	6.38	86	5.10	83	4.92
Financing, Insurance, Real Estate										
Business Services	14	1.09	22	1.80	22	1.75	28	1.66	37	2.19
Community, Social & Personal										
Services	215	16.67	209	17.15	188	14.99	324	19.23	270	16.00
Total	**1,290**	**100**	**1,219**	**100**	**1,254**	**100**	**1,685**	**100**	**1,687**	**100**
Cagayan de Oro City										
Agriculture, Fishery & Forestry										
Mining & Quarrying										
Manufacturing										
Electricity, Gas & Water										
Construction										
Wholesale & Retail Trade										
Transportation, Storage &										
Communication										
Financing, Insurance, Real Estate										
Business Services										
Community, Social & Personal										
Services										
Total										

Source: DTI 1999, 2000, 2001, 2003 data: Philippine Statistical Yearbook; 2002 data: Regional Social and Economic Trends 2004
Note: No city data dis-aggregation from available documents

Table 9
Gross Regional Domestic Product by Industry
Region 10
CY 2000-2003
(at constant prices in thousand pesos)

Year	Agriculture, Fishery and Forestry	Industry	Service	GDP
2000	**9,768,994**	**12,799,098**	**14,912,838**	**37,480,930**
2001	**10,235,583**	**12,811,694**	**15,636,543**	**38,683,820**
2002	**15,373,040**	**15,527,373**	**18,560,337**	**49,460,750**
2003	**16,035,173**	**16,496,721**	**19,703,193**	**52,235,087**
TOTAL (% dist'n)	**51,412,790 (28.9%)**	**57,634,886 (32.4%)**	**68,812,911 (38.7%)**	**177,860,587 (100.0%)**

Source: Northern Mindanao Regional Physical Framework Plan 2004-2034

Table 10
Gross Domestic Product by Industrial Origin Philippines; Region 10
CY 1999-2003
(at constant prices in million pesos)

Industry/Year	1999	2000	2001	2002	2003	Growth Rate (1999-2003)
PHILIPPINES						
I. Agri, Fishery and Forestry	**510,494**	**528,868**	**597,421**	**597,421**	**637,764**	**4.55**
a. Agriculture	506,438	525,485	546,648	595,609	635,515	4.65
b. Forestry	4,056	3,383	2,465	1,812	2,249	-11.13
II. Industry Sector	**911,074**	**1,082,431**	**1,149,120**	**1,258,485**	**1,372,497**	**8.54**
a. Mining and Quarrying	18,016	21,788	21,707	33,524	43,566	19.32
b. Manufacturing	644,009	745,857	831,596	915,185	1,004,004	9.29
c. Construction	162,927	217,275	179,498	185,660	187,755	2.88
d. Electricity and Water	86,122	97,511	116,319	124,116	137,172	9.76
III. Services Sector	**1,555,337**	**1,743,428**	**1,933,241**	**2,103,742**	**2,289,671**	**37.76**
a. Transport	159,323	198,956	247,886	276,886	313,160	14.47
b. Trade	419,327	473,004	517,549	556,299	602,772	70.42
c. Finance	141,622	149,062	160,063	170,494	188,118	5.84
d. O. Dwellings and Real Estate	208,876	220,947	236,672	252,856	269,970	5.31
e. Private	335,404	381,648	433,674	484,911	537,941	9.91

Services						
f. Government Services	290,785	319,811	337,725	362,296	377,710	5.37
Gross Domestic Product	**2,976,905**	**3,354,727**	**3,631,474**	**3,956,648**	**4,299,932**	**26.72**
REGION 10						
I. Agri, Fishery and Forestry	**9,059**	**9,728**	**10,235**	**15,373**	**16,035**	**12.10**
a. Agriculture	9,030	9,710	10,219	15,286	15,972	12.08
b. Forestry	29	18	16	87	63	16.79
II. Industry Sector	**11,951**	**12,347**	**12,811**	**15,527**	**16,496**	**6.66**
a. Mining and Quarrying	339	335	236	320	343	0.23
b. Manufacturing	8,865	9,129	9,553	11,664	12,160	6.52
c. Construction	1,723	1,821	1,945	1,996	2,345	6.36
d. Electricity and Water	1,024	1,062	1,077	1,547	1,648	9.98
III. Services Sector	**14,541**	**14,913**	**15,636**	**18,560**	**19,703**	**6.26**
a. Transport	1,181	1,239	1,319	1,679	1,808	8.89
b. Trade	8,396	8,644	9,283	10,874	11,600	6.68
c. Finance	326	334	338	354	380	3.11
d. O. Dwellings and Real Estate	2,413	2,392	2,361	2,562	2,675	2.08
e. Private Services	1,056	1,069	1,101	1,624	1,738	10.48
f. Government Services	1,169	1,235	1,234	1,467	1,502	5.14
Gross Domestic Product	**35,551**	**36,988**	**38,683**	**49,460**	**52,235**	**8.00**

Source: Philippine Statistical Yearbook 2004
Regional Social and Economic Trends

Table 11

Number of Establishments by Industry and Size Region X (2003) and Cagayan de Oro

	Region X-Industry	Total	Micro	% Total	Small	% Total	Medium	% Total	Total	% Total	Large	% Total
			No	Estab.	No.	Estab.	No.	Estab.	MSMEs	Estab.	No.	Estab.
A.	Agriculture, Hunting and Forestry	189	82	43.4	93	49.2	10	5.3	185	97.9	4	2.1
B.	Fishery	14	5	35.7	9	64.3	0	0.0	14	100.0	0	0.0
C.	Mining and Quarrying	7	3	42.9	4	57.1	0	0.0	7	100.0	0	0.0
D.	Manufacturing	4,427	4,091	92.4	300	6.8	19	0.4	4,410	99.6	17	0.4
E.	Electricity, Gas and Water	66	26	39.4	28	42.4	9	13.6	63	95.5	3	4.5
F.	Construction	69	33	47.8	31	44.9	4	5.8	68	98.6	1	1.4
G.	Wholesale and Retail Trade	19,044	18,269	95.9	758	4.0	7	0.0	19,034	99.9	10	0.1
H.	Hotels and Restaurants	4,243	4,047	95.4	190	4.5	6	0.1	4,243	100.0	0	0.0
I.	Transport, Storage and Communications	449	335	74.6	101	22.5	8	1.8	444	98.9	5	1.1
J.	Financial Intermediation	867	655	75.5	211	24.3	1	0.1	867	100.0	0	0.0
K.	Real Estate, Renting and Business Activities	1,209	1,110	91.8	83	6.9	5	0.4	1,198	99.1	11	0.9
M.	Education	392	201	51.3	173	44.1	11	2.8	385	98.2	7	1.8
N.	Health and Social Work	834	758	90.9	66	7.9	6	0.7	830	99.5	4	0.5
O.	Other Community, Social and Personal Service Activities	1,247	1,179	94.5	67	5.4	1	0.1	1,247	100.0	0	0.0
	Total	**33,057**	**30,794**	**93.2**	**2,114**	**6.4**	**87**	**0.3**	**32,995**	**99.8**	**62**	**0.2**

	Cagayan de Oro-Industry	Total	Micro	% Total	Small	% Total	Medium	% Total	Total	% Total	Large	% Total
			No	Estab.	No.	Estab.	No.	Estab.	MSMEs	Estab.	No.	Estab.
A.	Agriculture, Hunting and Forestry, Fishery	12										
B.	Mining and Quarrying	1										
C.	Manufacturing	694										
D.	Electricity, Gas and Water	1										
E.	Wholesale and Retail Trade	8,443										
F.	Transport, Storage and Communications	461										
G.	Financial Intermediation, Real Estate	1,844										
H.	Other Community, Social and Personal Service Activities	2,147										
	Total	**13,603**										

Source: CDO Business Permit & Licensing Office

Table 12
Number of Registered Business Establishments By Size
Region X and Cagayan de Oro City
CY 2000-2004

Asset Size	Region X						Cagayan de Oro					
	2000	2001	2002	2003	2004	%	2000	2001	2002	2003	2004	%
Micro Enterprise (PhP 3 million and below)	25,901	30,804	30,791	30,794	n/a	93.0	1,743	1,967	1,985	2,042	2,119	98.0
Small Enterprise (PhP 3.1 million to PhP 15 million)	1,964	2,135	2,108	2,114	n/a	6.5	17	18	25	39	23	1.4
Medium Enterprise (PhP15.1 million to PhP 100 million)	69	83	86	97	n/a	0.3	3	4	13	9	14	0.6
Large Enterprise (Above PhP100 million)	55	70	60	62	n/a	0o.2	2	1	4	3	5	
Total	**27,989**	**33,092**	**33,045**	**33,057**		**100.0**	**1,765**	**1,990**	**2,027**	**2,093**	**2,161**	**100.0**

Sources: DTI, LGUs, RSET, NSCB

Table 13 – Inventory of BDS/SME Programs and Projects

Title of Program/Project	Implementing Agency/Donor/ Funding Agency	Project Cost Breakdown (Total, ODA and Local Counterpart and Cost by Component) (P)	Program/ Project Duration (Project Start to End)	Geographic Areas Covered (Region, Province & Municipalities)	Objectives, Components and Major Activities
A. On-going Programs/Projects					
1.Cashew production and marketing	Implementing Agency: DOLE Region 10 Donor Agency: DOLE Region 10 (GAA funded under PRESEED Program)	Total – Php475,500.00 Loan/Grant Portion – Php200,00 Local Counterpart – Php275,000 Cost breakdown by Component: 1. Capital assistance – Php200,000 2. Machineries and equipment – Php275,000 3.. Working Capital – Php104,000	August 2001 to August 2006 (on-going)	Lumbia, Cagayan de Oro City	Processing, marketing of cashew nuts products

2.Expanded Dual Education and Training (EDET-KFW)	Implementing Agency: TESDA Regional Training Center, RTC – Tagoloan, Misamis Oriental Donor Agency: KFW	Total – Php2,374,000.00 Loan/Grant Portion – Local Counterpart – Building Cost breakdown by Component: 1. Development of DAC Phase 1 – Php950,000.00 2. Development of DAC Phase II – P1,424,000.00	2000 – 2005	Region 10	➢ Improvement of training facilities (building, tools, and equipment) ➢ Trainers Training Program in Wielding and Metal Fabrication
	Implementing Agency: TESDA Administered School: Camiguin School of Arts and Trades Donor Agency: KFW	Total – Php2,950,000.00 Loan/Grant Portion – Local Counterpart – Building Cost breakdown by Component: 1. Development of DAC Phase I – Php950,000.00 2. Development of DAC Phase II – Php2,000,000.00	2000 – 2005	Region 10	➢ Improvement of training facilities (building, tools, and equipment) ➢ Trainers training Program in Hotel and Restaurant Management

4.Technical Education and Skills Development Project (TESDP)	Implementing Agency: TESDA Administered School: Cagayan de Oro (Bugo) School of Arts and Trades (COBSAT) Donor Agency: ADB	Total – Php7,629,615.00 Loan/Grant Portion – Local Counterpart – Cost breakdown by Component: 1. Civil works for CENTEX – Php7,131,615.00 2. Civil works for Assessment Center – Php498,000.00	2000 – 2005	Region 10	➢ Construction of CENTEX and Testing Venue Buildings for Automotive Technician
	TESDA Administered School: Oroquieta Agro- Industrial School (OAIS) Donor Agency: ADB	Total – Php6,998,723.00 Cost breakdown by Component: Civil work for CENTEX – Php6,500,723.00 Civil work for Assessment Center – Php498,000.00	2000 – 2005	Region 10	➢ Construction of CENTX and Testing Venue Buildings for Automotive Technician

	TESDA Administered School: Salvador Trade School (STS) Donor Agency: ADB	Total: Php7,501,541.00 Cost breakdown by component: Civil work for CENTEX – Php7,003,541.00 Civil work for Assessment Center – Php498,000.00	2000 – 2005	Region 10	➢ Construction of CENTX and Testing Venue Buildings for Automotive Technician
	TESDA Regional Training Center RTC – Iligan City Donor Agency: ADB	Total – Php8,302,507.00 Cost breakdown by component: Civil work for CENTEX – Php6,971,711.00 Civil works for Assessment Center – Php498,000.00	2000 – 2005	Region 10	➢ Construction of CENTX and Testing Venue Buildings for Automotive Technician
	TESDA Provincial Training Center – Valencia, Bukidnon	Civil works for Assessment Center – Php750,000.00			➢ Construction of testing venues

	TESDA Provincial Training Center – Plaridel, Misamis Occidental	Civil works for Assessment Center – Php750,000.00			➢ Construction of testing venues
		Regional Conduct of Trainers Methodology Training Program (TM=1) – Php250,000.00	2005		➢ Development of lead trainers from private and public TVET institutions (Batch I and II)
XU-DTI Linkage	DTI – Oro Business Promotion Center		By semester	Cagayan de Oro/ Misamis Oriental	➢ Bp and in-plant assessment by industrial engineering graduating students guided by SME Counselors
DTI-SME Center Small Business Counseling	DTI – Oro Business Promotion Center		Continuing/ whole year	Cagayan de Oro/ Misamis Oriental	➢ One SME Counselor handles several SME accounts in counseling portfolio, giving a range of counseling services and referrals
DTI-SME Center Entrepreneurial Training	DTI – Oro Business Promotion Center		Continuing	Cagayan de Oro/ Misamis Oriental	➢ Provide entrepreneurial training facilitators upon request

DTI SME Center Productivity Program	DTI – Oro Business Promotion Center		Continuing	Cagayan de Oro/ Misamis Oriental	➢ Productivity training upon request ➢ 5S installation and monitoring
Small Enterprise Technology Upgrading Program (SET-UP)	DOST		2000 to present	Region 10	A strategy to encourage and assist the local micro, small, and medium scale business firms to implement technological innovations and improvements in their operations. The program enables the firms to address their technical problems through DOST technology transfer and technical interventions. The activity improves on the aspects of operation such as productivity, product quality, manpower development, cost of production, waste management and other operation related activities. The program helps modernize the production line of the firms and indirectly stimulate the country's economic growth.

S&T Services ➢ Regional Standards and Testing Center o Chemical Testing Laboratory o Microbial Testing o Calibration (Volumetric and Mass)	DOST		1991 – present 1996 – present 1983 & 1996, respectively, to present	Region 10	Assist manufacturers in maintaining high quality products standards Assist consumers in ensuring the quality of goods Assist other government agencies in their regulatory functions Assist researchers in the region in their R&D activities
➢ Regional Metals Testing Center	DOST		1995 to present	Region 10 and other parts of Mindanao	Assist the industries in ensuring the quality of metal products and services Provide calibration services to selected length measuring instruments and provide consultancy services

➢ Packaging and Labeling	DOST		2002 to present	Region 10	Assist MSMEs in developing functional designs for packages, identifying and developing suitable or alternative packaging materials especially from indigenous sources ➢ to improve shelf life ➢ improve handling and protection, and ➢ improve their marketability
Consultancy Services ➢ Consultancy for Agricultural Productivity Enhancement Program (CAPE)	DOST		2002 to present	Region 10	Productivity improvement of farms, fishponds, and other agricultural production. Provide technical assistance to farmers with the end-view of improving farm income
➢ S&T Experts Volunteer Pool Program	DOST		1998 to present	Region 10	The program brings scientists and experts in the countryside where they are needed to provide short-term technical consultancies. Scientists and experts will extend free assistance (e.g., training, seminars, workshops, hand-on-demonstration) to NGOs, cooperatives, and other interested parties in the countryside

➢ Manufacturing Productivity Extension Program (MPEX)	DOST		2002 to present	Region 10	Aim to reduce production costs and improve the productivity and profitability of SMEs through the provision of technical assistance and consultancy services Assist SMEs in the manufacturing sector to attain and sustain higher productivity.
➢ Cleaner Production Technology	DOST		2002 to present	Region 10	Aims to promote sustainable development and strengthen the competitiveness of the Philippine industries, particularly SMEs, by providing technical information and assistance in adopting cleaner production technologies that include waste minimization and pollution prevention techniques Assist SMEs to operate in a continuous application of an integrated preventive environmental strategy to processes, products, and services, to increase efficiency and reduce risks to humans and the environment.

Table 14
Business Development Service Providers in Cagayan de Oro City

BDS Provider	Services Provided
A. Government BDS Providers	
1. Oro Business Promotion Center (DTI)	Counseling; entrepreneurial , productivity and technology upgrading trainings;
2. TESDA	Skills-enhancement training programs; Construction and improvement of production and testing facilities;
3. DOLE/RTWPB	Production technology/operations; Credit facilitation and provision; Equity build-up
4. DOST	Product standards and quality; Calibration and testing; Packaging and labeling
B. Non-Government/private BDS Providers	
1. none	

Table 15
Staffing of the SME Center/s/BDS Providers
Cagayan de Oro City

BDS Provider	Number of Staff/Nature of Assignment		
	Full time	Part time	Total
1. Oro Business Promotion Center (DTI)	13	4	17
2. TESDA	7	0	7
3. DOLE/RTWPB	8	0	8
4. DOST	37	0	37
TOTAL	**65**	**4**	**69**

Table 16
Educational Attainment of Personnel
Cagayan de Oro City

BDS Provider	Number of Staff/Educational Attainment				
	Ph D. Degree	Masters degree	Under graduate	High school	Total
1. Oro Business Promotion Center (DTI)		3	1		**4**
2. TESDA			7		**7**
3. DOLE/RTWPB		1	3		**4**
4. DOST	1	3			**4**

Table 17
Top Five BDS Offered by the SME Center/s/BDS Providers Cagayan de Oro City

Type of BDS	Rank of Top Five Most Demanded Services		Average Fee Charged (P)
	Advisory/ Counseling	Training	
SME Center:			
A. Business Development /Strategy	1		FREE
B. Accounting/Audit/Finance			
C. Marketing and Sales	1		FREE
D. Production Technology/Operations	1		FREE
E. Information and Communication Technology (ICT)			
F. Safety/Environmental			
G. Legal/Regulatory advice			
H. Human Resources Development			
I. Others (specify)			
Other BDS Providers:			
A. Business Development /Strategy	1	2	FREE
B. Accounting/Audit/Finance		1	FREE
C. Marketing and Sales		1	FREE
D. Production Technology/Operations	1		FREE
E. Information and Communication Technology (ICT)			
F. Safety/Environmental	1		FREE
G. Legal/Regulatory advice	1	1	FREE
H. Human Resources Development	2	2	FREE
I. Others (specify)			

Table 18
Top Three Documents Required from Clients Cagayan de Oro City

Type of Document	Rank
SME Center	
1. SEC certificate of registration	
2. Business permit from city/municipal mayor's office	
3. Financial statements	
4. DTI business registration certificate	1
5. BIR certificate of registration	
6. Business plan	
7. Others (specify)	
Other BDS Providers:	
1. SEC certificate of registration	2
2. Business permit from city/municipal mayor's office	2
3. Financial statements	2
4. DTI business registration certificate	1
5. BIR certificate of registration	3
6. Business plan	
7. Others (specify)	

Table 19
Performance of the SME Centers/BDS Providers
Cagayan de Oro City

Type of Service	Indicator	2004			2005		
		Target	Actual	% Accomp	Target	Total to Date	% Accomp
1. SME Center							
Counseling/Advisory	No. of Clients/SMEs	200	200	100	200	132	66
Trainings	No. of Clients/SMEs	1000	1550	155	1110	848	76
	Average No. of Clients per day	15					
2. Other BDS Providers							
Counseling/Advisory	No. of Clients/SMEs	6	8	133	6	6	100
Trainings	No. of Clients/SMEs	313	896	286	4117	4548	110
	Average No. of Clients per day	12					

Table 20
Problems Encountered in Providing BDS
Cagayan de Oro City

Problem	Number of Respondents	% of Total
a) lack of financial support	2	13.2
b) lack of facilities	1	6.6
c) lack of reference materials/studies	2	13.2
d) lack of manpower/staff	4	26.4
e) workload	4	26.4
f) others (pls. specify)	2	13.2
Total	**15**	**100**

Table 21
Location of SME Center/BDS Provider
Cagayan de Oro City

Location	Number of Respondents	% of Total
a) DTI Office/premises	4	66.7
b) Provincial/Municipal/City Hall	0	
c) Chamber of Commerce Facility/Building	0	
d) Others:	2	33.3
Total	**6**	**100.0**

Table 22
Information Dissemination Services of SME Centers/BDS Providers
Cagayan de Oro City

Location	Number of Respondents	% of Total
a) brochures	3	18.8
b) radio/tv	4	25.0
c) publication	2	12.5
d) website/internet	2	12.5
e) email	2	12.5
f) others:	3	18.7
Total Responses	**16**	**100.0**

Table 23
Physical Support Needed by BDS Providers
Cagayan de Oro City

Physical Support Needed	Rank in Terms of Priority
SME Center:	
a) computers	
b) internet connection	1
c) telephone	
d) fax machine	
e) photocopier	1
f) display/showroom	
g) others: (single building)	1
Other BDS Providers:	
a) computers	1
b) internet connection	
c) telephone	
d) fax machine	
e) photocopier	
f) display/showroom	
g) others: additional human resources	1
Video conferencing-wireless	1
Vehicle	1

Table 24
Main Source of Funding for the SME Center/BDS Provider
Cagayan de Oro City

Source of Funding	**Percentage Share**
SME Center:	**100**
DTI regular budget	100
Private sector funding	
Equal sharing	
LGU budget	
Provincial SMED Council	
Revenues from Services	
Special Programs and Projects	
Others	
Other BDS Providers:	**100**
DTI regular budget	
Private sector funding	
Equal sharing	100
LGU budget	
Provincial SMED Council	
Revenues from Services	
Special Programs and Projects	Partly
Others	

Table 25
Main Expenditure Item of the SME Centers/BDS Provider
Cagayan de Oro City

Expenditure Item	**Percentage Share**
SME Center:	**100**
Personnel salary	75
Office rent	20
Communications	5
Supplies	0
Information and educational materials	0
Others: transportation allowance	0
Other BDS Providers:	**100**
Personnel salary	62
Office rent	11
Communications	3
Supplies	4
Information and educational materials	5
Others: Transportation allowance, repairs/maintenance of equipment, janitorial, etc	16

Table 26
Top Three Sources of Revenues from Services
Cagayan de Oro City

Type of BDS	Rank of Top Three Revenue Sources	
	Advisory/Counseling	Training
A. Business Development /Strategy	0	0
B. Accounting/Audit/Finance	0	0
C. Marketing and Sales	0	0
D. Production Technology/Operations	0	0
E. Information and Communication Technology (ICT)	0	0
F. Safety/Environmental	0	0
G. Legal/Regulatory advice	0	0
H. Human Resources Development	0	0
I. Others: (testing, analysis, and calibration services)	1	

Table 27
Partner Agencies/Institutions Supporting the SME Center/BDS Provider
Cagayan de Oro City

Partner Agency/Institution	Number of Respondents	% of Total
SME Center:		
SME Development Council	1	20.0
PSMED		0.0
Local/National Chamber of Commerce	1	20.0
SUC		0.0
LGU	1	20.0
Donor Agencies	1	20.0
Others: Government Line Agencies	1	20.0
Total Responses	**5**	**100.0**
Other BDS Providers:		
SME Development Council	1	10.0
PSMED		0.0
Local/National Chamber of Commerce	2	20.0
SUC	1	10.0
LGU	3	30.0
Donor Agencies		0.0
Others: FPSDC, Land Bank, Regional R&D Consortium, Government Line Agencies	3	30.0
Total Responses	**10**	**100.0**

Table 28

Constraints/Problems Encountered in Dealing with Partners Cagayan de Oro City

Constraints/Problems	Number of Respondents	% of Total
o Slow implementation of programs & projects for SMEs	0	0.0
o Limited/lack funding support/lack of available skilled personnel to detail to SME center	3	50.0
o Overlapping of functions (various agencies offered the same services to the same clients)	0	0.0
o Government competes with private BDS Providers & exercise less regulating functions	0	0.0
o Different priorities of different sectors/conflict of schedules	2	33.3
o Extent of support of partners in terms of technical and financial assistance is limited and constrained by what is allowed by their office's mandate	1	16.7
Total Number of Responses	**6**	**100.0**

Table 29

Capacity Building Needs of the SME Center/BDS Providers Cagayan de Oro City

Capacity Building Needs	Number of Respondents	% of Total
Advisory and Counseling		
A. Business Development /Strategy	4	19.0
B. Accounting/Audit/Finance	3	14.3
C. Marketing and Sales	4	19.0
D. Production Technology/Operations	3	14.3
E. Information and Communication Technology (ICT)	3	14.3
F. Safety/Environmental	2	9.5
G. Legal/Regulatory advice		0.0
H. Human Resources Development	2	9.5
I. Others (specify)		0.0
Total	21	100.0
Training		
A. Business Development /Strategy	3	18.8
B. Accounting/Audit/Finance	3	18.8
C. Marketing and Sales	3	18.8
D. Production Technology/Operations	2	12.5
E. Information and Communication Technology (ICT)	2	12.5
F. Safety/Environmental	1	6.3
G. Legal/Regulatory advice		0.0
H. Human Resources Development	2	12.5
I. Others (specify)		0.0
Total	**16**	**100.0**

Table 30
Employer and Nature of Assignment of the SME Counselors Cagayan de Oro City

Employer	Nature of Assignment		
	Full time	Part time	Total
DTI	8	1	9
Chamber of Commerce	0	0	0
Private Consulting Firm	0	0	0
Self-Employed	0	0	0
NGO	0	0	0
LGU	0	0	0
Total	**8**	**1**	**9**

Table 31
Educational Attainment of SME Counselors, and Relevant Trainings Attended
Cagayan de Oro City

Educational Attainment	Number of Respondents	% of Total	Relevant Trainings	Number of Trainings
Ph D degree	0	0.0	Proposal preparation	1
Masters	5	55.6	Financial management	2
Undergraduate	3	33.3	Entrepreneurship	1
Others:	1	11.1	Trainors/advisors/counselors	5
Total	**9**	**100**	SME capability building	1
			Marketing/business counseling	3
			Strategic planning	1
			ICT-related	1
			None	4

Table 32
Number of Years in Service
Cagayan de Oro City

Years in Service	Number of Respondents	% of Total
Below 5 years	0	0.0
5 -10 years	5	55.6
11-20 years	0	0.0
Above 20 years	4	44.4
Total	**9**	**100**

