

# 9C Expanding Access to Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives





# Expanding Access to Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives

Critical policy reforms<sup>1</sup> have been introduced in recent years to assist startups, micro, small, and medium enterprises (MSMEs), and cooperatives in gaining access to finance and production networks, as well as enhance their productivity, efficiency, and resiliency.

However, full implementation has been impeded by the unprecedented spread of COVID-19. Based on the government's rapid assessment survey for businesses conducted during the initial phase of the community quarantines in major urban areas of the country, a less optimistic business outlook is reported across firms of different sizes, with the most pessimistic in the education (36%), tourism (35%), and transport (34%) sectors. This is likely in recognition of the fact that business operations would have to be reconfigured and social distancing protocols will remain in place indefinitely until a cure is found. Smaller enterprises have expressed a strong clamor for government assistance given that they have less capacity to handle large shocks with their limited asset size, lack of economies of scale, and structural inefficiencies, evident even prior to the onslaught of the pandemic. In response, the government has formulated urgent interventions to revive consumer and business confidence.<sup>2</sup> Focusing on laying down a healthy and resilient Philippines, the medium-term strategies will leverage the digital economy and put in place antifragility measures. This will address the constraints of operating under the new normal, attract further investments, and increase the resilience of startups, MSMEs, and cooperatives.

## Assessment and Challenges

**Assessment:** The legal framework essential for startups, MSMEs, and cooperatives to access finance and production networks and strengthen the startup ecosystem was institutionalized.

Among the significant legislations passed were, Ease of Doing Business and Efficient Government Service Delivery (EODB-EGSD) Act of 2018, Personal Property Security Act (PPSA) of 2018,

<sup>1</sup> These include the enactment of the following legislations: Personal Property Security Act of 2018 (Republic Act [RA] 11057), Amendment of the Cooperative Development Authority (CDA) (RA 11364), Revised Corporation Code of the Philippines Act of 2019 (RA 11232), Philippine Innovative Startup Act of 2019 (RA 11337), and Philippine Innovation Act of 2019 (RA 11293).

<sup>2</sup> Inter-Agency Task Force for the Management of Emerging Infectious Diseases – Technical Working Group for Anticipatory and Forward Planning (IATF-EID-TWG-AFP), We Recover As One (WRAO), National Economic and Development Authority (NEDA), 2020.

Amended Cooperative Development Authority (CDA) Charter of 2019, Revised Corporation Code of the Philippines Act of 2019, Philippine Innovative Startup Act of 2019, and Philippine Innovation Act of 2019. Meanwhile, these reforms have yet to gain traction as industry-related foreign direct investments (FDIs) significantly dropped in 2019, reaching only USD0.27 billion in 2019, lower relative to the figure posted in 2016 at USD0.31 billion.

**Challenges:** Startups, MSMEs, and cooperatives have difficulty accessing finance due to lack of collateral and inability to comply with documentary loan requirements of formal lending institutions, exacerbated by the lack of a credit risk database with information

on the creditworthiness of micro and small enterprises. Innovation and technology adoption of enterprises remains low, and seed funds and grants available to support incubation and startup development remain scarce while venture capitalists are still limited. As further revealed by the current pandemic, the majority of micro and small enterprises are entrenched in the analog manner of conducting business and do not have business continuity plans (BCPs) in place in the face of national emergencies. The majority also have business operations that are vulnerable to supply chain disruptions. Government initiatives to enhance sectoral productivity remain fragmented. Lastly, foreign participation is restricted in critical sectors, thus, limiting competition and investment flow in the country.

## Targets

Targets for investments and MSME-related indicators were adjusted downward considering new assumptions in the period, consistent with the Development Budget Coordination Committee (DBCC) revised growth targets last July 2020.

