

Chapter 9

Expanding Economic Opportunities in Industry and Services through “Trabaho at Negosyo”

The Industry and Services sector will sustain its 2010-2016 growth by seizing economic opportunities from increased demand in the domestic and foreign markets for investment opportunities, and for goods and services of Central Visayas. Agriculture-dependent households, Micro, Small and Medium Enterprises (MSMEs), and cooperatives shall partake of this growth.

The contribution of the Services Sector to the efficiency and competitiveness of the region's Industry and Agribusiness sector players will be clarified and enhanced through sound economic and development management characterized by strong synergy among government and non-government entities. Focus will be on common priorities, and to work fast in successfully organizing and executing plans to increase innovation, investments, and inclusion in value chain development.

Government will address the binding constraints to the entry of investors and entrepreneurs, the expansion of existing businesses, and business entities' ability to quickly respond to investment and market opportunities and requirements. It shall also provide the enabling infrastructure, technology, and regulatory environment for businesses to start and expand operations; to innovate and to grow; and to do so increasingly within the context of green and inclusive growth, and dignifying and empowering human capital development. These will expand economic opportunities, more value adding activities, and higher incidence of decent jobs and incomes in both urban and rural areas.

Tourism, Travel, Trade, and Manufacturing MSMEs will be inclusive jobs creators, and growth drivers in the provinces as they build on the strengths of their existing business and resource base and market linkages, and seek to expand these. So will Agribusiness, in the priority products where each province has distinct capability and potential to grow, as it fills market demand.

The Information Technology-Business Process Management (IT-BPM) sector will be provided policy and program support to continue their growth and employment generation. Cebu will venture into Knowledge Process Outsourcing (KPO). IT-based services in all provinces will be improved to speed up transactions in their economic driver sectors. FDI-driven heavy, light, and services-sector industries will also be provided needed policy and program support. Industry and Services subsectors will be guided and supported to direct their outputs and services to improve connectivity, cost-competitiveness, and customer-satisfaction in the value chain.

Assessment and Challenges

Convergence among government agencies to support value chain in the Agribusiness, Industry and Services sectors

Inter-agency convergence has been the marching order for most government agencies. But convergence has to be clearly institutionalized in the work programming, targeting, and performance evaluation of agencies. The broad challenges for agencies that are mandated to expand economic opportunities are: a) how to come together as whole-of-government Enabler and Regulator; b) how to provide the enabling environment for the Industry and Services sub-sector enterprises to start and/ or expand to support value chain development that includes the Agribusiness sector and the Services sub-sectors that are engaged in the pre-production, production, and post-production stages; and c) how to improve the cohesiveness and efficiency of the value chain along the Agribusiness-Industry-Services continuum to spur growth in all three sectors.

Investments, innovation, and inclusion to sustain growth and job creation

Between 2011-2016, the region's Industry and Services sectors have shown their capacity to grow and create jobs. In 2016, Central Visayas accounted for 7.4 percent of the country's GVA in Industry, ranking fourth after NCR, Calabarzon, and Central Luzon (See Table 9.1). The region also accounted for 6.3 percent of the GVA in Services, ranking fourth after NCR, Calabarzon and Central Luzon.

The challenge for both sectors is how to have an enabling environment to expand economic opportunities to sustain this growth, particularly drawing in: a) FDI and MSME investments for business start-ups and expansions especially in the countryside, building a local purchase-value-chain, and providing decent employment; b) home-grown MSMEs and large establishments to innovate, increase productivity and make available a wide range of distinct region-made and packaged products and services; and c) rural-based enterprises and cooperatives to be part of the value chain for these products and services.