Table 33
Areas of Expertise
Cagayan de Oro City

Area of BDS Expertise	Number of Respondents	% of Total
ADVISORY/COUNSELLING		
A. Business Development /Strategy	7	**20.6**
B. Accounting/Audit/Finance	6	**17.6**
C. Marketing and Sales	5	**14.7**
D. Production Technology/Operations	4	**11.8**
E. Information and Communication Technology	4	**11.8**
F. Safety/Environmental	0	
G. Legal/Regulatory advice	4	**11.8**
H. Human Resources Development	3	**8.8**
I. Others (specify)	1	**2.9**
Total	**34**	**100.0**
TRAINING		
A. Business Development /Strategy	4	**16.7**
B. Accounting/Audit/Finance	4	**16.7**
C. Marketing and Sales	3	**12.5**
D. Production Technology/Operations	3	**12.5**
E. Information and Communication Technology	3	**12.5**
F. Safety/Environmental	3	**12.5**
G. Legal/Regulatory advice	1	**4.2**
H. Human Resources Development	3	**12.4**
I. Others (specify)	0	
Total	**24**	**100.0**

Table 34
Remuneration /Salary of SME Counselors
Cagayan de Oro City

Remuneration/Salary Level	Number of Respondents	% of Total
For Free	3	**33.3**
P 10,000 and below	0	
P 10,001 – P 20,000	6	**66.7**
P 20,001 – P 30,000	0	
Above P 30,001	0	
Total	**9**	**100.0**

Table 35
Incentive Received by SME Counselors
Cagayan de Oro City

Type of Incentives	Number of Respondents	% of Total
Honoraria/day	1	**11.1**
None	1	**11.1**
Free Accommodation, travel allowance, transportation & tokens	7	**77.8**
Project-Based Fees		
Total	**9**	**100.0**

Table 36
Suggested Incentive Scheme
Cagayan de Oro City

Suggested Incentive Scheme	Number of Respondents	% of Total
Honoraria/day/hour (200-500 PhP)	1	**16.7**
Project-Based Fees	5	**83.3**
No Response		
Total	**6**	**100.0**

Table 37
Top Three BDS Area Needed Further Training by SME Counselors
Cagayan de Oro City

BDS Area	Number of Respondents	% of Total
Advisory/Counseling:		
A. Business Development /Strategy	5	**26.3**
B. Accounting/Audit/Finance	1	**5.3**
C. Marketing and Sales	4	**21.0**
D. Production Technology/Operations	4	**21.0**
E. Information and Communication Technology	4	**21.0**
F. Safety/Environmental	0	
G. Legal/Regulatory advice	1	**5.3**
H. Human Resources Development	0	
I. Others (specify)	0	
Total	**19**	**100.0**
Training:		
A. Business Development /Strategy	6	**35.3**
B. Accounting/Audit/Finance	2	**11.8**
C. Marketing and Sales	1	**5.9**
D. Production Technology/Operations	3	**17.6**

E. Information and Communication Technology	3	**17.6**
F. Safety/Environmental	0	
G. Legal/Regulatory advice	1	**5.9**
H. Human Resources Development	1	**5.9**
I. Others (specify)	0	
Total	**17**	**100.0**

Table 38
Legal Structure and Years in Business of SME Respondents
Cagayan de Oro City

Legal Structure	**Years in Existence**				
	Less than 3 years	**3-5 years**	**More than 5 years**	**Total**	**% of Total**
Single proprietorship	4	6	20	**30**	**58.8**
Partnership	0	0	2	**2**	**3.9**
Corporation	0	3	15	**18**	**35.3**
Cooperative	0	0	1	**1**	**2.0**
Association	0	0	0	**0**	**0**
Others	0	0	0	**0**	**0**
Total Respondents	**4**	**9**	**38**	**51**	**100**

Table 39
Nature of Business
Cagayan de Oro City

Nature of Business	**Number of Respondents**	**% of Total**
Agribusiness	1	**1.7**
Trader (Retailer/Wholesaler/others)	10	**17.2**
Furniture & Furnishings	2	**3.4**
Food Processor	7	**12.1**
Manufacturer- Marketer/Exporter	5	**8.6**
Services (Resort/Restaurant/Others)	14	**24.2**
Toys, Gifts & Decors	0	**-**
Handicrafts/Cottage Industry	2	**3.4**
Others*	17	**29.4**
Total	**58**	**100**

**multiple line of business*

Table 40
Category of Business and Number of Employees
Cagayan de Oro City

Category/Size of Business	Number of Employees			
	1-9	10-99	100-199	200 & above
Micro enterprise (P 3 million and below)	19	3	0	
Small enterprise (P 3.1 to P 15 million)	3	10	1	
Medium enterprise (15.1 to P 100 million)	3	8	1	3
Large enterprise (above P 100 million)				
Total	**25**	**21**	**2**	**3**

Table 41
Awareness and Availment of BDS
Cagayan de Oro City

Type of BDS	Aware of BDS		Availed of BDS	
	YES	NO	YES	NO
A. Business Development /Strategy	23	21	12	30
B. Accounting/Audit/Finance	18	23	12	28
C. Marketing and Sales	23	16	11	23
D. Production Technology/Operations	20	19	10	23
E. ICT	16	30	7	27
F. Safety/Environmental	19	19	17	25
G. Legal/Regulatory advice	19	20	12	27
H. Human Resources Development	20	19	10	28
I. Others (specify)	4	6	1	6
Total	**162**	**173**	**92**	**217**

Table 42
Quality of Availed BDS
Cagayan de Oro City

Type of BDS	Quality of Service			
	Good	Average	Bad	Total Respondents
A. Business Development /Strategy	7	3	-	**10**
B. Accounting/Audit/Finance	9	3	1	**13**
C. Marketing and Sales	5	6	-	**11**
D. Production Technology/Operations	5	4	-	**9**
E. Information Communication Techn	6	1	-	**7**
F. Safety/Environmental	9	1	-	**10**
G. Legal/Regulatory advice	18	2	-	**20**
H. Human Resources Development	6	4	-	**10**
I. Others (specify)	-	1	-	**1**
Number of Responses	**65**	**25**	**1**	**91**
Percent of Total	**71.4**	**27.5**	**1.1**	**100**

Table 43
Preferred BDS Provider
Cagayan de Oro City

BDS Provider	Number of Respondents	% of Total
SME Center	1	**4.5**
DTI Provincial Office	10	**45.5**
Chamber of Commerce	2	**9.1**
TLRC/TLDC	2	**9.1**
LGU	0	**0.0**
Institutes/Colleges/Universities	2	**9.1**
Industry Associations	0	**0.0**
Financial Institutions (LBP, DBP, Rural Bank, MFIs)	0	**0.0**
Others:	5	**22.7**
Total	**22**	**100.0**

Table 44
Source of Information Regarding the BDS Provider
Cagayan de Oro City

Source of Information	Number of Respondents	% of Total
Thru referral by DTI	15	**34.1**
Thru referral by another SME	5	**11.4**
Thru the internet/email	2	**4.5**
Thru print advertisement	2	**4.5**
Thru the local chamber	7	**15.9**
Thru radio advertisement	2	**4.5**
Thru invitation	2	**4.5**
Others:	9	**20.5**
Total	**44**	**100.0**

Table 45
Factors Considered in Choosing the BDS Provider
Cagayan de Oro City

Factors	Number of Respondents	% of Total
1. The provider has a good reputation	17	**7.7**
2. Service/training they offer is appropriate for our needs	24	**10.8**
3. The provider is recommended by friends	22	**9.9**
4. The provider is also being used by competitors	21	**9.5**
5. Have used before and am comfortable with their service	21	**9.5**
6. Services are free	23	**10.4**
7. Price/fee is reasonable	23	**10.4**
8. The provider has capable and helpful staff	27	**12.2**
9. Good facilities e.g. computers, brochures, other materials	22	**9.9**
10. Others	22	**9.9**
Total	**222**	**100.0**

Table 46
Amount Spent for the Last BDS Availed Of
Cagayan de Oro City

Type of Service/Amount (P)	Number of Respondents	% of Total
For consulting/advisory services:		
PhP 100 - PhP 5,000	1	**20.0**
PhP 5,001 - PhP 10,000	0	**0.0**
PhP 10,001 and above	2	**40.0**
None	2	**40.0**
Total Respondents	**5**	**100.0**
For training:		
PhP 100 - PhP 5,000	3	**50.0**
PhP 5,001 - PhP 10,000	2	**33.3**
PhP 10,001 and above	0	**0.0**
None	1	**16.7**
Total Respondents	**6**	**100.0**

Table 47
Prerequisites Asked by the BDS Provider
Cagayan de Oro City

Required Documentation	Number of Respondents	% of Total
1. SEC certificate of registration	7	**13.7**
2. Business permit from city/municipal mayor's office	12	**23.5**
3. Financial statements	7	**13.7**
4. DTI business registration certificate	11	**21.6**
5. BIR certificate of registration	6	**11.8**
6. Business plan	7	**13.7**
7. Others (specify)	1	**2.0**
Total Respondents	**51**	**100.0**

Table 48
Most Helpful BDS
Cagayan de Oro City

Type of BDS	Number of Respondents	% of Total
A. Business Development /Strategy	45	**14.0**
B. Accounting/Audit/Finance	41	**12.8**
C. Marketing and Sales	45	**14.0**
D. Production Technology/Operations	38	**11.8**
E. Information and Communication Technology (ICT)	38	**11.8**
F. Safety/Environmental	36	**11.2**
G. Legal/Regulatory advice	37	**11.5**
H. Human Resources Development	41	**12.8**
I. Others (specify)	0	**0.0**
Total Respondents	**321**	**100.0**

Table 49
Three Most Important BDS
Cagayan de Oro City

Type of BDS	Number of Respondents	% of Total
A. Business Development /Strategy	27	**21.4**
B. Accounting/Audit/Finance	18	**14.3**
C. Marketing and Sales	27	**21.4**
D. Production Technology/Operations	23	**18.3**
E. Information and Communication Technology (ICT)	8	**6.3**
F. Safety/Environmental	7	**5.6**
G. Legal/Regulatory advice	7	**5.6**
H. Human Resources Development	8	**6.3**
I. Others (specify)	1	**0.8**
Total Respondents	**126**	**100.0**

Table 50
Three Most Effective Tools or Strategies of Delivering BDS
Cagayan de Oro City

Type of BDS	Number of Respondents	% of Total
Brochures	15	**15.3**
Publications	6	**6.1**
Internet service/website	3	**3.1**
Trainings	23	**23.5**
Seminars	23	**23.5**
Radio/tv	7	**7.1**
One-on-one consulting services	14	**14.3**
Others (specify)	7	**7.1**
Total Respondents	**98**	**100.0**

Preparatory Survey on

Management Consulting Program for SMEs

ILOILO AREA HIGHLIGHTS

1. INTRODUCTION

This note summarizes the results of the survey on the Iloilo economy and the BDS market in the province.

2. BACKGROUND ON ILOILO

2.1 Socioeconomic Features of Iloilo

Iloilo has over 472 thousand hectares in land area. About 358 thousand or three-fourth or 358 thousand hectare is alienable and disposable land. This is primarily agricultural land. The remaining one-fourth or 114 thousand hectares is forest land. Even Iloilo City has a large tract of agricultural land, 107 thousand hectares or 72 percent of the total land area.

Iloilo has a big population at 1.56 million. The city accounts for about 370 thousand or one-fourth of the population. The population growth is slightly lower than the national average. Iloilo presents a big potential domestic market compared to the other study areas.

The region has a 66 percent labor participation. The unemployment rate is just 8.8 percent but the underemployment rate is a high 20 percent.

About 79 thousand or 27 percent of the households in Iloilo depend on entrepreneurial activities. The households are equally divided into agricultural and non-agricultural activities.

In Iloilo City, over 14 thousand households or 20 percent of Iloilo City households are involved in entrepreneurial activities. Compared to the province, most of the households in the city are in non-agricultural activities.

2.2 SME Situationer

Based on the NSO survey, there were about 45,757 enterprises in Western Visayas in 2003. These enterprises employed about 257 thousand workers.

Some 45,653 of the enterprises were micro, small, and medium enterprises (MSMEs). In turn, 42,462 were microenterprises. Hence, nine out of every ten enterprise in the region were very small business undertakings. These microenterprises employed 123 thousand workers or almost half of employed workers in the region.

Based on the Business Name Registrations, there were about 39,757 MSMEs in Western Visayas. Most of these, some 36,818 were single proprietorships while the rest are partnerships or corporations.

3. RESULTS OF THE SURVEY

3. 1 Supply of BDS

In Iloilo, the private sector and government have joined hands in providing BDS opportunities to local MSMEs. The interaction of private sector and government was highlighted in the recent *"Iloilo Kawayan Market Week"* held back-to-back with the *"1st Hablon Fashion Fair"* last November 2005

The joint event was organized by the LGUs (i.e., Iloilo province, Iloilo City, Maasin municipality), the government agencies (i.e., DENR, DOST, DTI, TESDA, UPV School of Technology, WESVARRDEC), and the private sector associations (i.e., Iloilo SMED Council, Iloilo Furniture Manufacturers Association or IFMA, Illonggo Producers Association or IPA, and Metro Iloilo Dinagyang Jaycees). The program was also supported by private firms like ABS-CBN, Cebu-Pacific Air, Malones Printing Press & Publishing House, Mang Inasal, Negros Navigation Company Inc, and Robinson's Place Iloilo.

Besides the fair and fashion show, the week-long program included a Symposium on Bamboo, a Seminar on Bamboo Materials Preparation & Treatment, a Demonstration on Bamboo Weaving Design and Techniques, and a Lecture-Demonstration on Bamboo Food Preparation. Also, the Maasin Kawayan Display Center was launched in Pavia and the DTI's "*One-Town-One-Product*" or OTOP Corner was launched at the IPA's Pavillon or display center in Iloilo City.

Indeed, Iloilo has a vibrant local BDS market involving the private sector and the government. These activities highlight the participation of different organizations at various stages of the value chain, i.e., bamboo growing, bamboo materials preparation, bamboo weaving techniques, bamboo food preparation, and bamboo products display center.

The SME Center is DTI's frontline in providing BDS to MSMEs. The Center is located at the DTI Office and is manned by full-time staff members of the DTI. The staff members have bachelor degrees from colleges and universities. Some counselors are specialists in production technology/ operations and ICT.

In practice, the senior and junior staff members of the DTI office serve as counselors at the SME Center. The staff members assigned to cover specific priority industries, e.g., food processing or toys gifts & houseware, may attend to the queries of MSMEs from these industries. Similarly, staff members assigned in functional areas like investment and trade promotion are asked to respond to queries of MSMEs in these areas.

The SME Center indicated the lack of financial support, lack of manpower/staff, and workload as constraints to the provision of BDS to MSMEs.

The Center and the counselors have indicated capacity building needs in the areas of business development/ strategy, marketing and sales, and information & communication technology.

Another government BDS provider is the Iloilo Technology & Livelihood Development Center (ITLDC), which is supported primarily by the Iloilo province. The group provides training services to individuals and groups such as cooperatives, associations, and people's organizations, primarily constituents of Iloilo.

3.2 Demand for BDS

In the survey in Iloilo, most of the respondents are microenterprises. They are single proprietorships established in the last three years. Many of the MSMEs are aware of the range of BDS offered by the SME Center and other providers. Moreover, many MSMEs have availed of the different BDS.

Interestingly, in the area of Information and Communication Technology (ICT), while many MSMEs are aware of BDS, there are relatively few that availed of the BDS. Since many of these MSMEs are just in their start-up years of business operations, they have focused on the more basic needs such as business development strategy, finance, and marketing & sales than on ICT. The need for ICT may be expected to increase as the MSMEs' get established in their operations and start to enhance or expand their operations using appropriate ICT applications.

The DTI provincial office has been the preferred BDS provider of MSMEs. Two out of every three MSMEs have cited the DTI provincial office as BDS provider. The key reasons for this are the free services and the provision of appropriate BDS.

The establishment of the IPA Pavilion display center is a milestone for BDS users. This shows that the private sector, particularly the IPA and IFMA members, sees better BDS opportunities ahead. They have invested in a showroom with bigger space and location with better traffic.

The most important prerequisites cited by MSMEs are the DTI Business Registration Certificate, the BIR Certificate of Registration and the Business Permit from the City Mayor's Office.

For the Iloilo MSMEs, the most helpful BDS were those on business development strategy, accounting/audit/finance, and marketing and sales. Moreover, the MSMEs consider these three as the most important BDS. These services are better offered through trainings and seminars.

4. ASSESSMENT AND RECOMMENDATIONS

In Iloilo, many of the MSMEs are in their start-up stages. As such, they need the very basic BDS – business development, finance, and marketing & sales. The SME Center and other BDS providers are addressing these needs with mixed results.

The *"Iloilo Kawayan Market Week"* and *"1st Hablon Fashion Fair"* illustrates a harmonious and effective interaction of private sector with LGUs and government agencies in the local BDS market. This presents a model which may be scaled up or replicated in other Iloilo municipalities. This will promote the growth of demand for and supply of the BDS in the local market. Consequently, more MSMEs will reap the benefits of better BDS in terms of better raw materials, better product technology, more skilled workers, and access to wider markets.

Some considerations to improve the BDS market in Iloilo:

SME Centers and counselors need to have very good understanding of the different BDS needed by MSMEs as well as an overview of the key sectors of MSMEs. This will enable the counselors to readily diagnose the current situation and "real" needs rather than "perceived" needs of the MSMEs. Based on initial analysis, the counselors may directly recommend an action plan to the MSME or refer the MSME to other BDS providers or counselors that can better address the MSME's needs.

SME Centers and counselors need to know and work together with other stakeholders in the BDS market. These stakeholders may include: (1) Other BDS providers and counselors; (2) the MSMEs and (3) the informal organizations such as cooperatives, associations, and people's organizations. It helps to link up and cooperate with other BDS providers and counselors that have the competencies and resources needed by the MSMEs. It helps to know and match-up MSMEs that may collaborate and work together for faster growth and development. It helps to network and cooperate with cooperatives and associations, particularly in the agricultural sector, because they provide the raw materials and inputs to MSMEs in the industry and services sectors. It helps to collaborate with microfinance organizations and work together in alleviating poverty through sustainable economic undertakings.

SME Centers and counselors need to have easy access to a database of stakeholders in the BDS market and readily share these to MSMEs when needed. As a start, it will be very helpful if the DTI Business Name Registration data are organized into useful information that can be readily shared to stakeholders.

SME Centers and counselors need to have easy access to success stories and good or best practices in BDS, and in MSME growth and development in general. Success stories in BDS serve as tools to guide SME Centers in their operations and the counselors in their BDS practice. The success stories and best practices in SME growth and development provide very helpful tools that SME Centers and counselors can use and share with their MSME clients. The recognition and awards conferred by government agencies and private organizations to MSMEs motivate MSMEs to do well. The sharing the success stories encourage the other MSMEs to do the same if not better.

APPENDIX

Table 2.1
Land Classification, Region VIII and Iloilo
In Hectares

Land Classification	Region VI	Share %	Iloilo	Share %	Iloilo City	Share %
Total Land Area	2,022,311	100	471,940	100	148,687	100
Alienable & Disposable Land1	1,354,430	67	357,857	76	107,388	72
Agricultural	1,329,652	66	352,043	75	106,910	72
Fishpond	24,775	1	5,811	1	478	0.3
Total Forest Land	680,602	34	114,083	24	41,299	28
Classified Public Timber Land	667,881	33	114,083	24	41,254	28
Upland	619,926	31	107,023	23	45	-
Mangrove	35,194	2	7,060	1	-	-
Unclassified Public Land	12,722	0.6	-		1,094	0.7

Table 2.2
Population, Land Area & Density

	Philippines	G.R.%	Iloilo	G.R.%
Population, in 000s				
1980	48,098		1,096	
1990	60,703	2.0	1,338	2.0
1995	68,616	1.0	1,415	1.0
2000	76,504	2.1	1,559	2.1
Land Area, in sq km	**300,000**		**4,899**	
Density, in popn/sq km				
1980	160		224	
1990	202		273	
1995	229		289	
2000	255		318	

Source: NSCB, PSY 2005

Table 2.3
Population and Labor Force Indicators
2000 to 2004

Employment Status	Philippines	Region VI
Population 15 Years Old and Over, 000s		
2000	48,076	3,982
2001	49,424	4,095
2002	50,841	4,195
2003	52,305	4,284
2004	53,569	4,414
Percent in the labor force		
2000	64.3	64.0
2001	67.5	66.6
2002	66.2	67.4
2003	67.1	68.7
2004	66.5	66.4
Percent of labor force:		
Employment rate		
2000	89.9	91.0
2001	90.2	91.0
2002	89.8	92.0
2003	89.8	92.1
2004	89.1	91.2

(continuation)

Employment Status	Philippines	Region VI
Unemployment rate		
2000	10.1	9.0
2001	9.8	9.0
2002	10.2	8.0
2003	10.2	7.9
2004	10.9	8.8
Percent of employed labor:		
Underemployment rate		
2000	19.9	22.9
2001	16.6	17.9
2002	15.3	19.6
2003	15.8	21.1
2004	16.9	19.9
Visible underemployment rate		
2000	10.7	14.7
2001	10.9	12.6
2002	10.0	13.8
2003	9.7	14.4
2004	10.6	14.9
Percent of visibly underemployed		
Agriculture		
2000	37.4	47.8
2001	37.4	47.3
2002	58.3	67.3
2003	59.9	68.5
2004	48.7	59.9

Employment Status	Philippines	Region VI
Non-Agriculture		
2000	62.5	52.1
2001	62.6	52.7
2002	41.7	32.7
2003	40.1	31.5
2004	51.3	40.1

Table 2.4
Employed Persons by Major Industry Group and Major Occupation Group
Western Visayas 2004

Industry/ Occupation Group	Number, 000s	Share,%	Number, 000s	Share,%
All Industries	**31,741**	**100.0**	**2,672**	**100.0**
Agriculture, Hunting and Forestry	10,420	32.8	1,078	40.3
Fishing	1,365	4.3	161	6.0
Mining and Quarrying	96	0.3	4	0.1
Manufacturing	3,020	9.5	148	5.5
Electricity, Gas and Water	121	0.4	8	0.3
Construction	1,643	5.2	100	3.7
Trade of Vehicles, Personal & HH Goods	5,788	18.2	478	17.9
Hotels and Restaurants	798	2.5	60	2.2
Transport, Storage and Communication	2,446	7.7	187	7.0
Financial Intermediation	298	0.9	14	0.5
Real Estate, Renting and Business Activities	702	2.2	34	1.3
Public Admin., & Defense, Comp Social Security	1,450	4.6	112	4.2
Education	958	3.0	67	2.5

Industry/ Occupation Group	Number, 000s	Share,%	Number, 000s	Share,%
Health and Social Work	361	1.1	30	1.1
Other Comm., Social & Personal Business Activities	809	2.5	53	2.0
Private Households with Employed Persons	1,465	4.6	139	5.2
Extra-Territorial Organizations and Bodies	1	0.0	-	-
All Occupations	**31,741**	**100.0**	**2,672**	**100.0**
Officials of Government & Special Interest	3,551	11.2	395	14.8
Professionals	1,378	4.3	86	3.2
Technicians and Associate Professionals	874	2.8	59	2.2
Clerks	1,360	4.3	72	2.7
Service Workers and Shop Market Sales	2,848	9.0	240	9.0
Farmers, Forestry Workers and Fishermen	6,140	19.3	556	20.8
Trades and Related Workers	2,836	8.9	165	6.2
Plant and Machine Operators & Assemblers	2,493	7.9	145	5.4
Laborers and Unskilled Workers	10,128	31.9	947	35.4
Special Occupations	133	0.4	7	0.3

Table 2.5
Percentage Distribution of Income from Selected Sources
Western Visayas

Source of Income	Philippines	W Visayas	Iloilo	Iloilo City
Number of Households, 000	**15,071.9**	**1,212.7**	**292.5**	**72.5**
Wages and salaries	**48**	**44**	**38**	**43**
Agricultural	7	14	10	-
Non-agricultural	40	31	28	43
Entrepreneurial activities	**32**	**28**	**27**	**20**
Agricultural	19	16	14	1
Non-agricultural	14	12	13	20
Other sources of income	**20**	**27**	**35**	**36**

Table 2.6
Percentage Distribution of Total Family Expenditures
by Expenditure Group, Western Visayas

Expenditure Group	Philippines	W Visayas	Iloilo	Iloilo City
Total Expenditures (P million)	**1,791,132**	**114,755**	**26,786**	**16,450**
Expenditure Group (in Percent)	**100.0**	**100.0**	**100.0**	**100.0**
Food	43.6	45.9	46.4	35.5
Alcoholic Beverages	0.7	1.4	1.4	1.1
Tobacco	1.1	1.3	1.5	0.8
Fuel, Light and Water	6.3	6.0	6.4	5.5
Transportation & Communication	6.8	5.5	4.7	9.1
Household Operations	2.3	2.2	2.0	3.0
Personal Care and Effects	3.6	3.6	3.3	4.3
Clothing, Footwear, Wearables	2.7	3.1	2.8	3.1
Education	4.2	4.1	4.3	4.1
Recreation	0.5	0.5	0.2	0.9
Medical Care	1.9	2.8	3.4	2.8
Non-Durable Furnishing	0.2	0.3	0.2	0.3
Durable Furniture, Equipment	2.5	2.9	2.9	4.4

(continuation)

Expenditure Group	Philippines	W Visayas	Iloilo	Iloilo City
Rental Value of Occupied Dwelling Unit	14.3	10.6	9.2	17.3
House Maintenance, Repairs	0.9	1.3	1.0	0.9
Taxes Paid	2.2	1.5	1.6	2.3
Miscellaneous Expenditures	3.3	3.3	3.8	2.5
Other Expenditures	2.9	3.8	4.6	2.1

Table 2.7
Average Household Income, Expenditure, and Savings
Western Visayas, 2000

	Income	Expenditure	Savings
Philippines	145,121	118,839	26,282
Western Visayas	109,600	94,704	14,896
Iloilo	144,675	118,789	25,886
Iloilo City	283,604	226,877	56,727

Table 2.8
Poverty Threshold and Incidence
Western Visayas, 2000

Region/Province/City	Annual Per Capita Poverty Threshold* (Pesos)	Incidence of Poor Families**
Philippines	11,451	27.5
Laguna	12,469	32.9
Albay	12,101	40.3
Iloilo	12,120	29.6
Leyte	9,454	34.9
Misamis Oriental	11,164	29.3
Average of all Study Areas	11,462	33.4