**Table 9C.1 Updated Plan Targets to Expand Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives**

INDICATOR	BASELINE VALUE (YEAR)	TARGETS			
		2020	2021	2022	END OF PLAN
<i><b>Total investments increased</b></i>					
Total approved investments increased (PHP million) <sup>a</sup>	729,000 <sup>f</sup> (2016)	1,067,000	1,022,000	1,094,000	5,837,000
Net FDI increased (USD million) <sup>b</sup>	8,280 (2016)	None	None	None	None
<i><b>Access to finance improved</b></i>					
Percent of allocation for micro and small enterprises to total bank loan portfolio (%) <sup>c</sup>	3.81 <sup>d</sup> (2016)	8 <sup>c</sup>	Increased <sup>c,e</sup>	Increased <sup>c,e</sup>	Increased <sup>c,e</sup>
Percent of allocation for medium enterprises (%) <sup>c</sup>	5.44 <sup>d</sup> (2016)	2 <sup>c</sup>	Increased <sup>c,e</sup>	Increased <sup>c,e</sup>	Increased <sup>c,e</sup>

<sup>a</sup> Baseline figure used to compute the plan targets reflects total approved investments submitted by investment promotion agencies to the Board of Investments (BOI) and the Philippine Statistics Authority (PSA). Members of the Philippine Investment Promotion Plan (PIPP) Steering Committee approved the downward revised target of 7 percent annual increase in Investment Promotion Agencies (IPA)-approved investments (from the original 10%) for 2021 and 2022, considering the DBCC

revised growth forecasts due to the COVID-19 pandemic.

<sup>b</sup> While there were no targets set, the indicator was included in the RM for monitoring purposes. Net foreign direct investment for 2016 was recorded at USD 8.28 billion. Gross domestic product (GDP) in current prices for the same year was recorded at USD 318.6 billion.

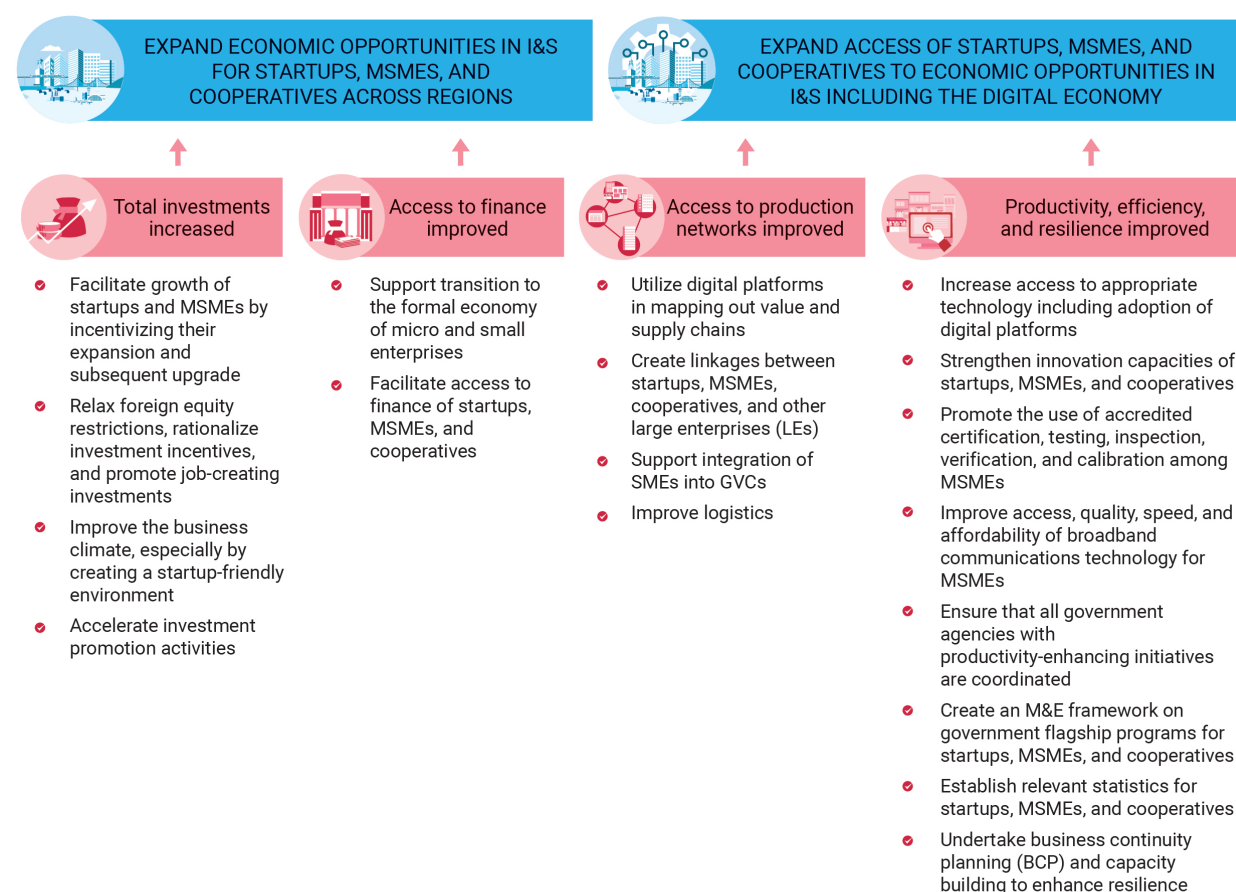
<sup>c</sup> In accordance with the Magna Carta for MSMEs (RA 6977 as amended by RA 8289 and RA 9501). Used as proxy indicator for “Proportion of small scale industries with loan or line of credit” (Sustainable Development Goals [SDG] indicator 9.3.2 [Tier 3]) to measure improvement of access to finance. The Planning Committee on Economic Development and the Plan Steering Committee (PSC) approved revision of targets last March 2020 (pre-pandemic) to “increased” given that the 10-year mandatory credit allocation for MSMEs has already lapsed in June 2018, as stipulated under the law.