Table 9.1 Gross Value Added (GVA) and Employment Indicators of Major Industry Sub-sectors: Central Visayas, 2016

INDUSTRY SUB-SECTORS	AAGR of GVA 2011-2016	SHARE TO GRDP	SHARE TO EMPLOYMENT	NO. OF EMPLOYED ('000)
Total Industry	9.5	39.1	19.4	627
Mining and Quarrying	8.3	0.9	0.4	14
Manufacturing	8.2	24.3	9.2	297
Construction	14.3	12.1	9.4	305
Electricity, Gas, Water	5.3	1.8		
Electricity, Gas, Steam, and Airconditioning Supply			0.2	7
Water Supply, Sewerage, Waste Management, and Remediation Activities			0.1	4

Source: Philippine Statistics Authority

Industry sector growth drivers

The Manufacturing and Construction sub-sectors each employed over 297,000 and 305,000 people in 2015.

Manufacturing and Exports. Manufacturing is a major activity of export-oriented FDIs and homegrown SMEs. Among the region's top 20 export products are light manufactures which include electronic products and ignition wiring sets produced mostly by ecozone-based FDIs with regional production networks and global value chains. Ships of up to 180,000 deadweight tons is a singular heavy industry export. Other major exports are machinery and transport equipment, and products of homegrown SMEs engaged in furniture, apparel, processed tropical fruits, processed food and beverages. Creative-content goods such as gifts, decors, and housewares are also a distinct regional export.

From 2010-2015, exports from the region rose by an annual average of 16.7 percent. The share of exports to Asia rose, as the shares of Association

of Southeast Asian Nations (ASEAN), Japan and China rose. (See Table 9.2)

Manufacturing ecozones registered with the Philippine Economic Zone Authority (PEZA) were a major source of employment in 2015. Some 230 locators are directly employing 122,000 persons. Direct infusion into the local economy by these ecozones in 2015 reached PhP31.9 billion, consisting of salaries and wages (PhP19.8 billion), local purchases (PhP9.9 billion) and investments (PhP3.8 billion). Between 2010-2015, investments and exports from these ecozones totaled PhP46.3 billion and US\$21.4 billion, respectively. For ecozones, the challenge is to have a business environment that: a) retains existing FDIs in the Electronics and Shipbuilding industries; b) facilitates expansion of current ecozone FDI locators; and c) provides the needed support infrastructure.

On the homegrown SMEs front, an enabling environment is needed for SMEs to get wind of opportunities, specifically for: a) partnerships with ASEAN and China SMEs; b) catering to Asian

Table 9.2 Central Visayas Exports by Regional Destination, 2010 and 2015

REGIONAL MARKET	PERCENT SHARE IN CV EXPORT		EXPORT VALUE (in Million US\$)		AAGR (in %)
	2010	2015	2010	2015	2010-2015
Asia (including ASEAN)	64.0	69.0	1,600	2,942	23
of which Japan	27.0	24.0	679	1,034	33
of which ASEAN	9.0	14.0	228	586	23
of which China	8.6	10.7	218	459	10
of which HK	13.6	11.1	344	479	13
North America	18.0	17.4	450	747	24
of which USA	16.8	16.0	424	685	20
Europe	18.0	12.4	442	533	6
Oceania and Australia	0.7	0.6	17	25	11
South America	0.4	0.8	10	34	35
TOTAL			2,500	4,300	17

Source: Philippine Statistics Authority

and domestic shopper markets; c) facilitating partnerships with rural enterprises and cooperatives to be part of their value chain including the value of providing decent incomes from such participation.

Construction. In 2014, Central Visayas was among the top four regions in terms of: a) the number of formal sector construction establishments with total employment of over 20; b) number of employed; c) total income; d) gross value added. However it is low-ranked with respect to: a) labor

productivity, b) average annual compensation for workers.

The construction sector is expecting robust growth because of the government's intent to increase spending on infrastructure and plans to speed up the implementation of public-private partnership big-ticket projects. Property development is also expected to expand from urbanization and investments in the manufacturing, trade, tourism, housing, and other services sectors.