Source: NSCB

Table 2.9
Human Development Index and Components
Western Visayas, 2000

INDUSTRY	Philippines	Iloilo
Life Expectancy, in years	68.9	70.1
Index	0.732	0.752
Education		
Combined Enrollment Rate	84.53	94.02
Functional Literacy	83.79	83.59
Index	0.840	0.871
Real Income per Capita	21,104	17,609
Index	0.394	0.303
Human Development Index	**0.656**	**0.643**
Rank among provinces	**-**	**13**

Table 2.10
Gross Regional Domestic Product by Industrial Origin, Western Visayas
In Million Pesos at Constant Prices

INDUSTRY	2000	2004	G.R.%
I. AGRI.,FISHERY,FORESTRY	20,186	23,511	3.9
a. Agriculture and Fishery	20,171	23,506	3.9
b. Forestry	15	4	(26.8)
II INDUSTRY SECTOR	18,130	20,969	3.7
a. Mining and Quarrying	2,285	2,597	3.2
b. Manufacturing	10,765	13,484	5.8
c. Construction	3,996	3,568	(2.8)
d. Electricity and Water	1,084	1,320	5.0

(continuation)

INDUSTRY	2000	2004	G.R.%
III SERVICE SECTOR	30,145	38,940	6.6
a. Transport, Comm., Storage	3,297	5,194	12.0
b. Trade	14,172	18,752	7.3
c. Finance	1,588	1,945	5.2
d. O. Dwellings & Real Estate	3,995	4,444	2.7
e. Private Services	4,482	5,595	5.7
f. Government Services	2,611	3,010	3.6
GROSS DOMESTIC PRODUCT	68,461	83,419	5.1

Table 2.11
Gross Regional Domestic Product by Expenditure, Western Visayas
In Million Pesos at Constant Prices

TYPE OF EXPENDITURE	2000	2004	Growth,%
1. Personal Consumption Expenditure	56,028	68,187	5.0
2. Government Consumption	4,101	4,178	0.5
3. Capital Formation	11,904	11,477	(0.9)
4. Net Exports	(3,572)	(423)	(41.3)
GROSS REGIONAL DOMESTIC PRODUCT	68,461	83,419	5.1

Table 2.12
Distribution of MSMEs by Size and Region

Item	Micro	Small	Medium	MSMEs	Large	Total
Philippines						
2003	743,628	60,785	2,922	807,335	3,027	810,362
2002	743,426	60,566	2,874	806,866	2,594	809,460
2001	743,949	61,759	2,923	808,631	2,958	811,589
2000	747,740	67,166	3,070	817,976	2,984	820,960
G.R.%	-0.2	-3.3	-1.6	-0.4	0.5	-0.4
Western Visayas						
2003	42,462	3,040	151	45,653	104	45,757
2002	42,456	3,036	151	45,643	102	45,745
2001	42,496	3,036	154	45,686	107	45,793
2000	42,878	3,200	153	46,231	115	46,346
G.R.%	-0.3	-1.7	-0.4	-0.4	-3.3	-0.4

Table 2.13
Distribution of MSME Employment

Item	Micro	Small	Medium	MSMEs	Large	Total
Philippines						
2003	2,152,105	1,321,436	403,828	3,877,369	1,832,905	5,710,274
2002	2,152,734	1,347,287	400,566	3,900,587	1,757,987	5,658,574
2001	2,151,885	1,357,662	399,358	3,908,905	1,749,058	5,657,963
2000	2,165,100	1,522,227	416,686	4,104,013	1,798,173	5,902,186
G.R.%	-0.2	-4.6	-1.0	-1.9	0.6	-1.1

(continuation)

Item	Micro	Small	Medium	MSMEs	Large	Total
Western Visayas						
2003	123,331	65,565	21,064	209,960	47,457	257,417
2002	123,309	65,435	21,064	209,808	46,939	256,747
2001	123,421	65,576	21,472	210,469	52,249	262,718
2000	124,820	70,517	20,907	216,244	51,452	267,696
G.R.%	-0.4	-2.4	0.2	-1.0	-2.7	-1.3

Table 2.14
Distribution of MSMEs by Type Based on Business Name Registration
As of 2004

	Philippines	Share, %	West Visayas	Share, %
Philippines				
Single	905,878	94.6	36,818	94.0
Partnership	3,491	0.4	123	0.3
Corporation	48,528	5.1	2,233	5.7
Total	**957,897**	**100.0**	**39,174**	**100.0**

Table 3.1
Business Development Service Providers
Province of Iloilo

BDS Provider*	Services Provided**
A. Government BDS Providers	
DTI SME Center/ Investment Promotion	
DOLE Workers Amelioration	
TLRC/ ITLDC	

Table 3.2
Staffing of the SME Center/s/BDS Providers
Province of Iloilo

BDS Provider	Number of Staff/Nature of Assignment		
	Full time	Part time	Total
SME Center	**3**	**0**	**3**
Other BDS Providers:	**1**	**5**	**6**

Table 3.3
Problems Encountered in Providing BDS
Province of Iloilo

Problem	Number of Respondents*	% of Total
a) Lack of financial support	1	33
b) Lack of facilities		
c) Lack of reference materials/studies		
d) Lack of manpower/staff	1	33
e) Workload	1	33
f) Others (pls. specify)		
	3	**100**

* SME Center and other BDS Providers surveyed

Table 3.4
Information Dissemination Services of SME Centers/BDS Providers
Province of Iloilo

Dissemination Type	Number of Respondents *	% of Total
a) Brochures	1	50
b) Radio/ TV	0	0
c) Publication	1	50
d) Website/internet	0	0
e) Email	0	0
f) Others:	0	0
All Types	**2**	**100**

* SME Center and other BDS Providers surveyed

Table 3.5
Main Source of Funding for the SME Center/BDS Provider
Province of Iloilo

Source of Funding	Percentage Share
SME Center:	*Budget part of DTI province fund, no separate fund.*
Other BDS Providers:	

Table 3.6
Main Expenditure Item of the SME Centers/BDS Provider
Province of Iloilo

Expenditure Item	Percentage Share
SME Center:	*Budget part of DTI province fund, no separate fund.*
Other BDS Providers:	

Table 3.7
Constraints/Problems Encountered in Dealing with Partners
Province of Iloilo

Constraints/Problems	Number of Respondents *	% of Total
Undelivered commitments Lack of logistical support Lack of financial support Different priorities of partners/ Coordination problems	1	100

* SME Center and other BDS Providers surveyed

Table 3.8
Capacity Building Needs of the SME Center/BDS Providers
Province of Iloilo

Capacity Building Needs	Number of Respondents *	% of Total
Advisory and Counseling		
A. Business Development /Strategy	1	20
B. Accounting/Audit/Finance	0	0
C. Marketing and Sales	2	40
D. Production Technology/Operations	0	0
E. Info & Communication Technology (ICT)	1	20
F. Safety/Environmental	0	0
G. Legal/Regulatory advice	0	0
H. Human Resources Development	1	0
I. Others (specify)		
Training		
A. Business Development /Strategy	1	25
B. Accounting/Audit/Finance	0	0
C. Marketing and Sales	1	25

(continuation)

Capacity Building Needs	Number of Respondents *	% of Total
D. Production		
Technology/Operations	0	0
E. Info & Communication		
Technology (ICT)	1	25
F. Safety/Environmental	0	0
G. Legal/Regulatory advice	1	25
H. Human Resources Development	0	0
I. Others (specify)		

* SME Center and other BDS Providers surveyed

Table 3.9
Employer and Nature of Assignment of the SME Counselors
Province of Iloilo

Employer	Nature of Assignment		
	Full time	**Part time**	**Total**
DTI	**1**		**1**
Chamber of			
Commerce			
Private Consulting			
Firm			
Self-Employed			
NGO			
LGU		**3**	
Total	**1**	**3**	**4**

Table 3.10
Educational Attainment of SME Counselors
Province of Iloilo

Educational Attainment	Number of Respondents	% of Total
Ph D degree		
Masters degree		
Undergraduate degree	4	100
Others:		
Total	**4**	

Table 3.11
Number of Years in Service
Province of Iloilo

Years in Service	Number of Respondents	% of Total
Below 5 years	4	100
5 -10 years		
11-20 years		
Above 20 years		
Total	**4**	**100**

Table 3.12
Areas of Expertise
Province of Iloilo

Area of BDS Expertise	Advisory/ Counseling	Training
A. Business Development /Strategy		
B. Accounting/Audit/Finance		
C. Marketing and Sales		
D. Production Technology/Operations	1	1
E. Info & Communication Technology (ICT)	1	1

(continuation)

Area of BDS Expertise	Advisory/ Counseling	Training
F. Safety/Environmental		
G. Legal/Regulatory advice	1	
H. Human Resources Development		
I. Others (specify)	1	
All BDS	**4**	**2**

Table 3.13
Remuneration /Salary of SME Counselors
Province of Iloilo

Remuneration/Salary Level	Number of Respondents	% of Total
For Free	-	-
P 10,000 and below	-	-
P 10,001 – P 20,000	**4**	**100**
P 20,001 – P 30,000	-	-
Above P 30,001	-	-
Total	**4**	**100**

Table 3.14
Incentive Received by SME Counselors
Province of Iloilo

Type of Incentives	Number of Respondents	% of Total
None	4	100
Honorarium		
Total	**4**	**100**

Table 3.15
Top Three BDS Area Needed Further Training by SME Counselors
Province of Iloilo

BDS Area	Number of Respondents	% of Total
Advisory/Counseling:		
A. Business Devt /Strategy	1	100
B. Accounting/ Audit/ Finance		
C. Marketing and Sales		
D. Production Tech/ Operations		
E. Info & Communication Technology (ICT)		
F. Safety/ Environmental		
G. Legal/ Regulatory Advice		
H. Human Resources Devt		
I. Others (specify)		
Total	1	100
Training:		
A. Business Devt /Strategy	1	25
B. Accounting/ Audit/ Finance		
C. Marketing and Sales		
D. Production Tech/ Operations		
E. Info & Communication Technology (ICT)	1	25
F. Safety/ Environmental		
G. Legal/ Regulatory Advice	1	25
H. Human Resources Devt	1	25
I. Others (specify)		
Total	4	100

Table 3.16
Legal Structure and Years in Business of SME Respondents
Province of Iloilo

Legal Structure	Years in Existence: Less than 3 years	3-5 years	More than 5 years	Total	% of Total
Single proprietorship	30	9	11	50	100
Partnership	0	0	0	0	0
Corporation	0	0	0	0	0
Cooperative	0	0	0	0	0
Association	0	0	0	0	0
Others	0	0	0	0	0
All Respondents	**30**	**9**	**11**	**50**	**100**

Table 3.17
Nature of Business of SME Respondents
Province of Iloilo

Nature of Business	No. of Respondents	% of Total
Agribusiness	1	2
Trader (Retailer/Wholesaler/others)	15	29
Food Processor	1	2
Manufacturer- Marketer/Exporter	15	29
Services (Resort/Restaurant/Others)	17	33
Handicrafts/Cottage Industry	3	6
Others	0	0
All Businesses	**52**	**100**

Table 3.18
Category of Business and Number of Employees
Province of Iloilo

Category/Size of Business	Number of Employees			
	1-9	10-99	100-199	200 & above
Micro enterprise (P 3 million and below)	50	0	0	0
Small enterprise (P 3.1 to P 15 million)	0	0	0	0
Medium enterprise (15.1 to P 100 million)	0	0	0	0
All Categories	**50**	**0**	**0**	**0**

Table 3.19
Awareness and Availment of BDS
Province of Iloilo

Type of BDS	Aware of BDS		Availed of BDS	
	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
A. Business Devt / Strategy	50	100	48	96
B. Accounting/ Audit/ Finance	49	98	48	96
C. Marketing and Sales	49	98	47	94
D. Production Tech/ Operations	50	100	41	82
E. Info & Communication Technology (ICT)	50	100	33	66
F. Safety/ Environmental	47	94	39	78
G. Legal/ Regulatory Advice	14	100	41	82
H. Human Resources Devt	47	94	36	72
I. Others (specify)	14	28	9	18
All BDS Types	**406**		**342**	

Table 3.20
Quality of Availed BDS
Province of Iloilo

Type of BDS	Quality of Service			
	Good	Average	Bad	Total Respondents
A. Business Devt /Strategy	2	2	0	**4**
B. Accounting/ Audit/ Finance	1	1	0	**2**
C. Marketing and Sales	1	1	0	**2**
D. Production Tech/ Operations	0	0	0	**0**
E. Info & Communication Technology (ICT)	0	0	0	**0**
F. Safety/ Environmental	0	0	0	**0**
G. Legal/ Regulatory Advice	1	1	0	**2**
H. Human Resources Devt	0	0	0	**0**
I. Others (specify)	0	0	0	**0**
All BDS Types	5	5	0	**10**

Table 3.21
Preferred BDS Provider
Province of Iloilo

BDS Provider	Number of Respondents	% of Total
SME Center	3	7
DTI Provincial Office	32	70
Chamber of Commerce	1	2
LGU	7	15
Financial Institutions (LBP, DBP, Rural Bank, MFIs)	0	0
Others:	3	7
All BDS Providers	**46**	**100**

Table 3.22
Sources of Information Regarding the BDS Provider
Province of Iloilo

Source of Information	Number of Respondents	% of Total
Thru referral by DTI	31	54
Thru print advertisement	8	14
Thru radio advertisement	3	5
Thru invitation	4	7
Others:	11	19
All Sources	**57**	**100**

Table 3.23
Factors Considered in Choosing the BDS Provider
Province of Iloilo

Factors	Number of Responses	% of Respondents
1. The provider has a good reputation	34	68
2. Service/training they offer is appropriate for our needs	44	88
3. The provider is recommended by friends	39	78
4. The provider is also being used by competitors	24	48
5. Have used before and am comfortable with their service	21	42
6. Services are free	46	92
7. Price/fee is reasonable	43	86
8. The provider has capable and helpful staff	21	42
9. The provider has good facilities, e.g . computers, brochures, other materials)	25	50
10. Others	3	6
All Factors	**300**	

Table 3.24
Prerequisites Asked by the BDS Provider
Province of Iloilo

Required Documentation	Number of Responses	% of Total
1. SEC certificate of registration	2	2
2. Business permit from city/municipal mayor's office	25	27
3. Financial statements	4	4
4. DTI business registration certificate	32	35
5. BIR certificate of registration	28	30
6. Business plan	1	1
7. Others (specify)	0	0
All Documentation	**92**	**100**

Table 3.25
Most Helpful BDS
Province of Iloilo

Type of BDS	Number of Responses	% of Responses
A. Business Devt /Strategy	61	28
B. Accounting/ Audit/ Finance	56	26
C. Marketing and Sales	55	25
D. Production Tech/ Operations	17	8
E. Info & Communication Technology (ICT)	4	2
F. Safety/ Environmental	10	5
G. Legal/ Regulatory Advice	1	0
H. Human Resources Devt	1	0
I. Others (specify)	14	6
All BDS Types	**219**	**100**

Table 3.26
Most Important BDS
Province of Iloilo

Type of BDS	Number of Responses	% of Responses
A. Business Devt /Strategy	95	30
B. Accounting/ Audit/ Finance	88	28
C. Marketing and Sales	92	29
D. Production Tech/ Operations	8	3
E. Info & Communication Technology		
(ICT)	1	0
F. Safety/ Environmental	9	3
G. Legal/ Regulatory Advice	4	1
H. Human Resources Devt	1	0
I. Others (specify)	14	40
All BDS Types	**312**	**100**

Table 3.27
Most Effective Tools or Strategies of Delivering BDS
Province of Iloilo

Type of BDS	Number of Responses	% of Responses
Brochures	24	16
Publications	22	15
Internet service/website		
Trainings	40	27
Seminars	32	22
Radio/tv	18	12
One-on-one consulting services	3	2
Others (specify)	7	5
All BDS Types	**146**	

Preparatory Survey on

Management Consulting Program for SMEs

Laguna & Albay

1. INTRODUCTION

The small and medium enterprise (SME) sector plays a very pivotal role in Philippine socio-economic development. Consider the sector's significant indicators - its share in the country's gross domestic product (GNP) is about 32%; it employs almost 70% of the country's labor force; and approximately 99.6% of all registered Philippine enterprises are SMEs[1]. Doubtless, the promotion of the SME sector is indeed a viable development strategy that will inevitably lead to the improvement of the quality of life in the country.

Recognizing the robust contribution of SMEs in the country's socio-economic development milieu, the Philippine government has continuously provided an enabling environment for the development of the sector. During the last decade, two major laws, namely: Republic Act 6977 (as amended by Republic Act 8289), also known as the Magna Carta for Small Enterprises and Republic Act 9179, also known as the Barangay Micro Business Enterprise Act of 2002, were set in motion to promote the sector to the fullest extent possible. Moreover, the National SME Development Plan that was championed by the Department of Trade and Industry (DTI) was also formulated to improve the competitiveness of SMEs as they fortify their position as one of the main drivers of economic growth in the Philippines. And finally, the private sector development component of the Philippine Medium-Term Development Plan initiated by the National Economic and Development Authority (NEDA) also incorporates strategies that will will further improve the growth and development of Philippine SMEs via the provision of appropriate marketing, technical, management, financial and allied business development services (BDS) to the said sector[2].

One of the vital operating mechanisms that may determine the successful implementation of SME development policies, plans and programs are the SME Centers. These centers are "one-stop-shops" that provide vital business development services such as market

[1] Department of Trade and Industry (2005) – www.dti.gov.ph
[2] National Economic and Development Authority (2005) – www.neda.gov.ph

information, market matching services, trade fair organizing, business mission planning, business planning, product development, technology upgrading, productivity enhancement, human resource development training, financial advice and credit facilitation. Various SME development stakeholders like the Department of Trade and Industry, local government units (LGUs), business support organizations (BSOs) like chamber of commerce and industry associations, SME development councils and the private sector collaborate together in operating the SME Centers. These centers are manned by SME Counselors who were trained to provide business development services to their client-SMEs. To date, the DTI directly operates 25 SME centers all over the country.

With the increasing demand for business development services from client-SMEs, the improvement of the business development skills of the SME Counselors and the strengthening of the institutional capacities of the SME Centers became glaring necessities. It is for these reasons why the Bureau of Small and Medium Enterprise Development (BSMED) of the DTI had submitted a project proposal entitled – "Management Consulting Systems for SMEs (Kigyo Shindan)", for consideration by the Japanese government under the Technical Cooperation Project (TCP) of the Japan International Cooperation Agency (JICA). The proposed project aims to enhance the capacity of DTI SME Counselors in providing improved business counseling services to SMEs by employing appropriate Japanese business counseling techniques culled from the Kigyo Shindan model of business consulting. The project is part of the SME Counseling and Advisory Program that was identified as one of the possible activities to provide micro, small and medium enterprises (MSMEs) with access to more comprehensive and focused business development support.

The applicability of the Kigyo Shindan business counseling model to the actual needs of Philippine MSMEs and to the DTI SME Counselors assigned to the SME Centers, however, requires a preparatory study to ensure the relevance and responsiveness of the abovementioned Japanese consulting modality to the actual realities and dynamics obtaining in the Philippine SME environment. The results of the preparatory study will be used to facilitate the reconfiguration of the Kigyo Shindan consulting model to suit the local needs of MSMEs, SME Counselors and the SME Centers.

2. OBJECTIVES OF THE STUDY

The main objectives of the study are:

a) To conduct in-depth surveys in 5 impact areas that include the provinces of Albay and Laguna, among others;
b) To multi-dimensionally assess the performance of SME Centers and the activities of SME Counselors in the impact areas;
c) To identify the most client-demanded services of SME Counselors and the most competent fields of functions of SME Counselors;
d) To collect information on the economic and industrial profiles of impact areas, analyze their characteristics in terms of local economy, industrial structure and the level of development of the SME/private sectors in the impact areas; and
e) To come up with practical recommendations that the SME Counselors can adopt to strengthen their capabilities to respond to the needs of local MSMEs.

3. GEOGRAPHICAL SCOPE OF THE STUDY

Based on the initial assessment of SME activities and current industrial trends and discussions with JICA and DTI-BSMED, the target geographical areas of the study include the following:

a) The provinces of Albay and Laguna in Luzon;
b) The provinces of Iloilo and Leyte in the Visayas; and
c) The city of Cagayan de Oro in Mindanao.

4. APPROACH AND METHODOLOGIES

Since the research or study aims to assess the current situations, needs and opinions of the subjects of the study, the descriptive method of research was employed, as the same is an appropriate method to use in probing the abovementioned situations, needs and opinions of the respondents[3].

For the research work in Albay and Laguna, the researchers obtained insights from key informants from the DTI, JICA, Phil Koei International, business development

[3] Galmorin, Laurentina (1995) – Methods of Research and Thesis Writing, Rex Bookstore, Philippines

consultants and other related primary and secondary sources of data in the structuring of the forms and contents of the survey questionnaires and the roundtable discussions or forums. The survey questionnaires were tested among selected trial respondents in Pampanga. The testing was able to ensure that indeed the questionnaire was proven to be effective and efficient in obtaining the desired information from respondents.

Shown below are the sampling aspects used by the study for the provinces of Albay and Laguna:

- The size of the population or universe of the study includes the following: (a) all enterprises in the 2 impact provinces that fall into the micro, small and medium enterprise categories by asset size; (b) all small and medium enterprise counselors in the 2 impact provinces; and (c) all small and medium enterprise centers in the 2 impact provinces.
- The target survey respondents or the sample size of the study for the 2 impact provinces include the following: (a) at least 100 to 140 micro, small and medium enterprises; (b) at least 3 small and medium enterprise counselors; and at least 3 small and medium enterprise centers. Said indicative numbers were stated in the terms of reference of the study as determined by the Japan International Cooperation Agency.
- The purposive and judgment sampling techniques were employed in selecting the target survey respondents as the study required the probing of insights from subjects that can best provide necessary information on matters pertaining to micro, small and medium enterprise development[4]. Doubtless, the targeted survey respondents are deemed to be the best source of the required information.

Roundtable discussions or small enterprise development forums were held in the 2 impact provinces. In the said discussions or forums, the background and objectives of the study were expounded and initial data gathering were also done. The forums also served as the venues where the results of the survey were later discussed with the SME development stakeholders.

In Albay, enumerators were hired to collect data from respondents using face-to-face interviews. In Laguna, the research associate asked the assistance of co-researchers in the

[4] Calderon, Jose and Gonzales, Expectacion (2005) – Methods of Research, National Bookstore, Philippines

administration and retrieval of the questionnaires. Further administration of the questionnaires was made in coordination with the DTI, local government units (LGUs) and business support organizations (BSOs). The collected data were tallied and tabulated using frequency and percentage distribution. The survey findings were validated by the researchers through the conduct of interviews with key informants from selected companies, line agencies, research institutes and business support organizations and through the review of relevant secondary sources of data. After the conduct of the validating interviews and review of related data, the researchers provided the necessary conclusions and recommendations.

5. CONSTRAINTS AND LIMITATIONS

Listed below are the constraints and limitations encountered by the research team in Albay and Laguna:

a) The initial problem that was encountered by the survey team involved the apparent sluggishness of communications flow from executing agencies to their local counterparts that contributed to operational downtime. However, this became immaterial when the local project partners received their respective project notices from the concerned executing agencies;
b) There are slight differences in form and substance in so far as the local socio-economic development plans are concerned. It would help researchers if said formats are standardized so as to expedite the selection and use of data needed.
c) There are discrepancies in terms of the number of enterprises registered with the DTI and those registered with the local government units. Those registered with the DTI are those enterprises that register their business names only and the same is done every 5 years. While those registered with the local government units are those enterprises that register to obtain their business permits and pay for their business income taxes. Hence, the more accurate business registry is the list from the local government units. But quite frequently, the numbers of registered enterprises are not aggregated and not segmented into economic sectors and asset sizes.

6. PHYSICAL PROFILES OF THE STUDY AREAS

6.1 Physical Features of the Study Areas

6.1.1 Location

Albay

Geographically, the province of Albay is located in the Bicol region, at the southeastern part of the island of Luzon. It is bounded by the province of Camarines Sur on the north, the Lagonoy Gulf on the northeast, the Pacific Ocean on the east, the province of Sorsogon on the south and the Burias Pass on the west.

The political administrative boundaries of the province of Albay consist of three (3) congressional districts. The first district of Albay is composed of five (5) municipalities and one (1) city. These are Tiwi, Malinao, Malilipot, Sto. Domingo, Bacacay and Tabaco City. The second district consists of four (4) municipalities and one (1) city, and these are Rapu-Rapu, Manito, Daraga, Camalig and Legazpi City. Finally, the third district is comprised by six (6) municipalities and one (1) city, namely; Guinobatan, Jovellar, Pioduran, Oas, Polangui, Libon and Ligao City. Overall, the province of Albay has fifteen (15) municipalities, three (3) cities and 720 barangays.

Laguna

Laguna, located 30 kilometers from the City of Manila, is the first province south of the Metro Manila area. It is bounded by Laguna de Bay and the province of Rizal on the north, on the southeast by the Sierra Madre Mountain Range, on the east by Quezon Province, on the south by the province of Batangas and on the west by the province of Cavite.

Laguna's proximity to Metro Manila makes it a strategic site for domestic and international business. The Ninoy Aquino International Airport is two hours away. Laguna is also within commuting distance from Makati, the country's main business and financial center. Laguna is easily accessible to the agricultural provinces of Batangas and

Quezon. It has ready access to the resource-rich provinces of Marinduque, Mindoro, Palawan, and Romblon through the Batangas and Quezon ports. The completion of the Batangas Port as a world-class international container and passenger port will further enhance Laguna's strategic location.

Laguna lies within CALABARZON, one of the country's most progressive and dynamic industrial regions. CALABARZON encompasses the provinces of Cavite, Laguna, Batangas, Rizal and Quezon.

Laguna has twenty-seven (27) municipalities, three (3) cities and six hundred seventy-four (674) barangays. The province is divided administratively into four (4) political or congressional districts.

6.1.2 Land Area and Land Use

Albay

Land Area

The land resources of Albay are classified into alienable and disposable lands, and the public domain lands. The alienable and disposable lands cover approximately 206,205 hectares representing 80.78 percent of the total land area while the public domain lands accounted for only 19.22%. The data from the Department of Environment and Natural Resources (DENR) office in Albay shows that public land is divided into 2 classifications, namely: the National Integrated Protected Area System (NIPAS) network that has a total land area of 5,459 hectares and that includes the Mayon Volcano Natural Park and the Mt. Masaraga Watershed Forest Reserve; and the timberland and forest areas covering 43,596 hectares or approximately 17.08 percent of the province's land area.