<sup>d</sup> Baseline updated as of March 31, 2017.

<sup>e</sup> Relative to actual accomplishment of the previous year.

## Strategic Framework

**Figure 9C.1 Strategic Framework to Expand Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives**



# Strategies

## Expanding economic opportunities in I&S for startups, MSMEs, and cooperatives across regions

### Increasing total investments

**Facilitate growth of startups and MSMEs by incentivizing their expansion and subsequent upgrade.** In restructuring the incentives (and disincentives) in the regulatory framework, facilitating the growth of MSMEs to eventually become globally competitive will be a key goal. Policy shifts will take into account the following:

- Provide appropriate fiscal and non-fiscal assistance to innovative and growth-oriented enterprises (e.g., tech-based startups and micro and small enterprises that are innovation-driven, etc.) appropriate with the stage of business operations;
- Ensure that provision of grants and other financial or technical assistance, are time-bound and performance-based, as provided under the Corporate Recovery and Tax Incentives Reform Act (CREATE); and
- Streamline the regulatory environment to reduce compliance costs for all firms.

**Relax foreign equity restrictions, rationalize investment incentives, and promote job-creating investments.** The government will further open up the construction sector and pursue the amendments to the Public Service Act,

Retail Trade Liberalization Act (RTLA), and Foreign Investments Act (FIA) (*see Chapters 9A and 9B*). Investment incentives will be rationalized to be more efficient and effective in supporting development priorities (e.g., encourage more venture capital and angel investments in startups) (*see Chapter 15*). Such priorities will be considered in the formulation of the Strategic Investment Priority Plan (SIPP), as well as in the Local Investment and Incentives Code (LIIC).<sup>3</sup>