Table 9.3 Gross Value Added and Employment in the Services Sector: Central Visayas, 2016

SERVICES SUB-SECTORS	AAGR of GVA 2011-2016	GVA SHARE TO GRDP	SHARE TO EMPLOYMENT	NO. OF EMPLOYED ('000)
Total Services	7.2	55.5	51.5	1,666
Financial Intermediation	8.0	7.2		
Financial and Insurance Activities			0.9	29
Real Estate, Renting, and Business Activities	7.5	11.0	0.3	9
Wholesale and Retail Trade. Repair of Motor Vehicles and Motorcycles	6.9	15.0	18.8	607
Other Services	6.9	11.9		
Professional, Scientific, and Technical Activities			0.4	14
Administrative and Support Service Activities			3.8	121
Education			2.8	91
Human Health and Social Activities			0.9	31
Arts, Entertainment, and Recreation			0.6	20
Accommodation and Food Service Activities			3.9	126
Other Service Activities			7.4	238
Transport, Storage and Communication	8.0	7.7		
Transport and Storage			6.1	197
Information and Communication			0.8	26
Public Administration and Compulsory Social Security	4.8	2.7	4.9	157

Source: Philippine Statistics Authority

The major challenges that need to be addressed in the sector are how to: a) have adequate supply of work force who are trained and skilled and competitively compensated; b) build-in a green and resiliency culture and practice required of societal goals; and c) reduce bureaucratic permitting obstacles to building and occupancy.

Sustaining the performance of Services' growth drivers

In 2016, the Services Sector accounted for 56 percent of the Central Visayas economy, with its sub-sectors experiencing noteworthy growth rates, and being major sources of employment.

Two of the region's growth drivers, namely Tourism and IT-BPM, are part of the Services subsectors.

Tourism and Travel. Visitor arrivals accelerated over the period 2011-2015, reaching 4.6 million in 2015, up 2 million from the 2011 figure. Preliminary 2016 data shows a 10 percent increase from the same period in 2015. Domestic tourists comprised 58 percent of arrivals in 2015. Among foreign tourists, 66 percent were from Asian

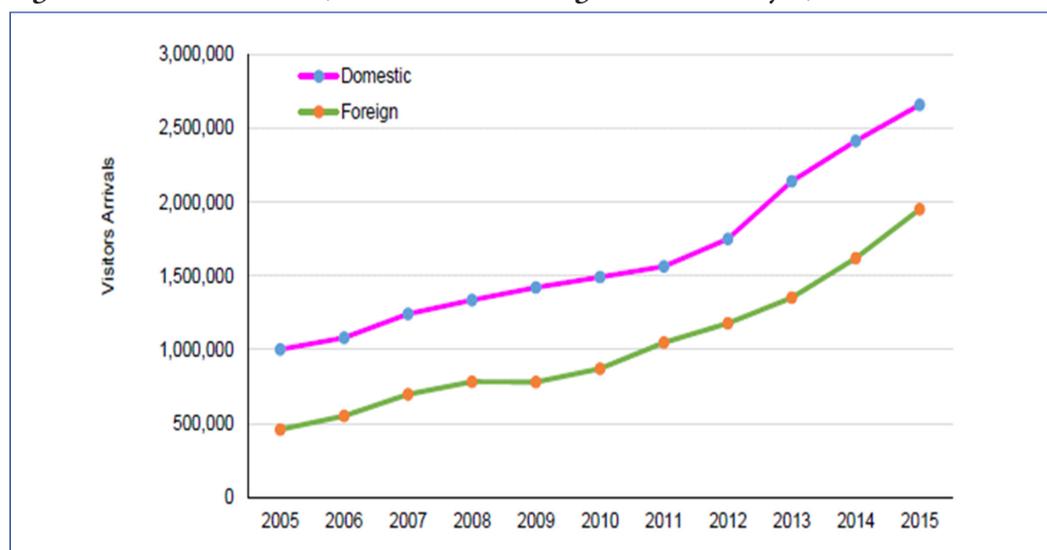
countries. Bohol, Cebu, and Siquijor experienced higher influx of tourists in 2016. The business confidence of the private sector in Tourism is visible in the vast array of visitor-oriented accommodations, facilities and transport investments that they have established and expanded.

Prospects for increased arrivals are high. The global, Asian and domestic markets, the implementation of airport and port projects in each province, and the role of the region in the National Tourism Development Plan are expected to drive this growth.