The two geothermal reservation sites cover approximately 33,290 hectares of the total land area in the province or about 13% of the total land area. These are the National Power Corporation (NPC) Tiwi Geothermal Energy Reservation Area (13,250 hectares) and the National Power Corporation (NPC) Bacon-Manito Geothermal Energy Reservation Areas (20,040 hectares). Table 1 below shows the classification of land in the province of Albay:

Table 1 – Classification of Land in the Province of Albay

Land Resources	Areas (in Hectares)	% of Total
Alienable and Disposable Land	206, 205	80.78
Public Land:		
Forest Reserve/Timberland	43, 596	17.08
NIPAS	5, 459	2.14
Total	**255, 260**	**100.00**
Geothermal Energy Reservations:		
NPC-Tiwi	13,250	39.80
NPC-Bacon-Manito	20,040	60.20
Total	**33,290**	**100.00**

Source: Department of Environment and Natural Resources-Albay (2004)

Land Use

The most extensive use of land resources in Albay is for agricultural purposes and this covers approximately 165,030 hectares, which represents 80 percent of the classified alienable and disposable lands (206,205 hectares) and 64.7 percent of the province's land area. The agricultural sector is devoted to the planting and harvesting of primary crops such as coconut, palay, corn and abaca, and secondary crops like fruits, vegetables and legumes.

Existing pastures and open grasslands account for 11.12 percent of the total land area. This land area predominates in the islands of Rapu-Rapu, Batan and Cagraray, and in the upland portions of Oas, Polangui, Manito and Malinao. The settlement areas approximately cover 8,790 hectares, or 3.44 percent of the province. These areas include the residential, institutional, commercial and industrial enclaves. The right-of-way for road, railroad, power and related facilities covers about 2,140 hectares (0.84%) while the mangroves, swamps and other water bodies are estimated at 1,860 hectares (0.73%) of the provincial land area. Key production areas cover 53,158 hectares representing 20.82% of the province's total land area. Among the key production areas are the following, namely: livestock development areas (25,000 hectares); rice production areas (19,328 hectares); corn production areas (4,830 hectares); and commercial crop development (4,000 hectares).

Table 2 below shows the general use of land resources in the province of Albay:

Table 2 – General Use of Land Resources in the Province of Albay

Land Uses	Areas (in Hectares)	% of Total
Agricultural Areas	165, 030	64.65
Forest Reserve/Timberland	43, 596	17.08
NIPAS	5, 459	2.14
Pasture and Open Grassland/Brushland	23, 835	11.12
Built-up and Settlement Areas	8, 790	3.44
Lakes, Rivers, Other Water Bodies, Swamps and Mangrove Areas	1, 860	0.73
Others: Road, Railroad and Power, Barren/Unclassified	2, 140	0.84
Total	**255,260**	**100.00**

Source: Department of Environment and Natural Resources-Albay (2003)

Laguna

Land Area and Land Use

The province of Laguna has a total land area of approximately 175,973 hectares. Its land resources are generally classified into 2 categories, namely: alienable and disposable land; and forest lands. The alienable and disposable land covers about 126,662 hectares or about 72% of the total land area of Laguna. The same is used for agricultural, industrial, commercial and residential purposes. The forest lands covers approximately 49,311 hectares or about 28% of the total land area of the province. The same is used for timber, national park preservation, academic, botanical and agro-forestry purposes. Table 3 below summarizes the classification of land and the use of land in the province of Laguna:

Table 3 – Classification of Land and Use of Land in the Province of Laguna

Land Classification s and Usages	Areas (in Hectares)	% of Total
Alienable and Disposable Land:		
Agricultural	86,062	48.90
Industrial	2,105	1.20
Commercial	1,804	1.00
Residential	36,691	20.90
Sub-Total	**126,662**	**72.00**
Forest Lands:		
Timberlands	1,379	0.80
Timber Licensed Areas	5,000	2.80
Forest Reserve	11,999	6.80
National Parks	3,305	1.90
UPLB Mt. Makiling	4,600	2.60
Botanical Gardens	3,592	2.00
Agro Forestry Projects	19,436	11.1
Sub-Total	**49,311**	**28.00**
Total	**175,973**	**100.00**

Source: National Economic and Development Authority (2003)

6.1.3 Biophysical Characteristics[5]

Albay

Topography

Its topography is dominated by low elevation representing more than three fourths or 208,256 hectares of the province's total land area. The very high areas representing the peaks of mountains cover 0.28% or 725 hectares. These are found in the different municipalities of the province.

Slope

The province has 51.15% or 130,566 hectares of land with slope group of more than 18%. In this slope group, cultivation for agricultural development is discouraged due to its susceptibility to soil erosion. These areas are recommended for tree or forest type related development. Slope group with 0-8% covers 25.98% or 66,306 hectares. These areas have less development cost compared to other slope groups that are rich in soil

[5] Provincial Governments of Albay and Laguna (2003) – Socio-Economic Development Plans

nutrients and minerals. Slope group with 8-18% are suited for diversified crops with oil and water management practices.

Climate and Weather Disturbances

The Southwest Monsoon which is one of the two major air masses controlling the climate of Albay originates from the Indian Ocean and approaches the area from the southwest and west direction. Because of its origin, the higher areas at the central portion of the province including the clusters of mountains on the east receive a considerable amount of rain during the month of June to October when this monsoon season is dominant. During the month of November to February, another group of air mass (Northeast Monsoon and the North Pacific Trade) passes over and creates a great disturbance on almost all parts of the province. Because of its origin and the vulnerability of the area to its effects, a tremendous amount of rain is poured over the most exposed portion of the province. Occurrence of typhoon as a result of low pressure areas from the Pacific where it originates, significantly damage plants and animals and even loss of lives.

Another cause of climatic variation in the province is the influence of high mountains particularly Mt. Mayon and Mt. Iriga that directly affect the province's ever changing weather. In the event that converging air masses meet these mountain barriers, considerable rain could occur.

The climatic conditions in the province determine not only the type of crops adaptable to a given area but also dictate the appropriate farming system and cropping pattern. In most cases the choice of crops to be planted for a given period depends largely on the prevailing climatic condition than any other land characteristics.

Water Resources

The province is endowed with abundant water resources. The existence of complex river systems charging billions of cubic meters of water every year assures the province of sufficient yearly water supply. However, it should be noted that in areas where rainfall is scarce particularly during summer months, yield reduction is high as a result of insufficient water supply. Moreover, flooding that results to severe crop damage is more frequent during the rainy season. Thus, careful study on these water resources should be considered to counteract the inadequacy of water on the low-lying areas during the drier months, and to minimize if not prevent the effect of flooding during rainy seasons.

Metallic and Non-Metallic Mineral Resources

The province is rich in metallic and non-metallic resources. Non-metallic minerals with estimated reserves include; perlite, gypsum, kaolin, bentonite, red clay, guano and phosphate. Various types of rocks can also be found in the different municipalities of the province.

Bountiful source of raw materials for construction can also be found in the province. Limestone, mari and siliceous materials suitable for cement manufacturing are very common in the municipalities of Guinobatan, Pioduran, Oas, Ligao, Camalig and Jovellar. Deposits of guano that can be found in various municipalities and caves have been actively exploited for fertilizer use. Voluminous deposits of white clay used extensively in making valuable ceramics can be found in the northeastern part of the province, while industrial clay can be found abundantly in the west side of the province. Marble deposits that were estimated to last for hundreds of years are now being mined and extracted. However, being both a tourism and industrial zone, the extraction of marble requires a special permit. Another mineral deposit is coal. This is the very first mineral resource extracted in the province specifically in Batan, Rapu-Rapu and Albay. These resources contribute a significant part in the economic development of the province.

Laguna

Topography

Laguna's terrain consists of narrow plains extending along the eastern, southern and western shores of Laguna de Bay, the largest lake in the country with a total land area of 90,000 hectares. However, along the northwestern part of the province are few elevated portions and on the southwestern part is the legendary Mt. Makiling and Mt. Banahaw towering over the others at more than 1,000 meters above sea level. The province comprises a series of quiescent volcanoes alternating the gently rolling to level plains. The most famous of these volcanoes is the fabled Mt. Makiling, which rises 1,090 meters.

Although Laguna is an inland province, it is not landlocked. Laguna de Bay, the largest inland body of water in the country is located between the volcanic areas in the southwestern and the front ranges of the Cordillera. This huge lake is generally believed to be an interior arm or extension of Manila Bay many years back. However, it was cut-off from it on the north by a slight arching flexure.

Slope

The first district of the province is generally classified as level to nearly level with a slope ranging from 0-3%. This indicates that the first district is flat, thus mostly industrial establishments are located in this place. The second district of the province is generally classified like the first district except for the presence of Mt. Makiling in Los Baños that is characterized by steeply sloping to hilly and mountainous with a slope ranging from 25 percent and over. The third district of Laguna is generally characterized as level to nearly level lands with a slope ranging from 0-3 percent except for the towns of Nagcarlan, Liliw, San Pablo and Calauan which are moderately sloping with slope ranging from 8-15 percent. Settlements are very evident in this area except with the presence of a few upland areas where most of the agricultural lands are located. The fourth district of Laguna is generally characterized as moderately sloping and moderately undulating with a slope ranging from 3-8 percent.

Climate

Laguna has two distinct seasons. November to April is considered the dry months while the rest of the year as the wet season. However, an increase in rainfall intensity can be observed at the mountainous eastern and southern portions of the province than in the low-lying areas west of Laguna.

Due to favorable weather conditions in Laguna, which is generally cool and gentle even on summer months, both local and foreign tourists flock to its natural resorts and scenic spots. It is noted that the area favors production, not only of traditional food crops like corn, but as well as some fruits that rarely grow in other parts of the country like lanzones and chico. Furthermore, in inland areas where rice cultivation is not suitable, the moisture availability is favorable for coconut production.

Most municipalities are located in the coastal zone that has generally humid weather.

Water Resources

There are about forty rivers in Laguna with a total area of almost 50 hectares serving not only the irrigation needs of agriculture but also as outlets for effective drainage system. The rivers that run through most of the municipalities are also fishing grounds especially for small farmer-families. Among these are the Pagsanjan River, Santa Cruz River, Calamba River and Biñan River, all producing tilapia, dalag, kanduli, shrimps and other fishes for the populace.

Soil Characteristics

The soils of Laguna are classified into three general land types; namely: soils of the fresh water marshes; soils of the plains; and soils of the rolling areas, hills and mountains. Based on the genetical and morphological characteristics of the profile and textures of the surface soil, these land types are further classified into soil series, soil types and phases suited to various crops and other uses.

Most soil types are of the rolling areas, hills and mountains estimated at 154,592.9 hectares. They are more commonly suited to trees, citrus and upland crops. The smallest portions are soils of the fresh water marshes comprising about 4,899 hectares, suited to hydrolic plants. Only about 14.72 percent are soils of the plains that are suited to rice, corn and vegetables, among others.

7. SOCIO-ECONOMIC SETTING

7.1 Population

Albay

In Census Year 2000, the population of Albay at 1,090,907 increased by 85,592 or 8.5% over the CY 1995 figure of 1,005,315. With a population growth rate of 1.7% between 1995 and 2000, it denotes that there is an increase of almost 17 thousand persons per year or 2 persons per hour. This rate of population growth contributed directly to the substantial change in terms of population density in the province. From a population density of 394 persons per square kilometer in 1995, in 2000, the province registered a population density of 425.5 persons per square kilometer. In CY 2000, Albay had 208,640 households, the average household size being 5.23 persons.

Among the 3 cities and 15 municipalities in Albay, Legazpi City has the highest population. This may be attributed to the fact that Legazpi City is the center of commerce, education, health and other economic activities in Albay. Table 4 below shows the total population and population growth in the province of Albay:

Table 4 – Total Population and Population Growth in the Province of Albay

Municipalities/Cities	Total Population		Growth in Population
	1995	2000	
BACACAY	56,295	58,357	2,062
CAMALIG	53,129	58,141	5,012
DARAGA	91,829	101,031	9,202
GUINOBATAN	65,512	71,071	5,559
JOVELLAR	16,876	17,357	481
LEGAZPI CITY	141,657	157,010	15,353
LIBON	63,190	66,213	3,023
LIGAO	80,861	90,603	9,742
MALILIPOT	26,834	29,541	2,707
MALINAO	33,872	36,231	2,359
MANITO	18,451	20,420	1,969
OAS	56,536	62,063	5,529
PIODURAN	41,850	44,423	2,573
POLANGUI	67,314	70,541	3,227
RAPU-RAPU	28,797	29,176	379
STO. DOMINGO	25,586	27,392	1,806
TABACO	96,993	107,166	10,173
TIWI	39,733	44,261	4,528
Total	**1,005,315**	**1,090,907**	**85,592**

Source: National Statistics Office (2000)

Males have outnumbered their female counterparts in the 2000 census. There were approximately 103 males for every 100 females in the province. The age group 15-64 years old comprises the biggest percent of the population with 55.98% of the total. This shows that the province has a high labor participation rate. On the other hand, the elderly population comprised only 4.55% of the total population based on 2000 census. Table 5 below summarizes the percentage distribution of population by age group and sex in the province of Albay:

Table 5 – Percentage Distribution of Population by Age Group and Sex in the Province of Albay

Age Groups	Number	Total Population		
		% of Total	Males	Females
ALL AGES	1,090,907	100.00	553,821	537,086
UNDER 1	28,759	2.63	14,841	13,918
1-4	115,024	10.54	59,370	55,654
5-9	147,903	13.55	76,534	71,369
10-14	138,875	12.73	71,032	67,843
15-19	117,855	10.8	60,734	57,121
20-24	91,110	8.35	46,693	44,417
25-29	73,419	6.73	37,259	36,160
30-34	70,194	6.43	35,606	34,588
35-39	62,317	5.71	32,017	30,300
40-44	54,634	5.00	27,505	27,129
45-49	46,171	4.23	23,543	22,628
50-54	39,881	3.65	19,825	20,056
55-59	30,031	2.75	14,841	15,190
60-64	25,084	2.29	12,070	13,014
65-69	18,597	1.70	8,636	9,961
70-74	14,556	1.33	6,436	8,120
75-79	8,379	0.77	3,684	4,695
80 and above	8,118	0.74	3,195	4,923

Source: National Statistics Office (2000)

Laguna

The population of Laguna grew at an average of 4.4 percent annually from 1,965,872 in 2000 to 2,400,997 in 2005. Laguna is second to Cavite province that has the largest population size in Region IV. However, the province of Rizal has the biggest growth rate of 6.5 percent annually with Laguna ranking third among the CALABARZON provinces. The municipality of Kalayaan in Laguna has the highest household size of 5.17 persons per household while Santa Rosa City has the smallest household size of 4.26. The average household size in Laguna is 5 persons per household. Laguna has a population density of 1,372.5 persons per square kilometer of land area. The first district of the province has the biggest population density of 7,587.4 persons per square kilometer 2005 while the town of San Pedro has the biggest population density among the municipalities and cities. The municipality of Santa Maria has the smallest population density with 212.3 persons per square kilometer. Laguna is predominantly urban. More than three-fifths or 67 percent of its population reside in the urban areas and only 33 percent in the rural areas. The proportion of the urban population to the total population has been gaining from 65.3 percent in 1990 to 67 percent in 2000. Table 6 below shows the total population and population growth in the province of Laguna in relation to the population indicators of other provinces in the CALABARZON region:

Table 6 – Total Population and Population Growth in the Province of Laguna

Provinces	Cavite	Laguna	Batangas	Rizal	Quezon
Growth Rate/Annum	6.1%	4.4%	3.2%	6.5%	2%
Population					
2000	2,063,161	1,965,872	1,905,348	1,707,218	1,679,030
2005	2,690,085	2,400,997	2,210,966	2,262,101	1,844,715

Sources: National Statistics Office and Provincial Planning and Development Coordinating Office

About 62% percent of the total population of Laguna is within the working age bracket of 15 to 65 years old. Approximately 34% percent are outside the working age bracket comprising of those below 14 years of age and about 3% are those above 65 years of age. Table 7 below shows the population by age group in the province of Laguna:

Table 7 – Population by Age Group in the Province of Laguna:

AGE GROUPS	TOTAL POPULATION 2000			TOTAL POPULATION 2005		
	Both Sexes	Male	Female	Both Sexes	Male	Female
LAGUNA						
ALL AGES	1,965,872	980,184	985,688	2,415,161	1,204,199	1,210,962
UNDER 1	50,107	24,983	25,124	61,587	30,707	30,880
1 - 4	191,999	95,731	96,268	235,960	117,650	118,310
5 - 9	225,393	112,381	113,012	277,009	138,117	138,892
10 - 14	205,527	102,476	103,051	252,374	125,834	126,540
15 - 19	196,341	97,896	98,445	241,265	120,295	120,970
20 - 24	202,805	101,119	101,686	249,235	124,269	124,966
25 - 29	170,376	84,949	85,427	209,384	104,399	104,985
30 - 34	158,706	79,131	79,575	194,823	97,139	97,684
35 - 39	138,769	69,190	69,579	170,410	84,966	85,444
40 - 44	118,548	59,108	59,440	145,624	72,608	73,016
45 - 49	93,023	46,381	46,642	114,237	56,959	57,278
50 - 54	67,386	33,599	33,787	82,840	41,304	41,536
55 - 59	44,507	22,191	22,316	54,583	27,215	27,368
60 - 64	36,801	18,349	18,452	45,164	22,519	22,645
65 - 69	25,813	12,870	12,943	31,639	15,775	15,864
70 - 74	17,609	8,780	8,829	21,736	10,838	10,898
75 - 79	11,368	5,668	5,700	14,008	6,984	7,024
80 and over	10,794	5,382	5,412	13,283	6,623	6,660

Source: National Statistics Office (CY 2000 and 2005)

There are slightly more females than males in Laguna, unlike in other provinces in the region. Out of the total population of 1,965,872 in 2000, 985,772 or 50.14% are females and 49.86% are males. Table 8 below summarizes the population by sex group in the province of Laguna:

Table 8 – Population by Sex Group in the Province of Laguna

Municipalities	Sex Groups		Total
	Males	Females	
Alaminos	18,013	18,107	36,120
Bay	22,146	21,616	43,762
Biñan	99,396	101,790	201,186
Cabuyao	53,188	53,442	106,630
Calamba City	139,536	141,610	281,146
Calauan	22,051	21,233	43,284
Cavinti	10,059	9,435	19,494
Famy	5,372	5,047	10,419
Kalayaan	10,112	9,468	19,580
Liliw	13,904	13,633	27,537

Municipalities	Sex Groups		Total
	Males	Females	
Los Baños	40,457	41,570	82,027
Luisiana	8,630	8,479	17,109
Lumban	12,818	13,118	25,936
Mabitac	7,748	7,349	15,097
Magdalena	9,694	9,282	18,976
Majayjay	11,281	10,878	22,159
Nagcarlan	24,606	24,121	48,727
Paete	11,571	11,440	23,011
Pagsanjan	16,244	16,378	32,622
Pakil	9,276	8,745	18,021
Pangil	10,553	10,145	20,698
Pila	18,979	18,448	37,427
Rizal	6,552	6,454	13,006
San Pablo City	102,932	104,995	207,927
San Pedro	113,539	117,864	231,403
Santa Cruz	46,707	45,987	92,694
Santa Maria	12,720	11,854	24,574
Santa Rosa City	91,758	93,875	185,633
Siniloan	15,181	14,721	29,902
Victoria	15,077	14,688	29,765
LAGUNA	**980,100**	**985,772**	**1,965,872**

Source: National Statistics Office (2000)

7.2 Labor Force and Employment

Albay

Labor being one of the vital factors of production plays a crucial role in the economic development of the province of Albay. Decision-makers consider labor and employment information as a critical input in the formulation of policies and programs geared at providing employment opportunities in the province and in enhancing local productivity. The labor force population status during the period 1998-2003 exhibited an erratic trend. During the 6-year period it was in 1998 when labor force population reached its peak point at 732,000. The following year of 1999 recorded the lowest number at 659,000. However, it could be noted that from year 2000 to 2003 there was an increase on the labor force population 15 years old and over. It was in 2000 when the employment rate was at its highest level at 89.7%. It had consistently been a downward trend since then. In fact, the 2003 employment rate of 83.5% is the lowest recorded level for the period covered. Unemployment in Albay is due primarily to the economic slump that is being experienced nationwide. Intertwining factors, particularly rising production costs and marketing constraints, have taken their toll on small and medium enterprises. These financially-constrained ventures are most vulnerable to any fluctuations in production costs and foreign exchange. Table 9 below shows the labor and employment status in the province of Albay:

Table 9 – Labor and Employment Status in the Province of Albay
(Population in Thousands, Rates in Percent)

Indicators	1998	1999	2000	2001	2002	2003
Population 15 years old and over	732	659	676	686	705	712
Labor Force Participation Rate	68.1	64.8	63.5	68.7	65.6	64.2
Employment Rate	86.2	89	89.7	88.7	87.2	83.5
Unemployment Rate	13.8	11	10.3	11.3	12.8	16.5

Source: National Statistics Office (2003)

The share of agricultural employment tends to drop over the years because the labor structure in the province continues to shift towards other industries particularly towards the manufacturing and service industries even though Albay is a predominantly agricultural province. Table 10 below shows the number of employment generated by various industries in the province of Albay:

Table 10 – Number of Employment Generated by Various Industries in the Province of Albay
(Employment in Thousands)

Industries	Employment Generated					
	2001		2002		2003	
	#	%	#	%	#	%
Agriculture, Fishery & Forestry	63	1.68	84	1.28	120	2.25
Mining & Quarrying	44	1.17	50	0.76	53	0.99
Manufacturing	289	7.7	622	9.47	798	14.93
Electricity, Gas & Water	10	0.27				
Construction	202	5.38	144	2.19	206	3.85
Wholesale and Retail Trade	1,212	32.29	2,354	35.84	1,972	36.9
Transportation, Storage and Communication	104	2.77	838	12.76	413	7.73
Financing, Insurance, Real Estate and Business Services	591	15.75	1,249	19.02	617	11.55
Community, Social and Personal Services	1,238	32.99	1,227	18.68	1,165	21.8
Total	3,753	100	6,568	100	5,344	100

Source: Department of Trade and Industry-Albay (2003)

Laguna

The province of Laguna contributes about 2.5% to the total Philippine labor force and almost 21% to the regional labor force. The labor force participation rate in the province is slightly lower than the regional and national indicators. This is also true with the absorption of its labor force as evidenced by the employment rate in the province vis-à-vis that of the regional and national rates of employment. Underemployment is the province is higher when compared to the regional indicator but slightly lower than the national average. Table 11 below shows the labor and employment status in Laguna:

Table 11 – Labor and Employment Status in the Province of Laguna

(Population in Thousands, Rates in Percent)

Province	Total Population 15 years old and over	Labor Force Participation Rate	Employment	Under Employment Rate	Visible Under Employment Rate
Philippines	52,305	67.1	89.8	15.8	9.7
CALABARZON	6,354	66.8	86.8	13.2	7.5
Laguna	1,333	66.6	84.5	15.6	9.9
Biñan	130	66.9	86.2	13.6	3.9
Calamba	185	64.3	63.2	16.8	5.1
San Pablo City	139	65.5	82.4	17.4	19.3
San Pedro	177	62.7	82.9	17.1	4.4
Other Laguna	701	68.3	85.2	14.9	11.7

Source: National Statistics Office (2003)

Majority or almost 56% of the labor force in Laguna is absorbed by the services sector, followed by the industrial sector that employs about 30% of employable labor in the province and by the agricultural sector that absorbs approximately about 14% of the provincial work force. Correlated with the regional indicators, the sectoral absorption of the work force seems to follow the same trajectory where more persons are employed in the services sector, followed by the industrial and agricultural sectors, respectively. Table 12 below summarizes the number of employment generated by various industries in the province of Laguna:

Table 12 – Number of Employment Generated by Various Industries in the Province of Laguna
(Employment in Thousands)

Region and Province and Type of Industry	Urban	Rural	Total
CALABARZON Region	2,201	1,269	3,470
Agriculture	167	496	662
Industry	639	270	910
Services	1,395	503	1,897
Province/City	578	172	750
Agriculture	42	62	104
Industry	185	40	225
Services	351	70	420

Sources: National Statistics Office (2002)

7.3 Structure and Growth of the Economy

Albay

Services Sector

Although the physical attributes of the province of Albay tend to favor agricultural activities, it can be gleaned from the employment trends that economic activities in the industrial and services sectors are more pronounced than those in the agricultural sector.

Albay has contributed to the transformation of the national economy from an agri-industrial-based orientation to a services-based economy. The province has demonstrated economic gains in the following segments of the services sector, namely: utilities; construction; financial, insurance, real estate and business services; wholesale and retail trade; transportation, communication and storage businesses; community, social and personal services; and tourism.

Industrial Sector

Indeed, because of its rich factor endowments and the diligence of its people, Albay has demonstrated comparative advantages in the following industries, namely: gifts and housewares; handloom weaving; furniture and woodcraft; ceramics; cutlery; and mining.

Gifts and housewares, commonly known as handicraft in the locality, is the major non-agricultural pre-occupation among most residents. Products of this industry vary from bags, placemats, shellcrafts, basketworks, trays, decors and other novelty items. The industry is found in almost all municipalities of the province due to the availability of raw materials needed by these products. The industry makes use of indigenous materials that abound in the area, like; abaca, seagrass, bangkuan, assorted vines, bamboos, coco midrib and buri. Previously, gifts and houseware products were purely made of native materials. However, due to technology development, these are now mixed with other materials particularly for accessories in novelty items. Although these products gained recognition in foreign markets, production of the items remains very low due to the traditional method being used by majority of the workers. Thus, affecting the quality and volume of products for exports. Another problem that besets the industry is the lack of access to financing by the micro-cottage gifts and houseware producers.

Another home industry in the province which has been in existence for almost half a century now is the handloom weaving. Traditionally, only abaca fiber was woven into “sinamay” or “baclad”. Lately, however, other materials like bacbac, abaca twine, jute and plastic straws were introduced in the market. These materials are also used to manufacture woven products like rugs, placemats and bags. Recently, there are about a hundred weavers in Albay. Their products ranges from sinamay, burlap, abatex, baclad, wall covering, placemats, roman shades, table runners and others. Like the gifts and housewares, the handloom weaving industry is also beset with several problems. Foremost is the apparent low supply of abaca fiber that can be attributed to the damage on abaca plantation by plant diseases and inclement weather conditions. To save the dying abaca industry, the abaca reforestation project is being strengthened through the converging efforts of the concerned agencies and the Provincial Government of Albay.