**Improve the business climate, especially by creating a startup-friendly environment.** The government will enhance business incubation support and accelerate services for startups, lessen administrative burdens and complexity of regulatory procedures for startups, and reduce, if not eliminate, the regulatory protection of incumbents (*see Chapter 16*). Further, national and local governments will speed up streamlining of agency processes and requirements for business registrations and permit issuances<sup>4</sup> and will be streamlined through digital platforms (*see also Chapters 5 and 9A*). A one-stop-shop for startups and a startup green lane with Anti-Red Tape Authority (ARTA) will be created. In addition, the Philippine Startup Development Program (PSDP) will support incubators, accelerators, and makerspaces by creating opportunities for innovative startups to gain access to marketing and technical support as well as linkage to potential collaborators locally and globally (*see Chapter 14*). A whole-of-nation approach in attaining inclusive and sustainable peace will also be pursued (*see also Chapter 18*). Lastly, improving quality and reducing the cost of utilities, particularly through energy and water sector reforms (*see Chapters 9A and 19*) will be implemented.

<sup>3</sup> DILG and DTI Joint Memorandum Circular No. 2011-01 forms a guide in crafting the LIIC.

<sup>4</sup> The Central Business Portal (CBP) and the National Business One-Stop Shop (NBOSS) were established to support the implementation of the EODB Act. The CBP is an online system aimed at providing a faster and more convenient way of registering businesses and completing startup requirements. It is designed to receive and capture data on business-related transactions and provide links to online registration services of various National Government Agencies (NGAs). The NBOSS is the physical co-location where applicants can register their business and employees, submit documents, and avail of its online services. In the same manner, the Electronic Business Process Licensing System (eBPLS) is being rolled out to the LGUs nationwide.

**Accelerate investment promotion activities.** The Philippines will be promoted as a complementary host country to target companies in the manufacturing industry. The conversion and realization of existing investment leads will be intensified. The retention and expansion/diversification opportunities for current locators in the Philippines will also be pursued (*see Chapter 9A*).

## Improving access to finance

### Support transition to the formal economy of micro and small enterprises.

- **Streamline local government unit (LGU) processes and requirements for registration and securing business permits of barangay micro business enterprises (BMBEs) targeting informal sector operators.** Streamlining LGU processes for BMBE registration and business permits<sup>5</sup> will facilitate the transition of micro and small enterprises to the formal economy and will broaden their access to tap formal financing channels. Instituting a report and feedback system on the LGUs' non-compliance in these areas can be considered under the Department of the Interior and Local Government (DILG) or the ARTA's monitoring as part of efforts to improve the LGUs business environment (*see also Chapter 16*).

### Facilitate access to finance of startups, MSMEs, and cooperatives.

- **Improve access to finance of innovative and growth-oriented enterprises.** In line with the

Philippine Innovation Act, the government will provide technical assistance grants and facilitate access to finance. Appropriate metrics will be established to ensure that these enterprises, as beneficiaries of government support, indeed boost innovation and generate decent jobs. Access to low-cost financing will also be provided to competitive and export-oriented MSMEs, if merited under the CREATE/Strategic Investment Priorities Plan (SIPP) framework.<sup>6</sup> Blended finance or the strategic use of development finance to mobilize funding for projects with societal benefits, but also provide financial returns to the investor will also be tapped.

- **Promote the development of financial technology (fintech) and innovative financing alternatives.** Access to mobile and digital technology, as well as deepening digital fluency will be improved to help further social equity and financial inclusion of MSMEs.<sup>7</sup> Other non-traditional initiatives from the private sector and startups to develop appropriate financial products and services for MSMEs and cooperatives will also be supported (*see Chapter 9A*). Initiatives such as merchant acceptance of digital payments, digital banks, and open banking will be pursued, to promote access to and use of digital financial transactions<sup>8</sup> (*see Chapter 9B*). Government will also facilitate access of startups to venture financing and angel investors (*see also Chapter 14*).

In line with the PPSA,<sup>9</sup> a system for the use of movable collateral as security for loans will be put in place. The CDA with the Bangko

<sup>5</sup> For instance, streamlining can be done by setting more reasonable standard business permit fees for micro and small enterprises and granting leniency, particularly to informal sector operators who will register for the first time.