The almost certain growth of Tourism presents many economic opportunities that will need the rural-urban and Agribusiness-Industry-Services value chain continuum which include, among others, the following:

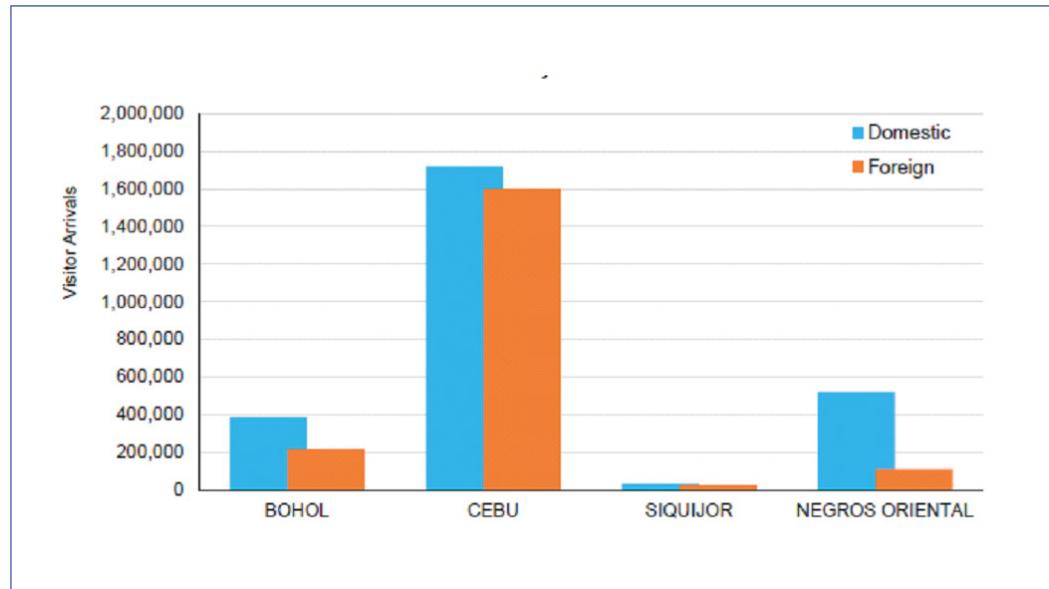
- a) Accommodation – construction of barrier-free facilities, architecture and landscape design and maintenance, green operations, homestay and BnB;
- b) Food and beverage – culinary tourism, organic food, agri-business value chain;

Figure 9.1 Visitor Arrivals, Domestic and Foreign: Central Visayas, 2005-2015



Source: Philippine Statistics Authority, *Regional Socio-Economic Trends (RSET)*, 2015

Figure 9.2 Visitor Arrivals by Province, Domestic and Foreign: Central Visayas, 2015



Source: Philippine Statistics Authority, *Regional Socio-Economic Trends (RSET)*, 2015

- c) Passenger transport – e-booking for land and ship transport, barrier free facilities, services to limit queuing, seamless travel connectivity, air and ship crews, and servicing in passenger terminals, repair and maintenance;
- d) Travel agents, tour operators and tourism guides – education and training in culture, language, and history proficiency, DPWH-DOT-LGU identified roads and services for seamless travel connectivity, high quality Internet;
- e) Recreation, entertainment, cultural services – agri-tourism, cultural tourism, ecotourism; and
- f) Retail trade on tourism-characteristic goods – diversified, innovative, branded, well-packaged food and gift product displays in malls, airport and port terminals with rural value-chain links.

Other major challenges are: a) how Government and the Private Sector can work together to develop habits and culture among the citizenry that will provide extra-mile high-caliber customer/

citizen frontline service, and to deploy this in airports, ports, streets, transport, tourist information centers, and all tourist-related destinations and byways; and b) addressing NGA-LGU planning and implementation coordination issues such as making Department of Tourism (DOT) accreditation a win-win for DOT and accommodation facilities, and even passenger terminal facilities; having trained Local Tourism Officers as mandatory LGU positions, and mitigating the social and environmental effects of tourism activities.