Furniture-making is also inherent in all municipalities. However, it is more popular in the first district particularly in Tabaco, Malilipot, Malinao, Bacacay, Tiwi and Sto. Domingo. Woodcraft excels in Tabaco and Sto. Domingo whose current foreign market is Japan. Quality-wise, furniture and wooden products of the province are also comparable to the products of other regions because of the highly-skilled workers and advanced craftsmanship. One factor that hampers the growth of this industry is the irregularity in the supply of raw materials due to the ban imposed on cutting trees such as narra and other kinds of quality wood. As such, some producers make prototypes of similar furniture, utilizing a combination of materials such as cast iron, round bars, angle bars and with a minimum of wood.

Albay is also rich in ceramics materials such as perlite, limestone, rockform, sulfur and clay. Clay is the most commonly used material that is abundant in Tiwi, Bacacay, Libon and Oas. Among the clay producing municipalities, Tiwi has the largest deposits of red clay particularly in Barangays Putsan and Bolo. Almost all of the residents in these barangays are engaged in pottery making. Products are still very traditional like cooking pots, flower pots, drinking jars and toys using the dried rice straws. Glazed ceramic products are also introduced at the Ceramics Demonstration Plant established by the Department of Science and Technology with the assistance from foreign consultants like Japanese and US Peace Corp Volunteers from the United States of America. This, however, was not sustained though there is a great demand for the products from international markets. The lack of financing and absence of technology to improve the quality and design of the products hampered the growth of the ceramic industry in the province.

Other quality products that Albay is proud of are its cutlery products, of which Tabaco City is noted for. This industry could be traced back as early as the 1900s. The industry is experiencing a slow pace of development and growth attributed to low productivity, poor quality, high cost of labor and lack of continuous supply of low priced raw materials. The main products are scissors that constitute 80 percent of the total cutlery production. Other product line includes, knives, bolos, nipper and razors. The method used in producing cutlery items is manual (hand forged), which has been handed down from generation to generation. The industry is now faced with a problem on the supply of raw materials.

The province is also endowed with both metallic and non-metallic mineral resources. Mineral resources of Albay includes gold, iron and pyrite, while non-metallic resources vary from limestone, marble, guano, phosphate rock, perlite, red clay, bentonic clay, kaolin, gravel and sand, boulder, earthfill and pebbles. This makes the province a feasible area for mining and quarrying industries.

Agricultural Sector

The most extensive use of land in Albay is for agricultural purposes. The agricultural zone is primarily devoted to primary crops such as coconut, palay, corn and abaca; and the secondary crops - fruits, vegetables and legumes.

Farming activities in the irrigated lowlands, the rain-fed and upland areas serve as the primary source of subsistence and cash income for about 93,750 households of the province. The major crops grown in Albay are: coconut, palay and maize. Other crops include abaca, pili nuts and fruit trees, rootcrops, vegetables, legumes, condiment crops (ginger, garlic and green onions) and sugarcane.

Albay has a vast potential for the development of its livestock considering its wide range of available pasture and open grassland/brushland. The livestock types raised in the province include hogs and ruminants such as carabao, cattle and goat. Livestock production is quite limited despite its potential for integration into the different lowland and dry land farming systems. The ruminants registered significant decrease in population. The carabao, the farmers beast of burden, declined by about 18.74 percent, from 53,409 heads in 1995 to only 43,402 heads by 2002, apparently due to uncontrolled out-shipment and local slaughter of carabaos. Backyard-scale (5-heads and below) raisers of livestocks predominate in the province. The semi-commercial raisers accounted for only 0.86 percent of the total livestock raisers (about 60,975). There were only 72 commercial livestock raisers in 2002 and 85 percent of these are commercial hog raisers.

Poultry production in the province is basically backyard-scale, with about 2,288 semi-commercial (21 to 1,000 heads) and only 26 registered commercial (71,000 heads) poultry raisers. The poultry types raised include chicken (native and upgraded, broiler and egg types, game fowl) ducks, turkey and quail.

The most common species of fish caught in Albay are anchovies, round scad, tuna, and tuna-like species. The province remains a surplus producer of fish, supplying fresh and dried fish to as far as Metro Manila markets. Nevertheless, majority of fishermen belong to the subsistence category using only (either owned or borrowed) non-motorized vessels for fishing. This serves as a hindrance to a more productive deep-sea fishing.

Growth of the Regional Economy

The gross regional domestic product (GRDP) in the Bicol region provides a comprehensive and quantitative picture of the region's economy. It serves as a yardstick in measuring the economic performance of the region during a period of time. Over the period covered 2000-2003, the GRDP of Bicol grew at an average rate of 7%. Almost half of the GRDP came from the services sector while the remaining came from the industrial and agriculture sectors. Table 13 below summarizes the GRDP for the Bicol region:

Table 13 – Gross Regional Domestic Product for the Bicol Region: CY – 2000-2003
(at current prices)

YEAR	AGRICULTURAL	INDUSTRIAL	SERVICES	GRDP
2000	528,868,001	1,082,430,934	1,743,427,988	3,354,726,923
2001	549,112,682	1,149,120,503	1,933,240,864	3,631,474,049
2002	597,421,329	1,258,485,548	2,103,741,803	3,959,648,680
2003	637,764,492	1,372,497,137	2,289,670,991	4,299,932,620

Source: National Statistical Coordination Board, Region V

Laguna

Structure of the Provincial Economy

The economic structure of the province of Laguna is basically driven by the services sector. The economic activities that contribute significantly in the services sector of the provincial economy are the following: retail and wholesale trading, hotel, restaurant and resort services, real estate development and business and financial services.

The second biggest sector of the provincial economy is the industrial sector. The most prominent activities in this sector are the following: food processing, textiles and apparel manufacturing, export-oriented manufacturing, furniture and fixtures, handicrafts and gifts, toys and housewares.

Lastly, agriculture is considered to be the smallest player in the provincial economy. The most pronounced activity in this sector is agri-business. This sector though has a large room for improvement especially when focus is aimed at the production of high-value crops and organic agricultural produce.

The major constraints that affect the value-chains of the said sectors include the following: increasing costs of utilities and capital, fierce competition and relatively lower consumer disposable incomes.

Growth of the Regional Economy

The indicators of the gross regional domestic product for the Calabarzon region clearly shows that the said region is a services-led economy. The 2003 economic figures indicate that the services sector contributed about 43.7% to the regional economic output. This was followed by the industrial sector that contributed about 38.9% to the regional economy. And lastly by the agricultural sector that has a share of approximately 17.39%. On the aggregate level, the regional economy grew at a rate of about 8.6% from 2002 to 2003.

Table 14 below summarizes the gross regional domestic product for the region:

Table 14 – Gross Regional Domestic Product for the Calabarzon Region: CY – 2002-2003
(at current prices)

REGIONAL ACCOUNTS OF THE PHILIPPINES
Unit : In Thousand Pesos
Table 1.7B. REGION IV, SOUTHERN TAGALOG
GROSS REGIONAL DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN
2001 TO 2003
AT CONSTANT PRICES

INDUSTRY/YEAR	2001*	2002	2003
I. AGRI.,FISHERY,FORESTRY	37,088,120	-	-
a. Agriculture and Fishery	36,983,645	-	-
b. Forestry	104,475	-	-
II INDUSTRY SECTOR	63,015,838	-	-
a. Mining and Quarrying	895,202	-	-
b. Manufacturing	47,280,015	-	-
c. Construction	6,706,725	-	-
d. Electricity and Water	8,133,896	-	-
III SERVICE SECTOR	52,338,325	-	-
a. Transport, Comm., Storage	7,068,980	-	-
b. Trade	24,988,743	-	-
c. Finance	3,778,676	-	-
d. O. Dwellings & Real Estate	6,626,912	-	-
e. Private Services	5,893,513	-	-
f. Government Services	3,981,501	-	-
GROSS DOMESTIC PRODUCT	152,442,283	-	-

Source : Economic Statistics Office, National Statistical Coordination Board

8. PROFILES OF SMEs IN THE PROJECT AREAS

Albay

Almost 89% of enterprises registered with the provincial office of the DTI are in the services sector. About 9% of the registered enterprises belong to the industrial sector and around 2% of the registered enterprises are in the agricultural sector. Table 15 below shows the details of the number of SMEs by sector in the province of Albay:

Table 15 – Number of SMEs by Sector

Sectors	Number
Agriculture	**45**
Fishery And Forestry	45
Industry	**226**
Mining & Quarrying	20
Manufacturing	146
Electricity, Gas & Water	
Construction	60
Services	**2,170**
Wholesale and Retail	1,137
Transportation, Storage and Communications	192
Financial, Insurance, Real Estate and Business Services	246
Community, Social and Personal Services	595
Total	**2,441**

Source: Department of Trade and Industry in Albay (2004)

Almost 99% of all enterprises registered with the provincial office of the DTI are micro enterprises. Around 0.9% are small enterprises and just about 0.3% are medium enterprises. Table 16 below shows the number of SMEs by asset size for the province of Albay:

Table 16 – Number of SMEs by Asset Size

SMEs/Total	2,025	2,038	2,441	100.0
Micro (P 3M below)	2,015	2,017	2,396	98.8
Small (P 3.1M - 15M)	9	19	29	0.9
Medium (P 15.1 - 100M)	1	2	16	0.3

Source: Department of Trade and Industry in Albay (2004)

Laguna

About 98.7% of enterprises registered with the DTI in the province of Laguna are micro enterprises, and just 1.3% are either small, medium or large enterprises. The enterprises engaged in services are more numerous, followed by those in manufacturing/processing and agri-business, respectively. Table 17 below summarizes the categories and number of enterprises in Laguna:

Table 17 – Categories and Number of Enterprises

Categories of Enterprises	Micro (P3M and below)	Small (P3.1M – P15M)	Medium (P15.1M – P100M)	Large More than P100M
Assets	**8,658**	**65**	**33**	**12**
Activities				
Agri-Business	280			
Trading	3,928	21	9	5
Furniture and Furnishings	57			
Food Processing	295			
Manufacturing-Exporting	151	15	11	3
Services (Hotels, Restaurants/Resorts)	3,607	29	13	4
Gifts, Toys, Housewares	24			
Handicrafts	84			
Textiles, Apparel, Others	232			

Source: Department of Trade and Industry in Laguna (2003)

9. LIST OF SME DEVELOPMENT PROGRAMS AND BUSINESS DEVELOPMENT PROVIDERS AND THEIR SERVICES IN THE PROJECT AREAS

SMED Programs/BDS Providers	Thrusts
World Bank (International Finance Corporation): Name: Asenso Program (Asensong Sigurado Para Sa Negosyo) Funding: Initial grant from WB-IFC of US$5 million and subsequent grant support from CIDA and AUSAID of US$7 million Term = 2005 to 2009	IFC-Asenso will place a heavy emphasis on supporting access to finance, improving the business-enabling environment, and facilitating links between smaller local companies and those with larger market reach in the agribusiness sector
Asian Development Bank: Name: SME Financing Acceleration Project Funding: US$40 million Term = 2005 to 2010	Web-enabled business development services (BDS), financing and guarantees

European Commission: Names: Small Projects Facility, Asia-Invest Programs and EC-ASEAN Economic Cooperation Program Funding: Variable (in euros) Term: 2005 to 2008	Business cooperation between European and Philippine businesses
Canadian International Development Agency: Name: Private Enterprise Accelerated Resource Linkages Phase 2 Project (PEARL2 Project) Funding: Variable Term: 2002 to 2007	Support to business support organizations through the provision of BDS to member-SMEs. It also provides assistance aimed at strengthening selected economic sectors and provides support to investment promotions as well
Canadian International Development Agency: Name: WTO Implementation Support/APEC Funding: Cdn$9 million Term: 2004 to 2009	Enhance the ability of the Philippines in WTO trade and investment regimes
Japan International Cooperation Agency: Name: JICA Expert on SME Promotion and Development Term: 2004 to 2006	JICA expert will guide the DTI-BSMED on long-term SME development
Japan International Cooperation Agency: Name: Capacity Building for Philippine Standards and Conformity Assessment Program Term: 2002 - 2006	Improvement of quality and standards of Philippine products
German Agency for Technical Cooperation: Name: Small and Medium Enterprise Development for Sustainable Employment Program Funding: US$7 million Term: 2004 to 2011	Support to policy and enabling environment for SMEs, provision of BDS, financial services, and demand-driven training programs for the workforce

German Agency for Technical Cooperation: Name: Trade Policy and Trade Promotion Term: 2005 to 2008	Export development and provision of BDS
German Government (KfW): Name: Credit Lines for SMEs Funding: DM151 million Term: on-going	Credit lines for SMEs through LBP and DBP
International Fund for Agricultural Development Name: Rural Micro-Enterprise Promotion Program Funding: US$48 million Term: 2006 to 2012	Micro-enterprise financing and micro-enterprise promotion and development
National Government Agencies (NGAs like the DTI, DOST and the like), Local Government Units (LGUs), Business Support Organizations (BSOs like chambers of commerce, industry associations, non-government organizations, institutes and the like)	Various forms of BDS like marketing advice and linkages, trade fairs, technical assistance and technology upgrading, product development, training, consulting, financing, credit facilitation and advocacy support

10. RESULTS OF THE SURVEY IN ALBAY:

Legal Structure and Years of Business of SME Respondents

Majority or 71.4% of the respondents are single proprietorships, 16.7% are corporations and 10.7% are associations. Majority or about 81% are in business for more than 5 years, 14.3% of them have been in business from 3 to 5 years and 4.8% have less than 3 years of business life.

Table 18 below shows the legal structure and years in business of the said SME respondents:

Table 18
Legal Structure and Years in Business of SME Respondents
Province of Albay

Legal Structure	Years in Existence			Total
	Less than 3 years	3-5 years	More than 5 years	
Single proprietorship	2	8	50	60
Partnership	0	0	0	0
Corporation	0	0	14	14
Cooperative	1	0	0	1
Association	1	4	4	9
Others	0	0	0	0
Total Respondents	4	12	68	84

Nature of Business

Enterprises in the furniture and furnishings ventures as well as those in manufacturing for export and those in handicrafts comprise about 75% of the respondents. About 18% are in agri-business, services and other sectors, 14% are food processors, 10% are into gifts, toys and housewares and 1% are traders. Table 19 below shows the nature of the businesses of the said respondents:

Table 19
Nature of Business of SME Respondents
Province of Albay

Nature of Business	Number of Responses	Total Number of Respondents	% of Total
Agribusiness	5	84	6
Trader (Retailer/Wholesaler/others)	1	84	1
Furniture & Furnishings	21	84	25
Food Processor	12	84	14
Manufacturer- Marketer/Exporter	21	84	25
Services (Resort/Restaurant/Others)	5	84	6
Toys, Gifts & Decors	8	84	10
Handicrafts/Cottage Industry	21	84	25
Others	5	84	6

Categories of Businesses and Number of Employees

Majority or about 77% of the respondents are micro enterprises, 18% are small enterprises and 5% are medium enterprises. Almost 69% of micro enterprises employ from 1-9 employees, 60% of small enterprises employ from 10-99 employees and 75% of medium enterprises employ from 10-99 employees. Table 20 below summarizes this:

Table 20
Categories of Business and Number of Employees, Province of Albay

Category/Size of Business	Number of Employees				Total
	1-9	10-99	100-199	200 & above	
Micro enterprise (₽ 3 million and below)	45	20	0	0	65
Small enterprise (₽ 3.1 to ₽ 15 million)	1	9	5	0	15
Medium enterprise (15.1 to ₽ 100 million)	0	3	0	1	4
Large enterprise (above ₽ 100 million)	0	0	0	0	0
Total respondents	46	32	5	1	84

Awareness and Availment of BDS

An average of 87% of the respondents are aware of the various BDS, the most familiar BDS being marketing and the second most familiar being HRD. An average of 66% of the respondents have availed of various BDS, the most availed BDS being marketing and the second most availed being HRD. Table 21 below shows the details:

Table 21
Awareness and Availment of BDS, Province of Albay

Type of BDS	Aware of BDS			Availed of BDS		
	No. of Responses	Total Number of Respondents	% of Total	No. of Responses	Total Number of Respondents	% of Total
A. Business Development /Strategy	72	84	86	56	84	67
B. Accounting/Audit/Finance	71	84	85	55	84	65
C. Marketing and Sales	79	84	94	64	84	76
D. Production Technology/ Operations	74	84	88	55	84	65
E. Information and Communication Technology (ICT)	66	84	79	42	84	50
F. Safety/Environmental	74	84	88	56	84	67
G. Legal/Regulatory advice	73	84	87	56	84	67
H. Human Resources Development	75	84	89	62	84	74
I. Others (specify)	0	84	0	0	84	0

Quality of Availed BDS

The top 3 BDS that were rated as good are as follows – ICT, Business Development/Strategy and Finance/Production, respectively. The bottom 3 BDS that were rated as good are, namely: safety/environmental, HRD and legal, respectively. Table 22 below shows the details of this:

Table 22
Quality of Availed BDS, Province of Albay

Type of BDS	Quality of Service				% of Total (Good)	% of Total (Average)
	Good	Average	Bad	Total Responses		
A. Business Development /Strategy	53	3	0	56	95	5
B. Accounting/Audit/Finance	49	5	0	54	91	9
C. Marketing and Sales	57	7	0	64	89	11
D. Production Technology/Operations	49	5	0	54	91	9
E. Information and Communication Technology (ICT)	39	1	0	40	98	3
F. Safety/Environmental	46	10	0	56	82	18
G. Legal/Regulatory advice	49	7	0	56	88	13
H. Human Resources Development	50	8	0	58	86	14
I. Others (specify)	0	0	0	0	0	0

Preferred BDS Provider

Majority or almost 93% of the respondents said they prefer the DTI Provincial Office as their source of BDS. About 12% said they prefer others, 4% said they prefer the SME Center, 2% said they prefer the LGU and 1% said they prefer the chamber of commerce. Table 23 below shows this:

Table 23
Preferred BDS Provider
Province of Albay

BDS Provider	Number of Responses	Total Number of Respondents	% of Total
SME Center	3	84	4
DTI Provincial Office	78	84	93
Chamber of Commerce	1	84	1
TLRC/TLDC	0	84	0
LGU	2	84	2
Institutes/Colleges/Universities	0	84	0
Industry Associations	0	84	0
Financial Institutions (LBP, DBP, Rural Bank, MFIs)	0	84	0
Others:	10	84	12
Total	94	84	

Source of Information on BDS Providers

Majority or approximately 71% of the respondents said that they got their source of information about BDS providers and services thru the DTI. About 12% thru invitations, 6% thru referral by another SME, 6% thru print ads, 2% thru internet/email and 2% thru the local chamber. Table 24 below summarizes this:

Table 24
Source of Information Regarding the BDS Provider
Province of Albay

Source of Information	Number of Responses	Total Number of Respondents	% of Total
Thru referral by DTI	60	84	71
Thru referral by another SME	5	84	6
Thru the internet/email	2	84	2
Thru print advertisement	5	84	6
Thru the local chamber	2	84	2
Thru radio advertisement	1	84	1
Thru invitation	10	84	12
Others:	2	84	2

Factors Considered in Choosing BDS Provider

Majority or almost 88% of the respondents said the BDS provider must have capable and helpful staff. About 87% said the BDS provider must have good reputation, 86% said the BDS must be appropriate to SME needs or the same are free, 85% said they have availed of BDS from the same source before and are comfortable with the provider's services and 79% said the provider must have good brochures/facilities or its fees must be reasonable. Table 25 below shows this:

Table 25
Factors Considered in Choosing the BDS Provider
Province of Albay

Factors	Number of Responses	Total Number of Respondents	% of Total
1. The provider has a good reputation	73	84	87
2. Service/training they offer is appropriate for our needs	72	84	86
3. The provider is recommended by friends	65	84	77
4. The provider is also being used by competitors	65	84	77
5. Have used before and am comfortable with their service	71	84	85
6. Services are free	72	84	86
7. Price/fee is reasonable	66	84	79
8. The provider has capable and helpful staff	74	84	88
9. The provider has good facilities, e.g. computers, brochures, other materials)	66	84	79

Amount Spent on Last BDS Availed

Majority or about 90% of the respondents availed of consulting services for free, 7% paid between P100-P5,000 for consulting services, 1% paid between P5,001-P10,000 for consulting services, 1% paid more than P10,000 for consulting services, 49% paid between P100-P5,000 for training, 46% availed of training for free, 2% paid between P5,001-P10,000 for training and 2% paid more than P10,000 for training. Table 26 below summarizes this:

Table 26
Amount Spent for the Last BDS Availed Of
Province of Albay

Type of Service/Amount (P) *	Number of Responses	Number of Respondents	% of Total
For consulting/advisory services:			
PhP 100 - PhP 5,000	6	84	7.14
PhP 5,001 - PhP 10,000	1	84	1.19
PhP 10,001 and above	1	84	1.19
None	76	84	90.48
Total Respondents	84	84	100.00
For training:			
PhP 100 - PhP 5,000	41	84	48.81
PhP 5,001 - PhP 10,000	2	84	2.38
PhP 10,001 and above	2	84	2.38
None	39	84	46.43
Total Respondents	84	84	100

Prerequisites Asked by BDS Providers

Majority or 71% of the respondents said that BDS providers ask for DTI certificates of registration as a prerequisite to being provided with BDS. About 43% asks for the business permit from the LGU, 37% asks for financial statements, 33% asks for BIR certificate of registration, 33% asks for business plans and 25% asks for the SEC certificate of registration. Table 27 below shows this:

Table 27
Prerequisites Asked by the BDS Provider
Province of Albay

Required Documentation	Number of Responses	Total Number of Respondents	% of Total
1. SEC certificate of registration	21	84	25
2. Business permit from city/municipal mayor's office	36	84	43
3. Financial statements	31	84	37
4. DTI business registration certificate	60	84	71
5. BIR certificate of registration	28	84	33
6. Business plan	28	84	33
7. Others (specify)			

Most Helpful BDS

Majority or 90% of the respondents said that the most helpful BDS is marketing and sales. About 89% said that it is business development/strategy, 89% said HRD, 87% said accounting/audit/finance, 87% said production/technology/operations, 87% said legal/regulatory, 86% said ICT and 86% said safety/environmental. Table 28 below summarizes this:

Table 28
Most Helpful BDS
Province of Albay

Type of BDS	Number of Responses	Total Number of Respondents	% of Total
A. Business Development /Strategy	75	84	89
B. Accounting/Audit/Finance	73	84	87
C. Marketing and Sales	76	84	90
D. Production Technology/Operations	73	84	87
E. Information and Communication Technology (ICT)	72	84	86
F. Safety/Environmental	72	84	86
G. Legal/Regulatory advice	73	84	87
H. Human Resources Development	75	84	89
I. Others (specify)	0	84	0

Three (3) Most Important BDS

Majority or 77% of the respondents said that marketing and sales is the most important BDS, followed by production/technology/operations (70%) and accounting/audit/finance (45%), respectively. Table 29 below depicts this:

Table 29
Three Most Important BDS
Province of Albay

Type of BDS	Number of Responses	Total Number of Respondents	% of Total
A. Business Development /Strategy	35	84	42
B. Accounting/Audit/Finance	38	84	45
C. Marketing and Sales	65	84	77
D. Production Technology/Operations	59	84	70
E. Information and Communication Technology (ICT)	17	84	20
F. Safety/Environmental	6	84	7
G. Legal/Regulatory advice	10	84	12
H. Human Resources Development	32	84	38
I. Others (specify)	0	84	0

<u>Three (3) Most Effective Tools in Delivering BDS to SMEs</u>

Majority or 89% of the respondents said that the most effective way to deliver the BDS is through trainings. About 77% said that the best way is through one-on-one consulting and 54% said seminars are the best mode of delivering BDS. Table 30 below describes this:

Table 30
Three Most Effective Tools or Strategies of Delivering BDS
Province of Albay

Type of BDS	Number of Responses	Total Number of Respondents	% of Total
Brochures	11	84	13
Publications	16	84	19
Internet service/website	26	84	31
Trainings	75	84	89
Seminars	45	84	54
Radio/TV	2	84	2
One-on-one consulting services	65	84	77
Others (specify)	0	84	0

Employer and Nature of Employment of SME Counselors

There are 5 part-time SME Counselors employed by the DTI for the DTI and LGU assisted SME Center in Albay and 4 full-time SME Counselors employed by private BDS provider. Table 31 below shows this:

Table 31
Employer and Nature of Assignment of the SME Counselors
Province of Albay

Employer	Nature of Assignment		
	Full time	Part time	Total
DTI		5	5
Chamber of Commerce			
Private Consulting Firm			
Self-Employed			
NGO	4		4
LGU			
Total	4	5	9

Educational Attainment

Majority or 67% of the respondent-SME Counselors have masteral degrees while 33% have college degrees. Table 32 below shows this:

Table 32
Educational Attainment of SME Counselors
Province of Albay

Educational Attainment	Number of Responses	Total Number of Respondents	% of Total
Ph D degree			
Masters degree	6	9	67
College Graduate	3	9	33
Undergraduate degree			
Others:			
Total	9		100

Number of Years in Service

Majority or 44% of the respondents have less than 5 years in service. About 44% have 5 to 10 years in service and almost 11% have 11 to 20 years in service. Table 33 below shows this:

Table 33
Number of Years in Service
Province of Albay

Years in Service	Number of Responses	Total Number of Respondents	% of Total
Below 5 years	4	9	44
5 -10 years	4	9	44
11-20 years	1	9	11
Above 20 years			
Total	9	9	100

Areas of Expertise

The top 3 areas of expertise in counseling identified by the respondents are: 1st = Business Development/Strategy; 2nd = Marketing/Sales; and 3rd = Accounting/Audit/Finance and HRD. The top 3 areas of expertise in training identified by the respondents are: 1st = Business Development/Strategy and HRD; 2nd = Marketing/Sales and Accounting/Audit/Finance; and 3rd = Production/Technology/Operations. Table 34 below summarized this:

Table 34
Areas of Expertise
Province of Albay

Area of BDS Expertise	Number of Responses	Total Number of Respondents	% of Total
Advisory/Counseling			
A. Business Development /Strategy	8	9	89
B. Accounting/Audit/Finance	6	9	67
C. Marketing and Sales	7	9	78
D. Production Technology/Operations	3	9	33
E. Information and Communication Technology (ICT)	2	9	22
F. Safety/Environmental	1	9	11