<sup>6</sup> The Philippine Innovation Act of 2018, RA 11293.

<sup>7</sup> Provision of branchless banking services with access to savings and loans through the use of mobile phones and information technology (IT) facilities are instances of fintech startups revolutionizing the way small enterprises and cash-strapped households access finance.

<sup>8</sup> These initiatives are under the Bangko Sentral ng Pilipinas' (BSP) Digital Payments Transformation Roadmap (DPTR) 2020-2023. The DPTR is a 3-year roadmap that outlining the BSP's priority policy initiatives and strategies in advancing an efficient, inclusive, safe, and secure digital finance ecosystem that supports the diverse needs and capabilities of individuals and firms. The roadmap envisions to achieve the goal of converting 50 percent of the total volume of retail payments into digital form and onboarding 70 percent of Filipino adults to the formal financial system.

<sup>9</sup> Under the PPSA of 2018 (RA 11057), small businesses, particularly MSMEs, farmers, and fisherfolk are granted greater access to credit by allowing the use of non-traditional collaterals such as accounts receivables, inventory, crops, livestock, consumer goods, machinery, equipment, and intellectual property rights, among others. This will be operationalized through the establishment of a unified and modern legal framework for securing obligations with personal property. Under the law, a registry shall be established and administered by the Land Registration Authority (LRA). The centralized, nationwide Registry shall contain the following information: initial notice of security interest and lien in personal property; amendment notice providing new information or continuing the period of effectiveness of an initial notice; and termination notice.



Sentral ng Pilipinas (BSP) will promote the establishment of Credit Surety Funds (CSFs) across local governments to enable more MSMEs, particularly those hit hard by the pandemic, to gain access to finance<sup>10</sup> (see Chapter 15).

- **Promote value chain and supply chain financing.** The BSP, in partnership with the Asian Development Bank (ADB), is implementing a pilot agriculture value chain financing (AVCF) project,<sup>11</sup> which aims to demonstrate the viability of AVCF and encourage more banks to lend to the agriculture sector using this approach. This initiative will also benefit MSMEs, particularly agri-oriented ones. The BSP also aims to promote supply chain financing (SCF) in the banking sector as an innovative financing approach to improve access to financing of smaller enterprises. A study will be conducted in 2021 to identify strategic interventions that can be implemented by BSP and other players, to develop a dynamic SCF market in the country.
- **Extend grants and soft loans to startups, MSMEs, and cooperatives to sustain business operations.** On top of providing a loan guarantee fund, existing government programs targeting MSMEs will continue to be implemented and monitored.<sup>12</sup>
- **Establish an Enterprise Rehabilitation Fund (ERF) and implement adjustment measures to startups, MSMEs, and cooperatives severely affected by calamities and national emergencies.** The proposed establishment of an ERF is one of the suggested revisions on the proposed Amendments to the Magna

Carta for MSMEs (see Chapter 9C Legislative Agenda) and is suggested as part of Small Business (SB) Corporation's capitalization to be funded by the national government. Ongoing debt relief programs are being implemented, including suspension of imposition of non-interest fees and charges on loans incurred. In the post-community quarantine period, the following interventions will be monitored and extended if needed: (a) payment deferment to government (e.g., deferment of tax remittance such as withholding tax, value added tax [VAT], Social Security System [SSS], Philippine Health Insurance Corporation [PhilHealth]); (b) payment deferment to debtor (e.g., rent, banks, utility companies); (c) tax discounts or tax credits; (d) low-interest loans from government; and (e) low-interest loans from banks.