IT-BPM. IT-BPM is another growth driver and source of above-average incomes for the educated work force. Prospects for continued growth of the sector are high, given investor interest, the aggressive joint-industry-government sector partnership in the sector, and the national plan of the Department of Trade and Industry (DTI) to scale up to KPO services. While IT-BPM started as an FDI-driven industry, homegrown IT-SMEs have been emerging in recent years, with interest in locating outside of the region’s highly urbanized cities. Realized investments will open up economic opportunities needing the rural-urban and Agribusiness-Industry-Services value

chain continuum. The region must be ready to respond to the demand of IT business employers and workers for office space, utilities, and services; for services of housing, health and human resource development; and for the food, transport, travel, and trade demand that the sector generates.

The challenge to support the growth of the IT-enabled industry involves addressing its major needs: a) effective academe-industry partnership to raise teacher-trainees that will accelerate and sustain supply of ready-for-workplace IT-skilled talents; b) data security, or how the industry can ensure the safety and security that is entrusted to it as an outsourcing business; c) infrastructure that reduces traffic and tardiness-risk of its workers; d) reliable water and power supply; and e) government regulations/response time that reduces the cost of doing business.

Addressing opportunities and binding constraints to MSME growth

ASEAN Economic Community (AEC) discussions show that there can be no inclusive growth without SMEs. SME development is one of the major thrusts of the AEC Blueprint in which partnerships with ASEAN SMEs are planned. Upcoming in 2017 also is the entry of Chinese government assistance for SMEs through Philippine conduit organizations, given the willingness of Chinese SMEs to partner with the country and other ASEAN SMEs.

The state of preparedness of SMEs for these opportunities has undergone some milestones in recent years following inter-agency collaboration on increasing productivity, promoting innovation, increasing energy efficiency, and facilitating business permit licensing. The regional and provincial MSMED Councils are being strengthened to work closely with stakeholders and with the National MSMED Council to address opportunities and binding constraints.

In discussions about MSMEs in the region, however, binding constraints to full-throttle

MSME take-off and growth continues to surface. These constraints relate to: a) ease of business registration - MSMEs encountering tedious government permit requirements, procedures, and turnaround time, associated with lack of situation is also being faced by small foreign investors; b) access to funding and technical assistance - MSMEs are unable and/or unwilling to comply with all documentation requirements of government assistance programs for financing and technology assistance. A major part of the problem is inability to prepare project proposals, and unwillingness to be transparent about their operations. Further, prospective micro-entrepreneurs are not eligible for assistance because they are not organized or do not belong to cooperatives.

Trade connectivity is also a binding constraint. IT infrastructure and systems, and internet capability are still lacking for competitive speed in business transactions. The potential of the logistics sector, identified as one of the key elements in achieving inclusive growth and poverty reduction, remains largely untapped. In 2014, the WB reported a lower logistics performance index for the Philippines, ranking 57th out of 160 countries, down from 44 out of 155 countries in 2010. The country trailed ASEAN nations such as Singapore, Malaysia, Thailand, Vietnam, and Indonesia in 2014.

The challenge for expanding economic opportunities in the MSME sector is thus on several fronts: a) in having existing established SMEs to avail of opportunities to partner with ASEAN and Chinese SMEs; b) in improving the enabling environment for MSMEs to register and start operations, to access to funding and technical assistance, and to increase their productivity and competitiveness; c) in expanding the innovation culture and commercialization successes to more MSMEs; d) in expanding the green economic development movement to more MSMEs; and e) in improving trade connectivity through improved IT-enabled means, and efficient logistics and transport systems.

Mitigating industry-services environmental impacts and enhancing the region's livability

The development plans of the provinces explicitly seek to avoid the kind and intensity of growth that reduces the livability of their environs and settlements. Cebu faces the challenge of reversing the negative impacts of growth on its livability, especially in Metro Cebu. All the region's provinces also need to mitigate the environmental impacts of their current and planned economic activities. For example, waste generation from increased urbanization and industry and services activities should already be addressed and mitigated. Adding on Life-Cycle Assessment (LCA) perspective to current environmental regulatory systems has been suggested as a kind of environmental risk anticipation and to plan accordingly.