Area of BDS Expertise	Number of Responses	Total Number of Respondents	% of Total
G. Legal/Regulatory advice	3	9	33
H. Human Resources Development	6	9	67
I. Others (specify): Coop Management	1	9	11
Training			
A. Business Development /Strategy	7	9	78
B. Accounting/Audit/Finance	4	9	44
C. Marketing and Sales	4	9	44
D. Production Technology/Operations	3	9	33
E. Information and Communication Technology (ICT)	2	9	22
F. Safety/Environmental	1	9	11
G. Legal/Regulatory advice	1	9	11
H. Human Resources Development	7	9	78
I. Others (specify): Coop Management	1	9	11

Remuneration

Majority or 56% of the respondents said they do not receive additional salary for providing BDS. These are mainly the personnel detailed by the DTI in the SME Center. About 33% said that they receive P10,000 and below in terms of salaries and about 11% said they receive P20,000-P30,000. Table 35 below describes this:

Table 35
Remuneration /Salary of SME Counselors
Province of Albay

Remuneration/Salary Level	Number of Responses	Total Number of Respondents	% of Total
For Free	5	9	56
P 10,000 and below	3	9	33
P 10,001 – P 20,000	0	9	0
P 20,001 – P 30,000	1	9	11
Above P 30,001			
Total		9	100

Incentives Received

Majority or 89% of the respondents said they do not receive any incentive from their BDS. About 11% said they receive free accommodation, travel allowances, transportation and tokens. Table 36 below summarizes this:

Table 36
Incentives Received by SME Counselors
Province of Albay

Types of Incentives	Number of Responses	Total Number of Respondents	% of Total
None	8	9	89
Free accommodation, travel allowances, transportation and tokens	1	9	11

Suggested Incentive Schemes

Majority or 78% of the respondents said that they will appreciate project-based fees and about 56% said that they will appreciate daily honorarium. Table 37 below describes this:

Table 37
Suggested Incentive Schemes
Province of Albay

Suggested Incentive Schemes	Number of Responses	Total Number of Respondents	% of Total
Honoraria/day	5	9	56
Project-Based Fees	7	9	78

Top 3 BDS where Counselors Need Further Training

The respondents identified the following top 3 BDS in the area of counseling where they need further training, namely: (1st) Business Development and Production; (2nd) Marketing, ICT and Legal; and (3rd) Finance, Environmental and HRD. They also identified the following top 3 BDS in the area of training where they need further capacity-building, namely: (1st) Business Development; (2nd) Marketing and Production; and (3rd) ICT, Legal and HRD. Table 38 below shows this:

Table 38
Top Three BDS Areas Needed Further Training by SME Counselors
Province of Albay

BDS Areas	Number of Responses	Total Number of Respondents	% of Total
Advisory/Counseling:			
A. Business Development /Strategy	5	9	56
B. Accounting/Audit/Finance	2	9	22
C. Marketing and Sales	4	9	44
D. Production Technology/Operations	5	9	56
E. Information and Communication Technology (ICT)	4	9	44
F. Safety/Environmental	2	9	22
G. Legal/Regulatory advice	4	9	44
H. Human Resources Development	2	9	22
I. Others (specify)			
Training:			
A. Business Development /Strategy	5	9	56
B. Accounting/Audit/Finance	2	9	22
C. Marketing and Sales	4	9	44
D. Production Technology/Operations	4	9	44
E. Information and Communication Technology (ICT)	3	9	33
F. Safety/Environmental	1	9	11
G. Legal/Regulatory advice	3	9	33
H. Human Resources Development	3	9	33
I. Others (specify)			

Staffing of the SME Center/BDS Provider(s)

The Investment Facilitation and Display Center that is the designated SME Center has 1 full-time DTI personnel and 1 full-time chamber personnel and 5 part-time DTI SME Counselors. The Entrepreneurs Alumni Development Cooperative has 2 full-time and 1 part-time personnel and the Bicol Center for Community Development has 2 full-time and 2 part-time personnel. Table 39 below describes this:

Table 39
Staffing of the SME Center/s/BDS Providers
Province of Albay

BDS Provider	Number of Staff/Nature of Assignment		
	Full time _1/	Part time _2/	Total
SME Center: Investment Facilitation & Display Center (IFDC)	2	5	7
Other BDS Providers:			
Entrepreneurs Alumni Development Cooperative (EADCOOP)	2	1	3
Bicol Center for Community Development, Inc.	2	2	4

Educational Attainment of Personnel

About 5 personnel at the SME Center have masteral degrees, 2 at the EADCOOP have masteral degrees and 1 has a college degree. And 2 at the BCCD have college degrees. Table 40 below shows this:

Table 40
Educational Attainment of Personnel
Province of Albay

BDS Provider	Number of Staff/Educational Attainment					
	Ph D. Degree	Masters degree	College Graduate	Under-graduate	High school	Total
SME Center: IFDC		5				5
Other BDS Providers:						
EADCOOP		2	1			3
BCCDI			2			2

Top 5 BDS Offered by SME Center

The top 5 BDS offered by the SME Center both in the areas of counseling and training are as follows: Marketing, Production, HRD, Finance and ICT, respectively. Table 41 below shows the details:

Table 41
Top Five BDS Offered by the SME Center/s/BDS Providers
Province of Albay

<table>
<tr><th rowspan="2">Type of BDS</th><th colspan="4">Rank of Top Five
Most Demanded Services</th><th colspan="2" rowspan="2">Average Fee Charged (P)</th></tr>
<tr><th colspan="2">Advisory/ Counseling</th><th colspan="2">Training</th></tr>
<tr><td>SME Center: IFDC</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>A. Business Development /Strategy</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>B. Accounting/Audit/Finance</td><td colspan="2">4</td><td colspan="2">4</td><td colspan="2">Free</td></tr>
<tr><td>C. Marketing and Sales</td><td colspan="2">1</td><td colspan="2">1</td><td colspan="2">Free</td></tr>
<tr><td>D. Production Technology/Operations</td><td colspan="2">2</td><td colspan="2">2</td><td colspan="2">Free</td></tr>
<tr><td>E. Information and Communication Technology (ICT)</td><td colspan="2">5</td><td colspan="2">5</td><td colspan="2">Free</td></tr>
<tr><td>F. Safety/Environmental</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>G. Legal/Regulatory advice</td><td colspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>H. Human Resources Development</td><td colspan="2">3</td><td colspan="2">3</td><td colspan="2">Free</td></tr>
<tr><td>I. Others (specify)</td><td colspan="2" rowspan="2"></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Other BDS Providers:</td><td>EADCOOP</td><td>BCCDI</td><td>EADCOOP</td><td>BCCDI</td><td>EADCOOP</td><td>BCCDI</td></tr>
<tr><td>A. Business Development /Strategy</td><td>4</td><td>2</td><td>4</td><td>2</td><td>500</td><td rowspan="10">depends on the nature of the service requested by clients</td></tr>
<tr><td>B. Accounting/Audit/Finance</td><td>1</td><td>5</td><td>3</td><td>5</td><td>500-1,000</td></tr>
<tr><td>C. Marketing and Sales</td><td>5</td><td>3</td><td>5</td><td>3</td><td>500</td></tr>
<tr><td>D. Production Technology/Operations</td><td>2</td><td>4</td><td>2</td><td>4</td><td>500</td></tr>
<tr><td>E. Information and Communication Technology (ICT)</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>F. Safety/Environmental</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>G. Legal/Regulatory advice</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>H. Human Resources Development</td><td>3</td><td>1</td><td>1</td><td>1</td><td>500</td></tr>
<tr><td>I. Others (specify)</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

Top 3 Documents Required from Clients

The top 3 documents required by the SME Center are: DTI certificate of business registration, financial statements and the business plan. The other BDS providers require the following: financial statements, business plan and business permit from the LGU. Table 42 below shows this:

Table 42
Top Three Documents Required from Clients
Province of Albay

Type of Document	Rank
SME Center: IFDC	
1. SEC certificate of registration	
2. Business permit from city/municipal mayor's office	
3. Financial statements	2
4. DTI business registration certificate	1
5. BIR certificate of registration	
6. Business plan	3
7. Others (specify)	
Other BDS Providers: EADCOOP	
1. SEC certificate of registration	
2. Business permit from city/municipal mayor's office	3
3. Financial statements	1
4. DTI business registration certificate	
5. BIR certificate of registration	
6. Business plan	2
7. Others (specify)	

Performance of SME Center and BDS Providers

In terms of performance, the SME Center has 100% performance accomplishment rating while on the average, the BDS providers have performed relatively well on their advisory services as compared to their training services. Table 43 below shows this:

Table 43
Performance of the SME Centers/BDS Providers
Province of Albay

Type of Service	Indicator	2004			2005		
		Target	Actual	% Accomp	Target	Total to Date	% Accomp
1. SME Center:**IFDC**							
Counseling/Advisory	No. of Clients/SMEs	140	140	100	150	150	100
Trainings	No. of Clients/SMEs	140	140	100	150	150	100
	Average No. of Clients per day		6-10			6-10	
2. Other BDS Providers: **EADCOOP**							
Counseling/Advisory	No. of Clients/SMEs	18	28	156	40	45	112.5
Trainings	No. of Clients/SMEs	124	134	108	150	139	93
	Average No. of Clients per day		1-5			1-5	

Problems Encountered in Providing BDS

Majority or 67% of the respondents said that lack of financial support and work overload are the most glaring problems encountered in the provision of BDS. About 33% said lack of facilities, reference materials and manpower and the poor level of demand from SMEs are the main problems they encounter when providing BDS. Table 44 below depicts this:

Table 44
Problems Encountered in Providing BDS
Province of Al bay

Problem	**Number of Responses**	**Total Number of Respondents**	**% of Total**
a) Lack of financial support	2	3	67
b) Lack of facilities	1	3	33
c) Lack of reference materials/studies	1	3	33
d) Lack of manpower/staff	1	3	33
e) Work overload	2	3	67
f) Others (pls. specify)			
i. Poor level of demand for BEDS from private sector	1	3	33

ii. Highly subsidized BDS by government agencies that contradict promotion of demand-led BDS market	1	3	33
iii. Government competes with private BDS providers and exercise less regulating functions	1	3	33

Location of SME Center and BDS Providers

The SME Center is located at the LGU premises, one BDS provider is located in a local university while the other is situated at the office of a local non-government organization (NGO). Table 45 below shows this:

Table 45
Location of SME Center/BDS Provider
Province of Albay

Location	Number of Responses	Total Number of Respondents	% of Total
a) DTI Office/premises	0	3	0
b) Provincial/Municipal/City Hall	1	3	33
c) Chamber of Commerce Facility/Building	0	3	0
d) Others: Bicol University	1	3	33
NGO Office	1	3	33
Total			100

Info Dissemination

Majority or 67% of the respondents said that they inform SMEs about their BDS through the use of brochures and radio/TV ads while 33% said the same is done through email and direct contact. Table 46 below shows this:

Table 46
Information Dissemination Services of SME Centers/BDS Providers
Province of Albay

Location	Number of Responses	Total Number of Respondents	% of Total
a) Brochures	2	3	67
b) Radio/TV	2	3	67
c) Publication	0	3	0
d) Website/internet	0	3	0
e) Email	1	3	33
f) Others: direct contact	1	3	33

Physical Support Needed

The SME Center identified the following physical support that it needs in order of importance: vehicle, photocopier, digital camera, conference room facilities and Internet connection. The other BDS providers identified the following: computers, vehicle and display room. Table 47 below summarizes this:

Table 47
Physical Support Needed by BDS Providers, Province of Albay

Physical Support Needed	Rank in Terms of Priority
SME Center: IFDC	
a) Computers	
b) Internet connection	5
c) Telephone	
d) Fax machine	
e) Photocopier	2
f) Display/showroom	
g) Others:	
Vehicle	1
Digital camera	3
Conference room facilities	4
Other BDS Providers:	
a) Computers	1
b) Internet connection	
c) Telephone	
d) Fax machine	
e) Photocopier	
f) Display/showroom	3
g) Others:	
Vehicle	2

Main Source of Funding

The SME Center gets its funding from the following sources– 90% (LGU), 5% (SMED Council), 5% (Revenues) while the BDS providers get theirs from the following – 40% (Special Projects), 30% (Revenues), 30% (Private Sector). Table 48 below shows this:

Table 48
Main Source of Funding for the SME Center/BDS Provider
Province of Albay

Source of Funding	Percentage Share
SME Center: IFDC	100
DTI regular budget	0
Private sector funding	0
Equal sharing	0
LGU budget	90
Provincial SMED Council	5
Revenues from Services	5
Special Programs and Projects	0
Others	
Other BDS Providers:	100
DTI regular budget	0
Private sector funding	30
Equal sharing	0
LGU budget	0
Provincial SMED Council	0
Revenues from Services	30
Special Programs and Projects	40
Others	0

Main Expenditures

The main expenditures for the SME Center are for the following – Salaries (70%), Communications (15%), Supplies (10%), Transportation (5%) while the main operating outlays for the BDS providers are – Salaries (30%), Communications (20%), Supplies (20%), Information and Educational Materials (20%), Rent (10%. Table 49 below describes this:

Table 49
Main Expenditure Item of the SME Centers/BDS Provider
Province of Albay

Expenditure Item	Percentage Share
SME Center: IFDC	100
Personnel salary	70
Office rent	0
Communications	15
Supplies	10
Information and educational materials	0
Others: Transportation allowance	5
Other BDS Providers:	100
Personnel salary	30
Office rent	10
Communications	20
Supplies	20
Information and educational materials	20
Others:	0

<u>Top 3 Sources of Revenues</u>

The top 3 sources of revenues identified are: 1st – Business Development/Strategy; 2nd – Accounting/Audit/Finance; and 3rd – HRD. Table 50 below shows this:

Table 50
Top Three Sources of Revenues from Services
Province of Albay

Type of BDS	Rank of Top Three Revenue Sources	
	Advisory/ Counseling	Training
A. Business Development /Strategy	1	1
B. Accounting/Audit/Finance	2	2
C. Marketing and Sales		
D. Production Technology/Operations		
E. Information and Communication Technology (ICT)		
F. Safety/Environmental		
G. Legal/Regulatory advice		
H. Human Resources Development	3	3
I. Others (specify)		

Main Sources of Support

The SME Center said it gets support from the Small and Medium Enterprise Development Council (SMEDC), business support organizations (BSOs) like chambers of commerce and trade associations, local government units (LGUs), donor agencies (DAs) and national government agencies (NGAs). The BDS providers said they receive support from the Land Bank of the Philippines (LBP) and national government agencies. Table 51 below shows this:

Table 51
Partner Agencies/Institutions Supporting the SME Center/BDS Provider
Province of Albay

Partner Agency/Institution	Number of Responses	Total Number of Respondents	% of Total
SME Center: IFDC			
SME Development Council	1	1	100
PSMED	1	1	100
Local/National Chamber of Commerce	1	1	100
SUC	0	1	0
LGU	1	1	100
Donor Agencies: Private Sector	1	1	100
Others:	0	1	0
Government Line Agencies	1	1	100
Other BDS Providers:			
SME Development Council	0	2	0
PSMED	0	2	0
Local/National Chamber of Commerce	0	2	0
SUC	0	2	0
LGU	0	2	0
Donor Agencies	0	2	0
Others: FPSDC, Land Bank	1	2	50
APFTI	1	2	50

Problems with Partners

The respondents identified the following problems with partners - slow implementation of SMED projects; limited funding support; functional redundancies; and government competes with private BDS providers. Table 52 below describes this:

Table 52
Constraints/Problems Encountered in Dealing with Partners
Province of Albay

Constraints/Problems	Number of Responses	Total Number of Respondents	% of Total
Slow implementation of programs & projects for SMEs	1	3	33
Limited/lack funding support	1	3	33
Overlapping of functions (various agencies offered the same services to the same clients)	1	3	33
Government competes with private BDS Providers & exercise less regulating functions	1	3	33

Capacity-Building Needs

The respondents identified the following capacity-building needs in both areas of counseling and training based on the order of importance: 1st = Business Development/Strategy and Production/Technology/Operations; 2nd = Finance, Marketing, ICT and HRD; and 3rd = Legal. Table 53 below shows this:

Table 53
Capacity Building Needs of the SME Center/BDS Providers
Province of Albay

Capacity Building Needs	Number of Responses	Total Number of Respondents	% of Total
Advisory and Counseling			
A. Business Development /Strategy	3	3	100
B. Accounting/Audit/Finance	2	3	67
C. Marketing and Sales	2	3	67
D. Production Technology/Operations	3	3	100

E. Information and Communication Technology (ICT)	2	3	67
F. Safety/Environmental	0	3	0
G. Legal/Regulatory advice	1	3	33
H. Human Resources Development	2	3	67
I. Others (specify)		3	
		3	
Training		3	
A. Business Development /Strategy	3	3	100
B. Accounting/Audit/Finance	2	3	67
C. Marketing and Sales	2	3	67
D. Production Technology/Operations	3	3	100
E. Information and Communication Technology (ICT)	2	3	67
F. Safety/Environmental		3	0
G. Legal/Regulatory advice	1	3	33
H. Human Resources Development	2	3	67
I. Others (specify)			

11. RESULTS OF THE SURVEY IN LAGUNA

Legal Structure and Years of Business of SME Respondents

Majority or 67% of the respondents are single proprietorship businesses. About 19% are corporations and almost 6% are cooperatives. Table 54 below summarizes this:

Table 54
Legal Structure and Years in Business of SME Respondents
Province of Laguna

Legal Structure	**Years in Existence**			**Total**
	Less than 3 years	**3-5 years**	**More than 5 years**	
Single proprietorship	10	8	29	47
Partnership	1			1
Corporation	3	1	13	17
Cooperative	1		4	5
Association				
Others				
Total Respondents	15	9	46	70

Nature of Business

Majority or 30% of the respondents are manufacturers for export. About 27% are traders, 20% are services providers, 19% are in handicrafts and the rest are spread across other economic sectors. Table 55 below shows this:

Table 55
Nature of Business of SME Respondents
Province of Laguna

Nature of Business	Number of Responses	Total Number of Respondents	% of Total
Agribusiness	2	70	2.86
Trader (Retailer/Wholesaler/others)	19	70	27.14
Furniture & Furnishings	1	70	1.43
Food Processor	6	70	8.57
Manufacturer- Marketer/Exporter	21	70	30.00
Services (Resort/Restaurant/Others)	14	70	20.00
Toys, Gifts & Decors	3	70	4.28
Handicrafts/Cottage Industry	13	70	18.57
Others	10	70	14.28
Total		70	100

Categories of Businesses and Number of Employees

Majority or 59% of the respondents are micro enterprises, 26% are small enterprises, 13% are medium enterprises and 3% are large enterprises. Table 56 below summarizes this:

Table 56
Categories of Business and Number of Employees
Province of Laguna

	Number of Employees				
Category/Size of Business	1-9	10-99	100-199	200 & above	Total
Micro enterprise (P 3 million and below)	27	14			41
Small enterprise (P 3.1 to P 15 million)	3	14		1	18
Medium enterprise (15.1 to P 100 million)	2	7			9
Large enterprise (above P 100 million)				2	2
Total respondents	32	35		3	70

Awareness and Availment of BDS

Most respondents are aware of the BDS offered in the market especially in the areas of business development/strategy, marketing/sales, production, safety/environmental and accounting/audit/finance. However, respondents are not quite aware of the following BDS – legal/regulatory, HRD and ICT. Availment of the said BDS is lower as compared to the percentage of those who are aware of the same. Table 57 below shows this:

Table 57
Awareness and Availment of BDS
Province of Laguna

Type of BDS	Aware of BDS			Availed of BDS		
	No. of Responses	Total Number of Respondents	% of Total	No. of Responses	Total Number of Respondents	% of Total
A. Business Development /Strategy	44	70	62.86	31	70	44.28
B. Accounting/Audit/Finance	36	70	51.43	30	70	42.86
C. Marketing and Sales	41	70	58.57	33	70	47.14
D. Production Technology/Operations	38	70	54.28	28	70	40.00
E. Information and Communication Technology (ICT)	27	70	38.57	18	70	25.71
F. Safety/Environmental	37	70	52.86	25	70	35.71
G. Legal/Regulatory advice	26	70	37.14	17	70	24.28
H. Human Resources Development	27	70	38.57	17	70	24.28
I. Others (specify)	3	70	4.28	2	70	2.86

Quality of Availed BDS

Majority or 71% of the respondents said they are satisfied with the quality of the BDS in the area of business development/strategy that they have received from BDS providers. About 54% rated BDS on marketing/sales as good, 50% said that the BDS on safety/environmental is good, 46% said that the BDS on production is good, 46% said the BDS on finance is good, 42% said that the BDS on legal is good, 32% said the BDS on HRD is good and only 29% said that the BDS on ICT is good. Table 58 below summarizes this:

Table 58
Quality of Availed BDS
Province of Laguna

Type of BDS	Quality of Service				% of Total (Good)	% of Total (Average)
	Good	Average	Bad	Total Responses		
A. Business Development /Strategy	27	11		38	71.05	28.95
B. Accounting/Audit/Finance	16	19		35	45.71	54.28
C. Marketing and Sales	19	16		35	54.28	45.71
D. Production Technology/Operations	13	14	1	28	46.43	50.00
E. Information and Communication Technology (ICT)	6	15		21	28.57	71.43
F. Safety/Environmental	14	14		28	50.00	50.00
G. Legal/Regulatory advice	8	11		19	42.11	57.89
H. Human Resources Development	7	15		22	31.82	68.18

Preferred BDS Provider

Majority or about 49% of the respondents said that their preferred BDS provider is the DTI provincial office. The rest favored the other BDS. Table 59 below shows this:

Table 59
Preferred BDS Provider
Province of Laguna

BDS Provider	Number of Responses	Total Number of Respondents	% of Total
SME Center	5	70	7.14
DTI Provincial Office	34	70	48.57
Chamber of Commerce	0	70	0.00
TLRC/TLDC	2	70	2.86
LGU	8	70	11.43
Institutes/Colleges/Universities	4	70	5.71
Industry Associations	10	70	14.29
Financial Institutions (LBP, DBP, Rural Bank, MFIs)	10	70	14.29
Others:	8	70	11.43
Total		70	100.00

Source of Information on BDS Providers

Most or 61% of the respondents said that they got information about BDS offerings from the DTI. About 23% got their information from referrals by other SMEs. The rest got their information from other sources. Table 60 below summarizes this:

Table 60
Source of Information Regarding the BDS Provider
Province of Laguna

Source of Information	Number of Responses	Total Number of Respondents	% of Total
Thru referral by DTI	43	70	61.43
Thru referral by another SME	16	70	22.86
Thru the internet/email	6	70	8.57
Thru print advertisement	4	70	5.71
Thru the local chamber	6	70	8.57
Thru radio advertisement	2	70	2.86
Thru invitation	5	70	7.14
Others:	8	70	11.43

Factors Considered in Choosing BDS Provider

Majority or almost 83% of the respondents said that their main consideration in choosing a BDS provider is when the BDS offered is appropriate to SME needs. About 79% put greater premium on the reputation of the BDS provider, about 73% goes for BDS with helpful and capable staff, almost 71% considers price as a main indicator is choosing a BDS provider, 70% placed premiums on free services and familiarity with BDS provider, about 64% gives consideration to BDS providers that were recommended by friends and those that have good facilities and materials and 60% said they will choose BDS providers that provide services to their competitors. Table 61 below shows this:

Table 61
Factors Considered in Choosing the BDS Provider
Province of Laguna

Factors	Number of Responses	Total Number of Respondents	% of Total
1. The provider has a good reputation	55	70	78.57
2. Service/training they offer is appropriate for our needs	58	70	82.86
3. The provider is recommended by friends	45	70	64.29
4. The provider is also being used by competitors	42	70	60.00
5. Have used before and am comfortable with their service	49	70	70.00
6. Services are free	49	70	70.00
7. Price/fee is reasonable	50	70	71.43
8. The provider has capable and helpful staff	51	70	72.86
9. The provider has good facilities, e.g. computers, brochures, other materials)	45	70	64.29

Prerequisites Asked by BDS Providers

Majority or 66% of the respondents said that BDS providers regularly ask for DTI certificates of registration as a prerequisite in attending BDS. About 60% asks for the business permits, about 47% asks for the BIR certificates of registration and only 10% asks for the business plans. Table 62 below shows this:

Table 62
Prerequisites Asked by the BDS Provider
Province of Laguna

Required Documentation	Number of Responses	Total Number of Respondents	% of Total
1. SEC certificate of registration	25	70	35.71
2. Business permit from city/municipal mayor's office	42	70	60.00
3. Financial statements	27	70	38.57
4. DTI business registration certificate	46	70	65.71
5. BIR certificate of registration	33	70	47.14
6. Business plan	7	70	10.00
7. Others (specify)	1	70	1.43

Most Helpful BDS

Majority or about 77% of the respondents said that the most helpful BDS is business development/strategy. The second most helpful BDS is marketing/sales (74%) and the third most helpful is accounting/audit/finance and safety/environmental. Table 63 below shows this:

Table 63
Most Helpful BDS, Province of Laguna

Type of BDS	Number of Responses	Total Number of Respondents	% of Total
A. Business Development /Strategy	54	70	77.14
B. Accounting/Audit/Finance	51	70	72.86
C. Marketing and Sales	52	70	74.29
D. Production Technology/Operations	49	70	70.00
E. Information and Communication Technology (ICT)	48	70	68.57
F. Safety/Environmental	51	70	72.86
G. Legal/Regulatory advice	48	70	68.57
H. Human Resources Development	46	70	65.71
I. Others (specify)	2	70	2.86

Three (3) Most Important BDS

Majority or about 66% of the respondents said that the most important BDS is marketing/sales, followed by business development/strategy (60%) and accounting/audit/finance (44%), respectively. Table 64 below summarizes this:

Table 64
Three Most Important BDS
Province of Laguna

Type of BDS	Number of Responses	Total Number of Respondents	% of Total
A. Business Development /Strategy	42	70	60.00
B. Accounting/Audit/Finance	31	70	44.29
C. Marketing and Sales	46	70	65.71
D. Production Technology/Operations	30	70	42.86
E. Information and Communication Technology (ICT)	16	70	22.86
F. Safety/Environmental	10	70	14.29
G. Legal/Regulatory advice	11	70	15.71
H. Human Resources Development	9	70	12.86
I. Others (specify)	0	70	0