## Expanding access of startups, MSMEs, and cooperatives to economic opportunities in I&S including the digital economy

### Improving access to production networks

**Utilize digital platforms in mapping out value and supply chains** to find alternative suppliers and address production bottlenecks. In providing technical assistance to enterprises, digital platforms will be useful in linking farmers, producers, suppliers, distributors, and retailers to consumers. This will further reduce information asymmetry, lower transaction costs, and enhance domestic value and supply chain resilience. Integration of all

<sup>10</sup> As part of expanding its developmental function, the CDA has created a CSF unit that will register, regulate, and regularly monitor and supervise the operations of CSF cooperatives. This is expected to translate to growth of CSF Cooperatives.

<sup>11</sup> Pilot is implemented with five participating banks including: (1) Rizal Microbank; (2) Rural Bank of San Leonardo; (3) Rural Bank of Sta. Catalina; (4) 1st Valley Bank; and (5) Producers Bank.

<sup>12</sup> Sufficient government support for MSME financing, to be funded under the General Appropriations Act (GAA) or relevant legislation, will be considered in all forms of economic stimulus programs. This is essential to help the MSME sector to recover from the adverse effects of the pandemic. Some of these programs which target micro and small enterprises are: (a) Livelihood Seeding Program – *Negosyo sa Barangay*; (b) Shared Service Facilities Project/Fabrication Laboratories; (c) *Pondo sa Pagbabago at Pag-asenso* Program; (d) SB Corporation Financing Programs; and (e) *Go Lokal!*.



relevant existing geographic information system (GIS) platforms of relevant agencies will also be pursued (*see Chapter 9A*).

**Create linkages between startups, MSMEs, cooperatives, and other large enterprises (LEs)** to spur innovation and create new markets. Social enterprises and inclusive business (IB) models will be promoted. The government will also facilitate linking micro and small suppliers to cooperatives for purposes of facilitating access to finance, and to medium and large enterprises to access/diversify markets and enhance supply chain resilience, leveraging digital platforms, as appropriate.

**Support integration of small and medium-sized enterprises (SMEs) into global value chains (GVC).** SMEs will be capacitated to address their internal limitations<sup>13</sup> and unlock their potential to internationalize.<sup>14</sup> Support will be provided to enhance capacities of exporters in sectors where the country has significant comparative advantage<sup>15</sup> through technical support.<sup>16,17</sup> The government will also scale up efforts to facilitate access of exporting SMEs to information on foreign distribution networks and foreign regulations, enhance access to business and trade finance, streamline customs procedures, and further address logistics costs, and reduce tariffs (*see box article 9A.1, Chapters 9B and 15*).

**Improve logistics** (*see Chapter 9B*).

**Improving productivity, efficiency, and resilience**

**Increase access to appropriate technology including adoption of digital platforms.**

Adoption of appropriate technologies will enable startups and MSMEs to gain access to markets and help them internationalize. For cooperatives, deploying digital platforms will increase their client base and improve efficiency of their operations. Consistent with its initiatives to promote and implement the e-commerce roadmap, the government, through the Regional Inclusive Innovation Centers (RIIC), will assist enterprises in adopting applicable digital platforms and digital payment channels (*see Chapter 9B*). The government will provide appropriate support through training programs that will help MSMEs and cooperatives adapt to new digital technologies and platforms, as relevant to their needs (*see Chapter 9A*).

**Strengthen innovation capacities of startups, MSMEs, and cooperatives.** A Philippine Institute for Development Studies' (PIDS) 2015 Survey on Innovation Activities (SIA) pointed out that large firms tend to be more innovation active than smaller enterprises, and rarely tap technical assistance from government research institutions.<sup>18</sup> As part of implementing the Philippine i3s, the RIICs will disseminate available information on local or foreign-developed technologies for adoption, whichever is more cost-effective. The RIICs will also allow local enterprises to tap the research arms of state universities and colleges (SUCs) and research development institutions (RDIs) and network with industry experts to enhance their entrepreneurial knowledge and enable them to be Industry 4.0-ready. Further, Intellectual Property Office of

<sup>13</sup> Lack of internal capabilities include difficulty in identifying foreign business opportunities, inadequate human resource trained to deal with exporting, and lack of production capacity. These are some of the most challenging for SMEs to overcome.