The challenge is for clusters of sectors involved in property development, extraction and use of natural resources, and waste and pollution generation to integrate livability into their planning and standards, and for government to take on the role of Enabler and Regulator.

Strategic Framework

By expanding economic opportunities in the industry and services sectors, the region hopes to reduce inequality and attain greater inclusivity. Agriculture-dependent households, micro, small and medium enterprises, and cooperatives shall partake of this growth.

Strategies

Economic Opportunities in Industry and Services Expanded

Enable inclusive and competitive agriculture-industry-services linkages through value chain development. This requires establishing better connectivity between and among Agriculture,

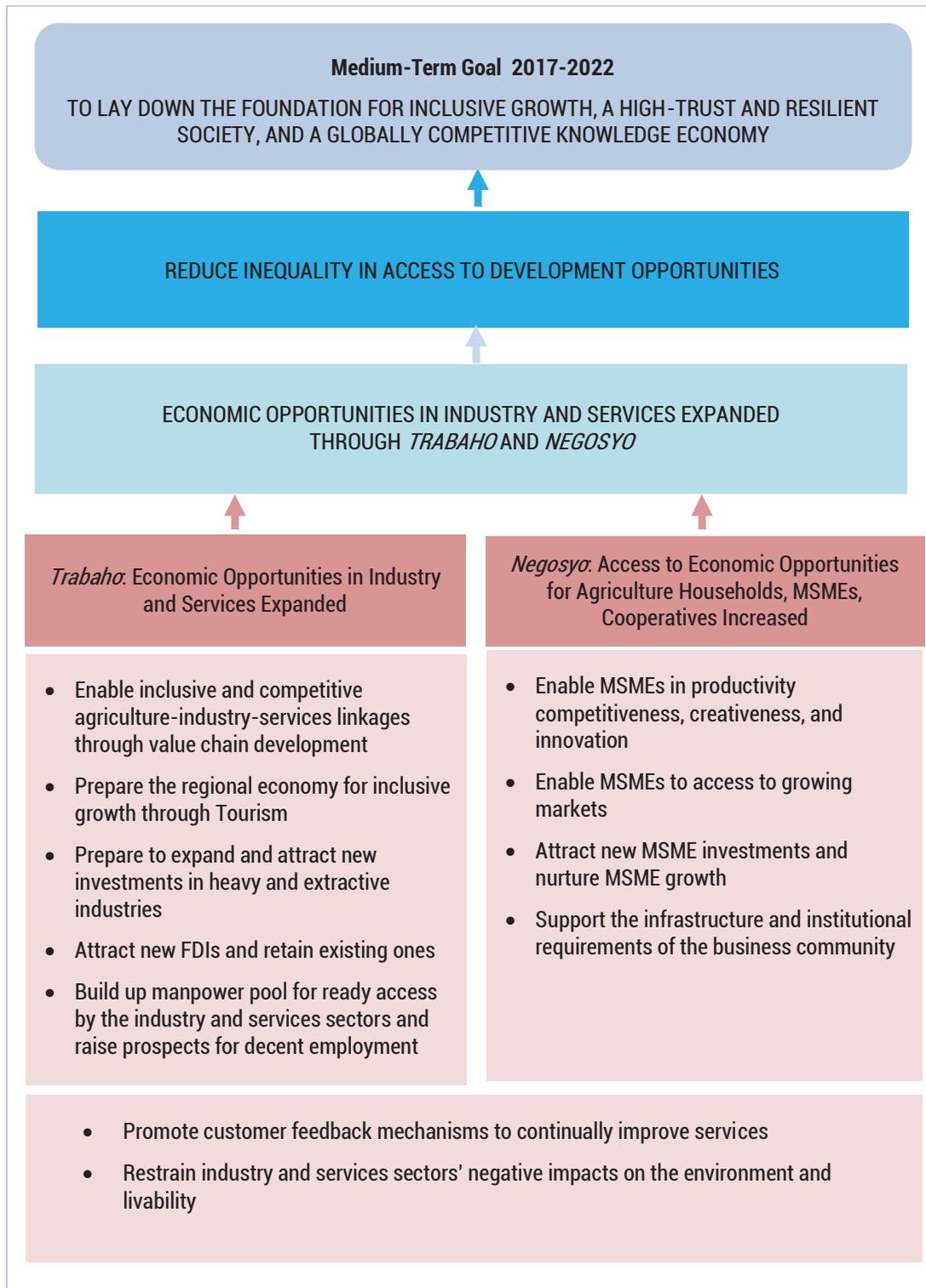
Industry, and Services players. Rural and value chain development will be promoted towards increasing the productivity of agricultural and rural enterprises and rural tourism. Multi-stakeholder collaboration will scale up work on value chain development to expand economic opportunities for farmers and fisherfolk, cooperatives, food processors, food and accommodation establishments, tourism, transport and logistics, and trade.