Three (3) Most Effective Tools in Delivering BDS to SMEs

According to the respondents, the most effective way to deliver BDS is through trainings, seminars and one-on-one consulting/internet service, respectively. Table 65 presents the details of this:

Table 65
Three Most Effective Tools or Strategies of Delivering BDS
Province of Laguna

Type of BDS	Number of Responses	Total Number of Respondents	% of Total
Brochures	24	70	34.29
Publications	14	70	20.00
Internet service/website	29	70	41.43
Trainings	52	70	74.29
Seminars	51	70	72.86
Radio/TV	13	70	18.57
One-on-one consulting services	29	70	41.43
Others (specify)	1	70	1.43

Employer and Nature of Employment of SME Counselors

Table 66 below describes the employer and nature of employment of the SME Counselors:

Table 66
Employer and Nature of Assignment of the SME Counselors
Province of Laguna

Employer	Nature of Assignment		
	Full time	Part time	Total
DTI	1	2	3
Chamber of Commerce			
Private Consulting Firm			
Self-Employed			
NGO	1		1
LGU	1		1
DOST	1		1
Total	4	2	6

Educational Attainment

Table 67 below describes the educational attainment of SME Counselors:

Table 67
Educational Attainment of SME Counselors
Province of Laguna

Educational Attainment	Number of Responses	Total Number of Respondents	% of Total
Ph D degree			
Masters degree	2	6	33.33
College Graduate	4	6	66.67
Undergraduate degree			
Others:			
Total	6	6	100

Number of Years in Service

Table 68 below describes the number of years in service of SME Counselors:

Table 68
Number of Years in Service
Province of Laguna

Years in Service	Number of Responses	Total Number of Respondents	% of Total
Below 5 years	1	6	16.67
5 -10 years	2	6	33.33
11-20 years	3	6	50.00
Above 20 years		6	
Total	6	6	100.00

Areas of Expertise

In terms of counseling, majority of the SME Counselors have high levels of expertise in business development/strategy and production. In terms of training, they have high levels of expertise in production. Table 69 below shows the details of this:

Table 69
Areas of Expertise
Province of Laguna

Area of BDS Expertise	Number of Responses	Total Number of Respondents	% of Total
Advisory/Counseling			
A. Business Development /Strategy	4	6	66.67
B. Accounting/Audit/Finance	2	6	33.33
C. Marketing and Sales	3	6	50.00
D. Production Technology/Operations	4	6	66.67
E. Information and Communication Technology (ICT)	2	6	33.33
F. Safety/Environmental	1	6	16.67
G. Legal/Regulatory advice	1	6	16.67
H. Human Resources Development	0	6	0
I. Others (specify): Coop Management	0	6	0
Training			
A. Business Development /Strategy	2	6	33.33
B. Accounting/Audit/Finance	0	6	0
C. Marketing and Sales	2	6	33.33
D. Production Technology/Operations	3	6	50.00
E. Information and Communication Technology (ICT)	1	6	16.67
F. Safety/Environmental	0	6	0
G. Legal/Regulatory advice	0	6	0
H. Human Resources Development	0	6	0
I. Others (specify): Coop Management	1	6	16.67

Incentives Received

Majority or 83% of the respondents said they do not receive any incentives from their BDS. Only 1 or 17% said he/she receives project-based fees. Table 70 below shows this:

Table 70
Incentives Received by SME Counselors
Province of Laguna

Types of Incentives	Number of Responses	Total Number of Respondents	% of Total
None	5	6	83.33
Project-based fee	1	6	16.67

Suggested Incentive Schemes

Majority or 50% of the respondents said they will appreciate if project-based fees will be charged and about 33% said they will welcome honoraria as forms of incentives. Table 71 below describes this:

Table 71
Suggested Incentive Schemes
Province of Laguna

Suggested Incentive Schemes	Number of Responses	Total Number of Respondents	% of Total
Honoraria/day	2	6	33.33
Project-Based Fees	3	6	50.00

Top 3 BDS where Counselors Need Further Training

In terms of counseling, SME Counselors need more capability-building on marketing, followed by ICT and HRD. In terms of training, they need further strengthening on production, ICT and HRD. Table 72 below shows this:

Table 72
Top Three BDS Areas Needed Further Training by SME Counselors
Province of Laguna

BDS Areas	Number of Responses	Total Number of Respondents	% of Total
Advisory/Counseling:			
A. Business Development /Strategy	2	6	33.33
B. Accounting/Audit/Finance	2	6	33.33
C. Marketing and Sales	4	6	66.67
D. Production Technology/Operations	1	6	16.67
E. Information and Communication Technology (ICT)	3	6	50.00
F. Safety/Environmental	2	6	33.33
G. Legal/Regulatory advice		6	0.00
H. Human Resources Development	3	6	50.00
I. Others (specify)	1	6	16.67
Training:			
A. Business Development /Strategy	1	6	16.67
B. Accounting/Audit/Finance	1	6	16.67
C. Marketing and Sales		6	
D. Production Technology/Operations	2	6	33.33
E. Information and Communication Technology (ICT)	2	6	33.33
F. Safety/Environmental	0	6	0
G. Legal/Regulatory advice	1	6	16.67
H. Human Resources Development	2	6	33.33
I. Others (specify)	0	6	0

Top 3 BDS Offered by SME Center

Table 73 below describes the top 3 BDS offered by the SME Center:

Table 73
Top Three BDS Offered by the SME Center/BDS Providers
Province of Laguna

Type of BDS	Rank of Top Five Most Demanded Services		Average Fee Charged (P)
	Advisory/ Counseling	Training	
SME Center:			
A. Business Development /Strategy	3		Free
B. Accounting/Audit/Finance	2		Free
C. Marketing and Sales	1	1	Free
D. Production Technology/Operations		3	Free
E. Information and Communication Technology (ICT)			
F. Safety/Environmental			
G. Legal/Regulatory advice			
H. Human Resources Development		2	Free
I. Others (specify)			

Problems Encountered in Providing BDS

Foremost among the problems encountered by partners in providing BDS are: lack of reference materials/studies, lack of manpower and work overload. Table 74 summarizes this:

Table 74
Problems Encountered in Providing BDS
Province of Laguna

Problem	Number of Responses	Total Number of Respondents	% of Total
a) Lack of financial support	1	3	33.33
b) Lack of facilities	1	3	33.33
c) Lack of reference materials/studies	2	3	66.67
d) Lack of manpower/staff	2	3	66.67
e) Work overload	2	3	66.67

Main Source of Funding

The SME Center gets most of its funding from the DTI budget (63%), followed by private sector funding (31%) and earnings from services (6%), respectively. The other BDS providers get most of their funding from special projects (50%), DOST budget (25%), private sector funding (15%) and earnings from services (10%). Table 75 below shows this:

Table 75
Main Source of Funding for the SME Center/BDS Provider
Province of Laguna

Source of Funding	Percentage Share
SME Center:	100
DTI regular budget	63
Private sector funding	31
Equal sharing	
LGU budget	
Provincial SMED Council	
Revenues from Services	6
Special Programs and Projects	
Others	
Other BDS Providers:	100
DOST regular budget	25
Private sector funding	15
Equal sharing	
LGU budget	
Provincial SMED Council	
Revenues from Services	10
Special Programs and Projects	50
Others	

Main Expenditures

The main cash outflow for the respondents is allocated for personnel salaries. Table 76 below shows the details of this:

Table 76
Main Expenditure Item of the SME Centers/BDS Provider
Province of Laguna

Expenditure Item	Percentage Share
SME Center:	100
Personnel salary	55
Office rent	27
Communications	14
Supplies	4
Information and educational materials	
Others: Transportation allowance	
Other BDS Providers:	100
Personnel salary	40
Office rent	
Communications	10
Supplies	30
Information and educational materials	20
Others:	

Main Sources of Support

The SME Center gets support from the SMED council, chambers of commerce, national government agencies and local government unit. Table 77 below shows this:

Table 77
Partner Agencies/Institutions Supporting the SME Center
Province of Laguna

Partner Agency/Institution	Number of Responses	Total Number of Respondents	% of Total
SME Center:			
SME Development Council	1	1	100
Chamber of Commerce	1	1	100
NGA	1	1	100
LGU	1	1	100

Problems with Partners

The respondents said that the main constraints they face in dealing with partners are: partners have different priorities and lack of technical and financial support. Table 78 below describes this:

Table 78
Constraints/Problems Encountered in Dealing with Partners
Province of Laguna

Constraints/Problems	Number of Responses	Total Number of Respondents	% of Total
Different priorities	1	2	50
Limited technical and financial support	1	2	50

Capacity-Building Needs

In terms of counseling, the respondents said they need more capability-building on business development/strategy, production and ICT. Table 79 summarizes this:

Table 79
Capacity Building Needs of the SME Center/BDS Providers
Province of Laguna

Capacity Building Needs	Number of Responses	Total Number of Respondents	% of Total
Advisory and Counseling			
A. Business Development /Strategy	2	2	100
B. Accounting/Audit/Finance	1	2	50
C. Marketing and Sales	1	2	50
D. Production Technology/Operations	2	2	100
E. Information and Communication Technology (ICT)	2	2	100
F. Safety/Environmental	1	2	50
G. Legal/Regulatory advice	1	2	50
H. Human Resources Development	1	2	50
I. Others (specify)			

12. GAPS IN THE SUPPLY OF AND DEMAND FOR BDS:

The matrix below summarizes the gaps in the demand for and supply of BDS in the study areas:

SUPPLY OF BDS	DEMAND FOR BDS	GAPS
Business Development/Strategy: ▪ Business Diagnosis ▪ Business/Strategic Planning ▪ Project Development/FS Preparation ▪ Counseling Services ▪ Training in Business Development/Strategy	Among the components of Business Development/Strategy, general business counseling services are deemed the most demanded.	It is beneficial for counselors to learn other business counseling techniques. In areas where specific expertise or information is required, the counselors may coordinate the SMEs' BDS needs to other BDS providers.
Accounting/Audit/Finance: ▪ Accounting/Audit/Finance ▪ Credit Facilitation ▪ Financial Consulting ▪ Training in Accounting/Audit/Finance	Counseling and training in proper accounting systems and financial management are deemed most demanded.	Counseling and training in entrepreneurial finance may fill in an imperative void. Bridge financing programs have robust latent demand.
Marketing/Sales: ▪ Trade Fairs/Trade Missions ▪ Market Research ▪ Marketing Advice ▪ Market Matching ▪ Sales/Promotion ▪ Training in Marketing/Sales	There is indeed a stable demand for market matching, trade fair and trade mission services.	Training and support services on how SMEs can pursue innovative marketing and promotional initiatives via ICT will have great future growth.
Production/Operations: ▪ Production Technology ▪ Production Planning ▪ Productivity Improvement ▪ Product Design and Development ▪ Quality Systems ▪ Purchasing/Procurement ▪ Training on Production/Operations	Counseling and training services on product design and development and productivity enhancement have stable demand.	Internally-induced or externally-sourced technology transfers must be augmented by low-cost financing windows that will hasten the use of technology that will improve productivity and lower the cost of production.
Information and Communication Technology (ICT): ▪ Automation ▪ Web Design, Development and Maintenance ▪ E-Business Solutions ▪ Training in ICT	Demand for office automation is growing as evidenced by the utility of personal/office computers. Web presence for firms is slightly gaining ground for image-building purposes rather than its potential commercial benefits.	Business data aggregation for the promotion of SMEs and BDS may be facilitated by a few major digital portals.

SUPPLY OF BDS	DEMAND FOR BDS	GAPS
Safety/Environmental: ▪ Job Safety/Protection ▪ Waste Management ▪ Training on Safety/Environment	Counseling and training on waste management are slightly gaining adherents.	Massive information dissemination campaigns about the benefits of environment-friendly business processes must be undertaken.
Legal/Regulatory: ▪ Business Registration and Licensing ▪ Product Standards ▪ Consumer Protection ▪ Training on Legal/Regulatory	Most legal and regulatory aspects are compulsory in nature like business registration and licensing. Hence, there is no distinction between demand for them and compliance.	A standard, uniform and unitary system of registering and licensing business must be done in order to accurately quantify and qualify SME data. The DTI, SEC, BIR and LGUs must spearhead this initiative.
Human Resource Development: ▪ Leadership Training ▪ Recruitment ▪ Team-Building Programs ▪ Employee Skills Development ▪ Supervisory and Management Development	Most components have potential market demand.	Skills development programs must be more industry-based than academic in nature.

13. CONCLUSIONS:

The following conclusions were drawn from the survey findings, namely:

1. That provincial employment trends and regional economic activities in the areas covered by the study indicate the significant contribution of the services sector to the local economies. This means that opportunities for further economic growth can be found in the services sector that is perceived to be growing stronger and more stable as compared to the other economic sectors[6].

2. That respondents in the study areas said they prefer the DTI Provincial Offices as their BDS Provider. This indicates the relative visibility and proactive nature of the DTI as the lead promoter of SME development in the provinces where its

[6] Institute for Development and Econometric Analysis (IDEA) Forecasts and Trends, Institute for Development and Econometric Analysis, Inc., Philippines (2005)

services were adjudged to be effective by SMEs who availed of the department's services[7].

3. That the most important BDS according to the respondents in Albay and Laguna is the area on Marketing and Sales. This indicates that the SME-respondents have become more market-driven in their business development pursuits. This is also congruent to a major finding in Central Luzon where the need of SMEs for marketing-related support is more glaring[8].

4. That full-time and part-time SME Counselors, most of whom have masteral degrees, are assigned at the SME Centers; that said SME Counselors do not receive any incentives in terms of honoraria or project-based fees from their BDS; and that their seemed to be duplication of mandates, systems and tasks among SME development partner-agencies that result into operational inefficiencies and lack of strategic focus on market-driven BDS. These indicate that SME Centers are staffed with relatively competent personnel with adequate academic and industry-based trainings and whose BDS to SMEs do not carry incentive packages. The same also indicate the need to improve on the coordinating and facilitation functions of the SME Centers. These premises validate the earlier findings on the needs of SME Centers and Counselors[9].

5. That various sources of technical and financial resources can be generated from various SME development stakeholders such as local government units, small and medium development councils, business support organizations like chambers of commerce and industry associations, national government agencies, donor agencies, private sector and operating revenues. This shows that indeed stakeholders have become proactive in mobilizing support for SME development projects. This again, is a validation of a major finding found in the JICA-funded survey done in the first quarter of 2005 on the assessment of the needs of SME Centers and Counselors. Networking, cooperation and sharing of resources among SME stakeholders is important in ensuring the long-term sustainability of

[7] National Study on SMEs: Perspectives, Experiences and Expectations of Filipino Entrepreneurs, Employers Confederation of the Philippines, Philippines (2003)
[8] Customized Business Development Consulting Initiatives for SMEs in Central Luzon, Private Enterprise Accelerated Resource Linkages Project Phase 1, Philippines (2001)
[9] Survey on the Current Situation in Selected SME Centers and Clarification of Needs for Japanese Assistance, Japan International Cooperation Agency, Philippines (2005)

projects as similarly observed in the appraisal mission on private sector development funded by the German Agency for Technical Cooperation[10].

6. That the most common capacity-building need of SME Counselors in the study areas is in the area of Business Development/Strategy. This indicates that said SME Counselors want to deepen and widen further their skills on the rudiments of general business counseling especially in the areas of marketing, productivity improvement and ICT, organizational development and entrepreneurial finance. Finding solutions on how to satisfy this felt need of SME Counselors will definitely lessen the constraints faced by SMEs[11].

14. RECOMMENDATIONS:

Based on the aforementioned conclusions and from the discussions with SME development stakeholders in the study areas, and for SME Centers/Counselors to be able to respond positively to the needs of the SMEs, the following recommendations are provided:

1. Initiate a results-based institutional development work-programming forum among major public and private SME development stakeholders in the province. This will include SWOT analysis so that stakeholders can capitalize on their strengths and exploit emerging opportunities to the fullest while being observant of institutional weaknesses and threats. Knowing the SWOT of the SME Center, the stakeholders can proceed to conduct the institutional development priority analysis (IDPA) where they can identify and prioritize tasks that will make the SME Center more responsive to the needs of the SMEs. Included here are the technical (including manpower support) and financial commitments that each stakeholder can extend to the SME Center. The IDPA matrix may also include a portfolio analysis where the stakeholders can identify market-determined BDS and subject the menu of market-driven BDS to the rudiments of incisive market planning, implementation and demand management. At the end of the forum, a rationalized,

[10] Findings on the Appraisal Mission on Private Sector Development, German Agency for Technical Cooperation, Philippines (2002)
[11] SME Development in the Philippines, Development Bank of the Philippines, Philippines (2000)

simplified and a well-coordinated institutional development work program for the SME Center is completed.

2. Follow-through on the technical (includes manpower support) and financial commitments of stakeholders.

3. Monitor the deliverables of the SME Center using the results-based institutional development work program's performance measurement matrix.

4. Train SME Counselors on the rudiments of effective BDS coordination and facilitation. This will include the following: electronic database mining and management, working knowledge on the inventory of BDS offered by public and private BDS providers, BDS marketing skills, customer relationship management, BDS referral and coordinating skills and general business consulting knowledge.

5. Equip the SME Center with updated, standardized and comprehensive softcopies and hardcopies of BDS providers and their services for distribution to SMEs at nominal prices.

6. Link the SME Center to the information economy by equipping it with digital softwares and hardwares.

7. Maintain an updated pool of SME development consultants (SME Counselors included) for paid consulting opportunities with SMEs.

8. Encourage BDS specialization among public and private BDS providers and promote market-dictated BDS offerings and drop unprofitable BDS offerings through the coordinating mandate of the SME Center.

9. Initiate the spinning off of the ownership and management of the SME Centers to private BDS providers in order to instill entrepreneurial, innovative, responsive and professional business development systems into the centers that will guarantee their strategic sustainability.

Preparatory Survey on

Management Consulting Program for SMEs

LEYTE AREA HIGHLIGHTS

1. INTRODUCTION

This note summarizes the results of the survey on the Leyte economy and the BDS market in the province.

2. BACKGROUND ON LEYTE

2.1 Socioeconomic Features of Leyte

Leyte is a mountainous province in Eastern Visayas, south of Samar and east of the Cebu and Bohol. A mountain ridge divides the province into the Leyte plain in the east and Ormoc plain in the west. The province is bounded by the Ormoc Bay on the west, Carigara Bay on the north, and Leyte Gulf on the east. The province experiences rains throughout the year is often visited by strong typhoons.

Leyte covers 571 thousand hectares of land, the biggest province in western Visayas, and the biggest in land area among the five study areas. About 381 thousand hectares or 67 percent of the total land area is alienable & disposable (A&D) land. About 345 thousand hectare or 60 percent is agricultural land, particularly for rice, annual, and perennial crops. About 34 thousand hectares or 6 percent is built-up area, 10 thousand hectares or 2 percent is for special land use, and the remaining 182 thousand hectares or 32 percent is forestland.

Leyte is considered as a first class province with 41 municipalities and Tacloban as capital city. It has 1,641 barangays, 23 percent of which are urban barangays and the rest are rural barangays.

Leyte has a population of 1.56 million in 2000, the biggest in Eastern Visayas. Among the study areas, it has the second biggest population behind Laguna. The population growth averaged only 1.8 percent a year compared to the national average of 2.4 percent. Leyte had the slowest population growth among the areas in the study. Leyte presents a big potential domestic market compared to the other study areas.

Leyte belongs to a region with relatively high labor force participation rate of 72 percent. Moreover, the unemployment rate in the region has been at 9 percent compared to double-digit national average. However, it has a high underemployment rate of 25 percent, and even higher in the agriculture sector. Clearly , there's available manpower for SME activities.

2.2 SME Situationer

Based on the NSO survey, there were about 21,109 enterprises in Eastern Visayas in 2003. These enterprises employed about 96,469 thousand workers.

Some 21,082 of the enterprises were micro, small, and medium enterprises (MSMEs). In turn, 19,951 were microenterprises. Hence, nine out of every ten enterprise in the region were very small business undertakings. These microenterprises employed 58,467 thousand workers or almost half of employed workers in the region.

Based on the Business Name Registrations, there were about 21,931 MSMEs in Eastern Visayas. Most of these, some 21,133 were single proprietorships while the rest are partnerships or corporations.

3. RESULTS OF THE SURVEY

3. 1 Supply of BDS

The SME Center is DTI's frontline in providing BDS to MSMEs. The Center is located at the Capitol Grounds together with the Investment Promotions Center and other government offices. The Center is manned by full-time staff members of the DTI. The staff members have bachelor and masters degrees from colleges and universities.

In practice, the senior and junior staff members of the DTI office serve as counselors at the SME Center. The staff members assigned to cover specific priority industries, e.g., food processing or toys gifts & houseware, may attend to the queries of MSMEs from these industries. Similarly, staff members assigned in functional areas like investment and trade promotion are asked to respond to queries of MSMEs in these areas.

The SME Center indicated the lack of financial support, lack of manpower/staff, and workload as constraints to the provision of BDS to MSMEs.

The Center and the counselors have indicated capacity building needs in the area of production technology/ operations, accounting/ audit/ finance and information and communication technology.

3.2 Demand for BDS

In the survey in Leyte, many of the respondents are microenterprises. Majority are single proprietorships operating for over five years already. While there are relatively few agribusiness enterprises, many of respondents depend on agricultural resources. They are engaged in food processing, trading, handicrafts, furniture, and services.

Compared to other areas, the MSMEs in Leyte were not so aware of the various BDS offered in the market. Those that were aware of BDS services have availed of and are generally satisfied of the services, particularly those in the areas of legal/ regulatory advice and followed by business development/ strategy and accounting/ audit/ finance.

The DTI provincial office has been the preferred BDS provider of MSMEs in Leyte. One out of every two MSMEs have cited the DTI provincial office BDS provider. Among the key reasons for selecting BDS providers are the appropriateness of the services/ training offered , the helpfulness of the BDS staff, and the good reputation. Moreover, more MSMEs preferred providers that offer reasonable fees than those that offer free services.

The most important prerequisites cited by MSMEs are the DTI Business Registration Certificate, the BIR Certificate of Registration and the Business Permit from the City Mayor's Office.

For the Leyte MSMEs, the most helpful BDS were those on business development strategy, accounting/audit/finance, and production technology and operations. The most important BDS, in turn, are marketing and sales, accounting/ audit/ finance, and production technology and operations. These services are better offered through one-on-one consulting services followed by trainings and seminars.

4. ASSESSMENT AND RECOMMENDATIONS

In Leyte, many of the MSMEs (surveyed) are over five years old, past the nascent or start-up stage. Compared to other areas, MSMEs in Leyte were not so aware of the various BDS offered in the market, but they have availed of and are generally satisfied of the services, particularly those in the areas of legal/ regulatory advice and followed by business development/ strategy and accounting/ audit/ finance.

In Leyte, there are certainly good opportunities for the BDS providers to increase their outreach of MSMEs. Many MSMEs are established and are ready for enhancing or expanding their operations.

Some considerations to improve the BDS market in Leyte:

SME Centers and counselors need to have very good understanding of the different BDS needed by MSMEs as well as an overview of the key sectors of MSMEs. This will enable the counselors to readily diagnose the current situation and "real" needs rather than "perceived" needs of the MSMEs. Based on initial analysis, the counselors may directly recommend an action plan to the MSME or refer the MSME to other BDS providers or counselors that can better address the MSME's needs.

SME Centers and counselors need to know and work together with other stakeholders in the BDS market. These stakeholders may include: (1) Other BDS providers and counselors; (2) the MSMEs and (3) the informal organizations such as cooperatives, associations, and people's organizations. It helps to link up and cooperate with other BDS providers and counselors that have the competencies and resources needed by the MSMEs. It helps to know and match-up MSMEs that may collaborate and work together for faster growth and development. It helps to network and cooperate with cooperatives and associations, particularly in the agricultural sector, because they provide the raw materials and inputs to MSMEs in the industry and services sectors. This is especially important in Leyte where entrepreneurial activities involve both the agricultural and non-agricultural sectors. Finally, it helps to collaborate with microfinance organizations and work together in alleviating poverty through sustainable economic undertakings.

SME Centers and counselors need to have easy access to a database of stakeholders in the BDS market and readily share these to MSMEs when needed. As a start, it will be very helpful if the DTI Business Name Registration data are organized into useful information that can be readily shared to stakeholders.

SME Centers and counselors need to have easy access to success stories and good or best practices in BDS, and in MSME growth and development in general. Success stories in BDS serve as tools to guide SME Centers in their operations and the counselors in their BDS practice. The success stories and best practices in SME growth and development provide very helpful tools that SME Centers and counselors can use and share with their MSME clients. The recognition and awards conferred by government agencies and private organizations to MSMEs motivate MSMEs to do well. The sharing the success stories encourage the other MSMEs to do the same if not better.