<sup>14</sup> Internationalization activities can be classified into six categories: (a) direct exporting; (b) direct importing; (c) investment abroad; (d) being subcontractors to foreign enterprises; (e) having foreign subcontractors; and (f) cooperation with foreign enterprises under joint ventures, non-equity alliances, licensing, and franchising.

<sup>15</sup> For instance, to induce the local construction industry to globalize, construction firms who are ready to tap global and regional opportunities will need low-cost financing or loan guarantees to undertake overseas construction projects.

<sup>16</sup> Technical support can also be provided through capacity-building programs. For instance, local auto parts and electronics suppliers need capacity building to comply with the technical requirements of domestic e-vehicles, special purpose vehicle (SPV) producers, and other producers under the aerospace industry. In particular, the AS9100 Training Program (Aerospace Quality Management System) will enable local auto parts and electronics suppliers to supply the technical requirements of the aerospace industry.

<sup>17</sup> Assistance can also be extended in the ship-building industry by promoting the use of fiberglass-reinforced plastics (FRP) or steel to replace wooden-hulled vessels.

<sup>18</sup> Jose Ramon G. Albert, et al, "Measuring and Examining Innovation in Philippine Business and Industry," *Discussion Paper Series No. 2017-28*, Philippine Institute for Development Studies, September 2017.

the Philippines' (IPOP HL) Intellectual Property (IP) Depot, an online portal where technology providers and their counterpart technology adaptors may meet and match, will also be promoted to target growth-oriented startups, enterprises, and cooperatives.

**Promote the use of accredited certification, testing, inspection, verification, and calibration among MSMEs to ensure safety, reliability, and quality of their products and services** (see Chapter 9A). While more dispersed access points will be provided for these common service facilities especially in the regions, efforts to promote these available services will be scaled-up, targeting MSMEs to enhance their productivity. The Department of Science and Technology (DOST) primarily provides these services through the One-stop Laboratory Services for Global Competitiveness (OneLab),<sup>19</sup> a network of laboratories aimed at broadening access to testing and calibration services at a single touchpoint through an information technology (IT)-based platform. The online referral platform system networks all the laboratories of DOST-Attached Agencies and other government and private laboratories for seamless handling of testing and calibration services, which are beneficial for MSMEs, in terms of ensuring product quality and safety.

**Improve access, quality, speed, and affordability of broadband communications technology for MSMEs.** Improving telecommunications services in the country offers a myriad of benefits for MSMEs including improving business efficiency, opening up new markets, and helping enterprises adapt to changes in consumer preference brought about by the pandemic (see Chapters 9B and 19).

**Ensure that all government agencies with productivity-enhancing initiatives are coordinated.** Close coordination of relevant agencies concerned with enhancing productivity, efficiency, and resiliency of startups, MSMEs, and cooperatives will be pursued. The National Wages and Productivity Commission (NWPC) and its Regional Tripartite Wages and Productivity Boards (RTWPB) will strengthen and expand partnerships with concerned government agencies, industry associations, employer groups, and labor groups to foster synergy in the deployment of the Productivity Toolbox<sup>20</sup> (see Chapter 10).

**Create an monitoring and evaluation (M&E) framework on government flagship programs for startups, MSMEs, and cooperatives.** Given the presence of various but fragmented initiatives to assist micro and small enterprises, the effectiveness of various government flagship programs will be evaluated based on how they contribute to MSME development. For cooperatives, quantifying their economic contribution to both national and regional development will allow them to gain greater support and assistance. For startups, an M&E framework will be considered in the implementation of the PSDP targeting growth of innovative and tech-based startups.

**Establish relevant statistics for startups, MSMEs, and cooperatives.** Regular collection and publication of relevant statistics on startups, MSMEs,<sup>21</sup> and cooperatives will be pursued. This will facilitate the performance tracking of these sectors and become the basis for evidence-based and targeted interventions. Data collection on the following areas will help surface specific barriers and unlock SMEs potential to internationalize: (a) comprehensive data by enterprise size; (b) information on overall business environment and barriers to trade as experienced by SMEs; and (c)

<sup>19</sup> For interested MSMEs, the OneLab website can be accessed through: <https://customer.onelab.ph/>

<sup>20</sup> This package of training and technical assistance services is designed to help MSMEs identify and address productivity gaps through appropriate and needs-based productivity tools and technologies. It also helps MSMEs design and implement productivity-based incentive schemes to ensure growth in workers' income commensurate to their productivity.

<sup>21</sup> The DICT is working with the PIDS on an upcoming survey on the IT Business Process Management (BPM) sector (FY 2020) that shall yield data on MSMEs in the sector.

information and monitoring on targeted policies, best practices, and capacity-building programs for exporting SMEs or those ready to enter into GVCs.<sup>22</sup> As part of establishing comprehensive MSME financial statistics, the BSP, in partnership with the ADB, is exploring the design and conduct of the MSME survey to generate more granular data on MSME access to finance. The results of this survey will provide deeper market insight for financial service providers to help them market their products and services.

**Undertake BCP and capacity-building to enhance resilience.** The adoption of BCPs will be promoted and encouraged to help startups, MSMEs, and cooperatives to prepare for and overcome potential risks to business. Towards enhancing resilience of cooperatives, the Amended CDA Charter (Republic Act [RA] 11364) requires all registered cooperatives to develop BCPs to address all types of business risks. In a similar manner, capacity-building measures will be provided, targeting startups and MSMEs.

## Legislative Agenda

For the rest of the Plan period, the following legislative agenda will be pursued:

**Table 9C.2 Legislative Agenda to Expand Economic Opportunities in I&S for Startups, MSMEs, and Cooperatives**

LEGISLATIVE AGENDA	RATIONALE
<b><i>Expanding economic opportunities in I&amp;S for startups, MSMEs, and cooperatives across regions</i></b>	
Amendment of the Magna Carta for MSMEs	The bill will establish an Enterprise Rehabilitation Fund for calamity-stricken MSMEs. It will also provide MSMEs with free selling space in government buildings, structures, and open areas, as well as free selling areas or discounted rent in private malls and other commercial selling establishments.
Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill	The bill will provide financial assistance to firms that are strategically important to economic recovery in view of their role in providing employment and supporting the Philippine economy.
Institutionalization of the <i>Pondo sa Pagbabago at Pag-asenso</i> (P3) Program	This initiative aims to institutionalize the P3 Program of the government to develop entrepreneurship and contribute to inclusive economic growth and provide accessible and reasonably-priced financing to micro entrepreneurs to help them avoid usurious rates.

<sup>22</sup> Tammy L. Hredzak, *Overview of the SME Sector in the Asia-Pacific Economic Cooperation (APEC) Region: Key Issues on Market Access and Internationalization*, APEC Policy Support Unit, April 2020.

LEGISLATIVE AGENDA	RATIONALE
Amendment of the Tax Incentives Management and Transparency Act (TIMTA)	The bill seeks to amend existing provision requiring/mandating various registered business entities (RBEs) and investment promotion agencies (IPAs) to submit to NEDA relevant information needed to conduct economic cost-benefit analysis (CBA) and to have the flexibility to refine scope of data requirement and data tools that will adequately capture information relevant to the conduct of this CBA.
<b><i>Expanding access of startups, MSMEs, and cooperatives to economic opportunities in I&amp;S including the digital economy</i></b>	
Amendments to the IP Code	(see Chapter 14 Legislative Agenda)
Amendment to the Warehouse Receipts Law	House Bill No. 4413 proposes to establish a central online Registry for all Warehouse Receipts, which shall be eventually integrated with other existing registries. This will strengthen and modernize the Warehouse Receipts Law of 1912, as amended, otherwise known as Act No. 2137.