APPENDIX

Table 2.1
Land Classification, Region VIII and Leyte
In Hectares

Land Classification	Region VIII	Share %	Leyte	Share %
Total Land Area	2,143,169	100	571,276	100
Alienable & Disposable Land	1,023,715	48	381,532	67
Total Forest Land	1,119,454	52	189,744	33
Unclassified Forest Land	38,925	2	19,350	3
Classified Forest Land	1,080,529	50	170,394	30
Forest Reserves	51,508	2	19,782	3
Timberland	1,018,238	48	146,347	26
National Parks	4,108	0.2	3,268	0.6
Military Reservations	176	-	48	-
Civil Reservation	862	-	862	0.2
Fishpond Development	5,637	0.3	87	-

Table 2.2
Population, Land Area & Density

	Philippines	G.R.%	Leyte	G.R.%
Population, in 000s				
1980	48,098		1,303	
1990	60,703	2.0	1,368	1.4
1995	68,616	1.0	1,511	1.9
2000	76,504	2.1	1,592	1.1
Land Area, in sq km	**300,000**		**6,515**	
Density, in popn/sq km				
1980	160		200	
1990	202		210	
1995	229		232	
2000	255		244	

Source: NSCB, PSY 2005

Table 2.3
Population and Labor Force Indicators
2000 to 2004

Employment Status	Philippines	Region VIII
Population 15 Years Old and Over, 000s		
2000	48,076	2,240
2001	49,424	2,308
2002	50,841	2,362
2003	52,305	2,389
2004	53,569	2,463
Percent in the labor force		
2000	64.3	66.8
2001	67.5	71.1
2002	66.2	70.6
2003	67.1	73.2
2004	66.5	72.1
Percent of labor force:		
Employment rate		
2000	89.9	92.2
2001	90.2	92.0
2002	89.8	92.6
2003	89.8	92.2
2004	89.1	90.7
Unemployment rate		
2000	10.1	7.8
2001	9.8	8.0
2002	10.2	7.4
2003	10.2	7.8
2004	10.9	9.3
Percent of employed labor:		
Underemployment rate		
2000	19.9	23.8
2001	16.6	23.4
2002	15.3	24.9
2003	15.8	25.7
2004	16.9	25.4

(continuation)

Employment Status	Philippines	Region VIII
Visible underemployment rate		
2000	10.7	14.5
2001	10.9	17.2
2002	10.0	16.7
2003	9.7	17.0
2004	10.6	16.1
Percent of visibly underemployed		
Agriculture		
2000	37.4	53.9
2001	37.4	51.3
2002	58.3	68.6
2003	59.9	66.1
2004	48.7	55.1
Non-Agriculture		
2000	62.5	46.1
2001	62.6	48.7
2002	41.7	31.4
2003	40.1	33.9
2004	51.3	44.9

Table 2.4
Employed Persons by Major Industry Group and Major Occupation Group
Eastern Visayas 2004

Industry/ Occupation Group	Number, 000s	Share,%	Number, 000s	Share,%
All Industries	**31,741**	**100.0**	**1,612**	**100.0**
Agriculture, Hunting and Forestry	10,420	32.8	640	39.7
Fishing	1,365	4.3	132	8.2
Mining and Quarrying	96	0.3	1	0.1
Manufacturing	3,020	9.5	97	6.0
Electricity, Gas and Water	121	0.4	7	0.4
Construction	1,643	5.2	59	3.7
Trade of Vehicles, Personal & HH Goods	5,788	18.2	299	18.5
Hotels and Restaurants	798	2.5	20	1.2
Transport, Storage and Communication	2,446	7.7	80	5.0
Financial Intermediation	298	0.9	8	0.5
Real Estate, Renting and Business Activities	702	2.2	15	0.9
Public Admin., & Defense, Comp Social Security	1,450	4.6	101	6.3
Education	958	3.0	47	2.9
Health and Social Work	361	1.1	14	0.9
Other Comm., Social & Personal Business Activities	809	2.5	27	1.7
Private Households with Employed Persons	1,465	4.6	66	4.1
Extra-Territorial Organizations and Bodies	1	0.0	-	-
All Occupations	**31,741**	**100.0**	**1,612**	**100.0**
Officials of Government & Special Interest	3,551	11.2	176	10.9
Professionals	1,378	4.3	58	3.6
Technicians and Associate Professionals	874	2.8	33	2.0
Clerks	1,360	4.3	42	2.6
Service Workers and Shop Market Sales	2,848	9.0	132	8.2
Farmers, Forestry Workers and Fishermen	6,140	19.3	426	26.4
Trades and Related Workers	2,836	8.9	112	6.9
Plant and Machine Operators & Assemblers	2,493	7.9	63	3.9
Laborers and Unskilled Workers	10,128	31.9	566	35.1
Special Occupations	133	0.4	3	0.2

Table 2.5
Percentage Distribution of Income from Selected Sources
Eastern Visayas

Source of Income	Philippines	E Visayas	Leyte	Tacloban
Number of Households, 000	**15,071.9**	**736.8**	**300.7**	**37.6**
Wages and salaries	**48**	**37**	**44**	**66**
Agricultural	7	9	14	1
Non-agricultural	40	28	31	65
Entrepreneurial activities	**32**	**43**	**37**	**20**
Agricultural	19	30	24	1
Non-agricultural	14	13	13	19
Other sources of income	**20**	**20**	**19**	**15**

Table 2.6
Percentage Distribution of Total Family Expenditures
by Expenditure Group, Eastern Visayas

Expenditure Group	Philippines	E Visayas	Leyte	Tacloban
Total Expenditures (P million)	**1,791,132**	**53,116**	**21,873**	**5,942**
Expenditure Group (in Percent)	**100.0**	**100.0**	**100.0**	**100.0**
Food	43.6	48.7	46.3	42.6
Alcoholic Beverages	0.7	1.1	1.0	1.0
Tobacco	1.1	1.1	1.0	0.5
Fuel, Light and Water	6.3	5.9	5.6	5.2
Transportation &Communication	6.8	4.8	5.8	8.1
Household Operations	2.3	2.3	2.6	3.0
Personal Care and Effects	3.6	3.5	3.7	3.7
Clothing, Footwear, Wearables	2.7	2.1	2.1	1.5
Education	4.2	3.9	3.7	4.4
Recreation	0.5	0.5	0.4	0.6
Medical Care	1.9	1.6	1.9	1.5
Non-Durable Furnishing	0.2	0.2	0.2	0.2
Durable Furniture, Equipment	2.5	2.2	2.6	2.0
Rental Value of Occupied Dwelling Unit	14.3	9.9	9.6	15.2
House Maintenance, Repairs	0.9	1.2	1.2	0.7
Taxes Paid	2.2	1.7	2.1	1.8
Miscellaneous Expenditures	3.3	4.8	5.2	4.5
Other Expenditures	2.9	4.4	5.1	3.5

Table 2.7
Average Household Income, Expenditure, and Savings
Eastern Visayas, 2000.

	Income	Expenditure	Savings
Philippines	145,121	118,839	26,282
Eastern Visayas	91,520	72,090	19,430
Leyte	106,567	82,218	24,349
Tacloban	212,935	157,876	55,059

Table 2.8
Poverty Threshold and Incidence
2000.

Region/Province/City	Annual Per Capita Poverty Threshold* (Pesos)	Incidence of Poor Families**
Philippines	11,451	27.5
Laguna	12,469	32.9
Albay	12,101	40.3
Iloilo	12,120	29.6
Leyte	9,454	34.9
Misamis Oriental	11,164	29.3
Average of all Study Areas	11,462	33.4

Table 2.9
Human Development Index and Components
2000

INDUSTRY	Philippines	Leyte
Life Expectancy, in years	68.9	67.6
Index	0.732	0.710
Education		
Combined Enrollment Rate	84.53	78.20
Functional Literacy	83.79	79.45
Index	0.840	0.790
Real Income per Capita	21,104	13,267
Index	0.394	0.190
Human Development Index	**0.656**	**0.563**
Rank among provinces	**-**	**49**

Table 2.10
Gross Regional Domestic Product by Industrial Origin, Eastern Visayas
In Million Pesos at Constant Prices

INDUSTRY	2000	2004	G.R.%
I. AGRI.,FISHERY,FORESTRY	7,008	8,848	6.0
a. Agriculture and Fishery	6,884	8,847	6.5
b. Forestry	122	1	(69.8)
II INDUSTRY SECTOR	8,137	8,128	(0.0)
a. Mining and Quarrying	164	175	1.6
b. Manufacturing	4,456	5,367	4.8
c. Construction	2,777	1,801	(10.3)
d. Electricity and Water	739	784	1.5
III SERVICE SECTOR	7,601	9,334	5.3
a. Transport, Comm., Storage	860	1,248	9.8
b. Trade	1,601	2,081	6.8
c. Finance	239	286	4.6
d. O. Dwellings & Real Estate	2,192	2,431	2.6
e. Private Services	1,023	1,271	5.6
f. Government Services	1,685	2,017	4.6
GROSS DOMESTIC PRODUCT	22,746	26,310	3.7

Table 2.11
Gross Regional Domestic Product by Expenditure, Eastern Visayas
In Million Pesos at Constant Prices

TYPE OF EXPENDITURE	2000	2004	Growth,%
1. Personal Consumption Expenditure	24,905	29,538	4.4
2. Government Consumption	2,605	2,712	1.0
3. Capital Formation	7,977	5,713	(8.0)
4. Net Exports	(12,741)	(11,654)	(2.2)
GROSS REGIONAL DOMESTIC PRODUCT	22,746	26,310	3.7

Table 2.12
Distribution of SMEs by Industry

Major Industry Division	% Share to Total Firms (Philippines)	Ave % Share to Total Firms (All Areas)
Total	100	100
Agriculture	0.57	0.36
Industrial Sector	17.20	16.97
Service Sector	82.23	82.66

Table 2.13
Distribution of MSMEs by Size and Region

Item	Micro	Small	Medium	MSMEs	Large	Total
Philippines						
2003	743,628	60,785	2,922	807,335	3,027	810,362
2002	743,426	60,566	2,874	806,866	2,594	809,460
2001	743,949	61,759	2,923	808,631	2,958	811,589
2000	747,740	67,166	3,070	817,976	2,984	820,960
G.R.%	-0.2	-3.3	-1.6	-0.4	0.5	-0.4
Eastern Visayas						
2003	19,951	1,089	42	21,082	27	21,109
2002	19,951	1,085	40	21,076	26	21,102
2001	19,961	1,107	44	21,112	26	21,138
2000	20,096	1,225	49	21,370	29	21,399

Table 2.14
Distribution of MSME Employment

Item	Micro	Small	Medium	MSMEs	Large	Total
Philippines						
2003	2,152,105	1,321,436	403,828	3,877,369	1,832,905	5,710,274
2002	2,152,734	1,347,287	400,566	3,900,587	1,757,987	5,658,574
2001	2,151,885	1,357,662	399,358	3,908,905	1,749,058	5,657,963
2000	2,165,100	1,522,227	416,686	4,104,013	1,798,173	5,902,186
G.R.%	-0.2	-4.6	-1.0	-1.9	0.6	-1.1
Eastern Visayas						
2003	58,467	21,484	5,685	85,636	10,833	96,469
2002	58,467	21,352	5,434	85,253	10,063	95,316
2001	58,492	21,915	5,924	86,331	9,513	95,844
2000	58,828	25,955	6,463	91,246	11,340	102,586
G.R.%	-0.2	-6.1	-4.2	-2.1	-1.5	-2.0

Table 2.15
Distribution of MSMEs by Type Based on Business Name Registration
As of 2004

	Philippines	Share, %	East Visayas	Share, %
Philippines				
Single	905,878	94.6	21,133	96.4
Partnership	3,491	0.4	22	0.1
Corporation	48,528	5.1	776	3.5
Total	**957,897**	**100.0**	**21,931**	**100.0**

Table 2.16
Top Five BDS Offered by the SME Center/s/BDS Providers
Province of Leyte

Type of BDS	Rank of Top Five Most Demanded Services	
	Advisory/Counseling	Training
SME Center:		
A. Business Development /Strategy	1	-
B. Accounting/Audit/Finance	-	1
C. Marketing and Sales	1	1
D. Production Technology/Operations	1	-
E. Information and Communication Technology (ICT)	-	1
F. Safety/Environmental	-	-
G. Legal/Regulatory advice	-	-
H. Human Resources Development	-	-
I. Others (specify)	1	-
Other BDS Providers:	**-**	**-**
A. Business Development /Strategy	5	4
B. Accounting/Audit/Finance	3	-
C. Marketing and Sales	2	1
D. Production Technology/Operations	4	5
E. Information and Communication Technology (ICT)	-	1
F. Safety/Environmental	-	-
G. Legal/Regulatory advice	-	-
H. Human Resources Development	1	-
I. Others (specify)	2	2

Table 3.1
Top Three Documents Required from Clients
Province of Leyte

Type of Document	Rank
SME Center	
1. SEC certificate of registration	1
2. Business permit from city/municipal mayor's office	-
3. Financial statements	-
4. DTI business registration certificate	1
5. BIR certificate of registration	1
6. Business plan	-
7. Others (specify)	-
Other BDS Providers:	
1. SEC certificate of registration	2
2. Business permit from city/municipal mayor's office	6
3. Financial statements	2
4. DTI business registration certificate	6
5. BIR certificate of registration	5
6. Business plan	3
7. Others (specify)	6

Table 3.2
Performance of the SME Centers/BDS Providers
Province of Leyte

Type of Service	Indicator	2004 Target	2004 Actual	2004 % Accomp	2005 Target	2005 Total to Date	2005 % Accomp
SMED Center							
Counseling/Advisory	No. of clients/ SMEs	60	82	137	100	65	65
Trainings	No. of clients/ SMEs	60	82		100	65	65
	Ave No. of clients/ SMEs a day	1-5/day	1-5/day		1-5/day	1-5/day	
LCCI	No. of clients/ SMEs	Demand-based	3		Demand-based	2	
	No. of clients/ SMEs	Demand-based	5		Demand-based	6	

Table 3.3
Problems Encountered in Providing BDS
Province of Leyte

Problem	Number of Respondents*	% of Total
a) Lack of financial support	6	75
b) Lack of facilities	5	62
c) Lack of reference materials/studies	5	62
d) Lack of manpower/staff	6	62
e) Workload	6	75
f) Others (pls. specify)	1	12
Hesitancy of clients to avail of loans and expand their business		

Table 3.4
Location of SME Center/BDS Provider
Province of Leyte

Location	Number of Respondents *	% of Total
a) DTI Office/ premises	5	62
b) Provincial/ Municipal/ City Hall	3	38
c) Chamber of Commerce Facility/Building	0	0
d) Others:	0	0
All BDS Providers	**8**	**100**

Table 3.5
Information Dissemination Services of SME Centers/BDS Providers
Province of Leyte

Dissemination Type	Number of Respondents *	% of Total
a) Brochures	5	62
b) Radio/ TV	4	50
c) Publication	5	62
d) Website/internet	5	62
e) Email	4	50
f) Others:	3	36
Product catalogue	1	12
One-on-one consultation	2	24
All Types		

Table 3.6
Physical Support Needed by BDS Providers
Province of Leyte

Physical Support Needed	Rank in Terms of Priority
SME Center:	
a) Computers	1
b) Internet connection	1
c) Telephone	1
d) Fax machine	1
e) Photocopier	1
f) Display/showroom	1
g) Others:	1
Other BDS Providers:	
a) Computers	6
b) Internet connection	6
c) Telephone	6
d) Fax machine	6
e) Photocopier	6
f) Display/showroom	4
g) Others:	6

Table 3.7
Main Source of Funding for the SME Center/BDS Provider
Province of Leyte

Source of Funding	Percentage Share
SME Center:	*Budget part of DTI province fund, no separate fund.*
Other BDS Providers:	
LCCI	
Monthly Dues of members	10
Private sector funding	-
Equal Sharing	-
LGU Budget	-
Provincial SMED Council	-
Revenues from Services	70
Special Programs and Projects	10
Fund Sourcing	10
Bahandi	
Revenues from Services	15
Non-monitary contributions of gov't	-
Agencies (e.g., office space, staff	-
Support, etc.)	-

Table 3.8
Main Expenditure Item of the SME Centers/BDS Provider
Province of Leyte

Expenditure Item	Percentage Share
SME Center:	*Budget part of DTI province fund, no separate fund.*
Other BDS Providers:	
LCCI	
Personnel salary	80
Communications	10
Supplies	10

Table 3.9
Top Three Sources of Revenues from Services
Province of Leyte

Type of BDS	Rank of Top Three Revenue Sources	
	Advisory/Counseling	Training
A. Business Development /Strategy	1	1
B. Accounting/Audit/Finance		
C. Marketing and Sales		
D. Production Technology/Operations		
E. Information and Communication Technology (ICT)		
F. Safety/Environmental		
G. Legal/Regulatory advice		
H. Human Resources Development		
I. Others (specify)		

Table 3.10
Partner Agencies/Institutions Supporting the SME Center/BDS Provider
Province of Leyte

Partner Agency/Institution	Number of Respondents *	% of Total
SME Center and Other Govt BDS		
SME Development Council	3	37
PSMED	1	12
Local/National Chamber of Commerce	3	37
SUC	1	12
LGU	8	
Donor Agencies	0	0
Others:		
Other BDS Providers:		
LCCI a.nd Bahandi		
PSMED	2	35
Local/National Chambers	2	35
SUC	0	0
LGU	2	35
Donor Agencies	2	35
Others:		

* SME Center and other BDS Providers surveyed

Table 3.11
Constraints/Problems Encountered in Dealing with Partners
Province of Leyte

Constraints/Problems	Number of Respondents *	% of Total
Undelivered commitments	1	12
Lack of logistical support	1	12
Lack of financial support	1	12
Different priorities of partners/ Coordination problems	1	12

* SME Center and other BDS Providers surveyed

Table 3.12
Capacity Building Needs of the SME Center/BDS Providers
Province of Leyte

Capacity Building Needs	Number of Respondents *	% of Total
Advisory and Counseling		
A. Business Development /Strategy	2	25
B. Accounting/Audit/Finance	3	37
C. Marketing and Sales	2	25
D. Production Technology/Operations	2	25
E. Info & Communication Technology (ICT)	1	12
F. Safety/Environmental	0	0
G. Legal/Regulatory advice	0	0
H. Human Resources Development	0	0
I. Others (specify)	1	12
Training		
A. Business Development /Strategy	6	75
B. Accounting/Audit/Finance	4	50
C. Marketing and Sales	5	62
D. Production Technology/Operations	6	75
E. Info & Communication Technology (ICT)	5	62
F. Safety/Environmental	1	12
G. Legal/Regulatory advice	1	12
H. Human Resources Development	2	25
I. Others (specify)	2	25

* SME Center and other BDS Providers surveyed

Table 3.13
Employer and Nature of Assignment of the SME Counselors
Province of Leyte

Employer	Nature of Assignment		
	Full time	**Part time**	**Total**
DTI	**2**		**2**
Chamber of Commerce			
Private Consulting Firm			
Self-Employed			
NGO			
LGU			
Total	**2**		**2**

Table 3.14
Educational Attainment of SME Counselors
Province of Leyte

Educational Attainment	Number of Respondents	% of Total
Ph D degree	0	
Masters degree	2	67
Undergraduate degree	1	33
Others:		
Total	**3**	**100**

Table 3.15
Number of Years in Service
Province of Leyte

Years in Service	Number of Respondents	% of Total
Below 5 years	1	33
5 -10 years	2	67
11-20 years	0	0
Above 20 years		
Total	**3**	

Table 3.16
Areas of Expertise
Province of Leyte

Area of BDS Expertise	Advisory/ Counseling	Training
A. Business Development /Strategy	2	
B. Accounting/Audit/Finance		1
C. Marketing and Sales	1	1
D. Production Technology/Operations	1	1
E. Info & Communication Technology (ICT)		
F. Safety/Environmental		
G. Legal/Regulatory advice		
H. Human Resources Development	1	
I. Others (specify)		
All BDS	**5**	**3**

Table 3.17
Remuneration /Salary of SME Counselors
Province of Leyte

Remuneration/Salary Level	Number of Respondents	% of Total
For Free	-	-
P 10,000 and below	-	-
P 10,001 – P 20,000	**3**	**100**
P 20,001 – P 30,000	-	-
Above P 30,001	-	-
Total	**3**	**100**

Table 3.18
Incentive Received by SME Counselors
Province of Leyte

Type of Incentives	Number of Respondents	% of Total
None	2	67
Honorarium	1	33
Total	**3**	**100**

Table 3.19
Suggested Incentive Scheme
Province of Leyte

Suggested Incentive Scheme	Number of Respondents	% of Total
P2,500 a day	2	67
Project-based fees	3	100
Total	**3**	**100**

Table 3.20
Top Three BDS Area Needed Further Training by SME Counselors
Province of Leyte

BDS Area	Number of Respondents	% of Total
Advisory/Counseling:		
A. Business Devt /Strategy	-	
B. Accounting/ Audit/ Finance	1	33
C. Marketing and Sales		
D. Production Tech/ Operations	2	67
E. Info & Communication Technology (ICT)	1	33
F. Safety/ Environmental	1	33
G. Legal/ Regulatory Advice	1	33
H. Human Resources Devt	1	33
I. Others (specify)	-	-
Total		
Training:		
A. Business Devt /Strategy	-	-
B. Accounting/ Audit/ Finance	2	67
C. Marketing and Sales	1	33
D. Production Tech/ Operations	1	33
E. Info & Communication Technology (ICT)	2	67
F. Safety/ Environmental	-	-
G. Legal/ Regulatory Advice	-	-
H. Human Resources Devt	-	-
I. Others (specify)	-	-
Total		

Table 3.21
Legal Structure and Years in Business of SME Respondents
Province of Leyte

Legal Structure	Years in Existence: Less than 3 years	3-5 years	More than 5 years	Total	% of Total
Single proprietorship	6	8	25	39	75
Partnership	0	0	1	1	2
Corporation	1	0	1	2	4
Cooperative	0	2	4	6	12
Association	0	2	2	4	8
Others	0	0	0	0	0
All Respondents	**7**	**12**	**33**	**52**	**100**

Table 3.22
Nature of Business of SME Respondents
Province of Leyte

Nature of Business	No. of Respondents	% of Total
Agribusiness	2	3
Trader (Retailer/Wholesaler/others)	13	20
Furniture & Furnishings	7	11
Food Processor	17	26
Manufacturer- Marketer/Exporter	3	5
Services (Resort/Restaurant/Others)	7	11
Toys, Gifts & Decors	3	5
Handicrafts/Cottage Industry	10	15
Others **	4	6
All Businesses	**66**	**100**

Table 3.23
Category of Business and Number of Employees
Province of Leyte

Category/Size of Business	Number of Employees 1-9	10-99	100-199	200 & above
Micro enterprise (P 3 million and below)	39	5	0	1
Small enterprise (P 3.1 to P 15 million)	2	4	0	0
Medium enterprise (15.1 to P 100 million)	0	0	2	0
All Categories	**41**	**9**	**2**	**1**

Table 3.24
Awareness and Availment of BDS
Province of Leyte

Type of BDS	Aware of BDS		Availed of BDS	
	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
A. Business Devt / Strategy	32	61	31	60
B. Accounting/ Audit/ Finance	36	69	30	58
C. Marketing and Sales	32	61	26	50
D. Production Tech/ Operations	26	50	26	50
E. Info & Communication Technology (ICT)	18	34	14	27
F. Safety/ Environmental	16	31	11	21
G. Legal/ Regulatory Advice	43	83	40	77
H. Human Resources Devt	20	38	17	33
I. Others (specify)	0	0	0	0
All BDS Types	**223**		**195**	

Table 3.25
Quality of Availed BDS
Province of Leyte

Type of BDS	Quality of Service			
	Good	Average	Bad	Total Respondents
A. Business Devt /Strategy	29	1	0	**30**
B. Accounting/ Audit/ Finance	28	1	0	**29**
C. Marketing and Sales	22	4	0	**26**
D. Production Tech/ Operations	18	3	0	**21**
E. Info & Communication Technology (ICT)	8	2	0	**10**
F. Safety/ Environmental	8	3	0	**11**
G. Legal/ Regulatory Advice	36	5	0	**41**
H. Human Resources Devt	15	2	0	**17**
I. Others (specify)	0	0	0	**0**
All BDS Types	164	21	0	**185**

Table 3.26
Preferred BDS Provider
Province of Leyte

BDS Provider	Number of Respondents	% of Total
SME Center	3	5
DTI Provincial Office	33	50
Chamber of Commerce	2	3
TLRC/TLDC	3	5
LGU	2	3
Institutes/Colleges/Universities	2	3
Industry Associations	1	2
Financial Institutions (LBP, DBP, Rural Bank, MFIs)	4	6
Others:	8	12
All BDS Providers	**66**	**88**

Table 3.27
Sources of Information Regarding the BDS Provider
Province of Leyte

Source of Information	Number of Respondents	% of Total
Thru referral by DTI	28	44
Thru referral by another SME	12	19
Thru the internet/email	0	0
Thru print advertisement	6	9
Thru the local chamber	2	3
Thru radio advertisement	5	8
Thru invitation	6	9
Others:	5	8
All Sources	**64**	**100**

Table 3.28
Factors Considered in Choosing the BDS Provider
Province of Leyte

Factors	Number of Responses	% of Respondents
1. The provider has a good reputation	44	85
2. Service/training they offer is appropriate for our needs	47	90
3. The provider is recommended by friends	23	44
4. The provider is also being used by competitors	26	50
5. Have used before and am comfortable with their service	44	85
6. Services are free	38	73
7. Price/fee is reasonable	43	83
8. The provider has capable and helpful staff	46	88
9. The provider has good facilities, e.g. computers, brochures, other materials)	39	75
10. Others	0	0
All Factors	**350**	

Table 3.29
Amount Spent for the Last BDS Availed Of
Province of Leyte

Type of Service/Amount (P) *	Number of Respondents	% of Total
For consulting/advisory services:		
PhP 100 - PhP 5,000	2	100
PhP 5,001 - PhP 10,000	0	0
PhP 10,001 and above	0	0
None	0	0
Total Responses	2	100
For training:		
PhP 100 - PhP 5,000	8	100
PhP 5,001 - PhP 10,000	0	0
PhP 10,001 and above	0	0
None	0	0
Total Responses	8	100

Table 3.30
Prerequisites Asked by the BDS Provider
Province of Leyte

Required Documentation	Number of Responses	% of Total
1. SEC certificate of registration	5	17
2. Business permit from city/municipal mayor's office	40	77
3. Financial statements	11	21
4. DTI business registration certificate	45	86
5. BIR certificate of registration	42	81
6. Business plan	12	23
7. Others (specify)	0	0
All Documentation	**155**	

Table 3.31
Most Helpful BDS
Province of Leyte

Type of BDS	Number of Responses	% of Respondents
A. Business Devt /Strategy	39	75
B. Accounting/ Audit/ Finance	39	75
C. Marketing and Sales	33	63
D. Production Tech/ Operations	37	71
E. Info & Communication Technology (ICT)	25	48
F. Safety/ Environmental	27	52
G. Legal/ Regulatory Advice	28	54
H. Human Resources Devt	32	61
I. Others (specify)	0	0
All BDS Types	**260**	

Table 3.32
Three Most Important BDS
Province of Leyte

Type of BDS	Number of Responses	% of Respondents
A. Business Devt /Strategy	26	50
B. Accounting/ Audit/ Finance	30	58
C. Marketing and Sales	33	63
D. Production Tech/ Operations	29	56
E. Info & Communication Technology (ICT)	11	21
F. Safety/ Environmental	6	11
G. Legal/ Regulatory Advice	13	25
H. Human Resources Devt	1	2
I. Others (specify)	0	0
All BDS Types	**149**	

Table 3.33
Most Effective Tools or Strategies of Delivering BDS
Province of Leyte

Type of BDS	Number of Responses	% of Respondents
Brochures	10	19
Publications	19	36
Internet service/website	5	10
Trainings	30	58
Seminars	22	42
Radio/tv	15	29
One-on-one consulting services	35	67
Others (specify)	1	2
All BDS Types	**137**	