Operationally, this means organizing to plan and implement value chain development. Inter-agency convergence work will deploy and monitor the development of market-driven value chains where Agri-business with small farmers and fisherfolk are an important link, and where the region already has the resource base, competitive advantage, and/or potential to establish and grow. An important aspect of this work is to develop strategies to reverse the trend in declining number of farmers, and to make agribusiness an attractive investment opportunity and occupation.

The RDC economic sector agencies shall align to harmonize their priorities so that they can focus and work together on agreed sector/ priorities. Regional agency performance contracts with their respective central offices shall include inter-agency work on agreed regional priorities. Regional NGAs and LGUs, along with civil society and the business sector shall converge into a "whole-of-government" and "whole-of-society" teams to agree, organize, and collaborate on value chain activities. Priority industry clusters shall initially be: a) Tourism – food certified as being organic and being GAP (good agricultural practice), souvenir food, and manufactured items; and b) Agribusiness - cacao, coffee, palm oil, coconut (coco coir, geonet, and food grade virgin coconut oil), livestock and poultry (native chicken, native hogs, and Siquijor cattle), seaweeds and carrageenan, and fiber and natural-based fabrics.

A value chain link between big business and small community enterprises shall be forged. Strong-leader-led cooperatives shall be mainstreamed

Figure 9.3 Strategic Framework to Expand Economic Opportunities in Industry and Services, 2017-2022



into the value chain to consolidate the quantity and quality of supplies required by institutional buyers and to provide negotiating power. Income streams along the value chains on criterion of inclusiveness shall be monitored.

The Services sub-sector shall be organized by their specializations. An IT/ web-based system tool shall be used to shorten search-time for them so that specialized Services can be quickly accessed to, and can respond faster and better to the demands of Agriculture and Industry. The Services supply chain shall be monitored for the ability to produce and deliver at just the right time and at prices that are competitive while providing motivating-level incomes for workers.

The DA's Philippine Rural Development Program (PRDP) shall be made accessible for agribusiness value chain planning, investment programming, project development and implementation.

Prepare the Central Visayas economy for inclusive growth through Tourism. The region's provinces will have distinct tourism brands, themes, destinations, activities, and souvenir products. Intra-regional transport connectivity will enable their integration into a regional tourism circuit for greater diversity in visitor experience. The shipping and airport hub role of Cebu will include other Visayas and northern Mindanao and southern Luzon provinces. Planning for cruise ports in Bohol and Cebu will be started. Major investment promotion areas will be facilities for meetings, incentives, conventions, exhibits (MICE) of at least two thousand seating capacity in Bohol and Cebu, and an International Trade and Exhibit Center in the Panglao Tourism Economic Zone.

Using the value chain development concept, tourism will be developed and promoted to efficiently link to: a) the agriculture and rural sector: agri-tourism, organic agriculture, local culinary tourism, ecotourism; b) the MSME sector: furniture and garments, gifts, decor and houseware, product and process demo-

experience centers; and c) the Services sector: arts and entertainment, other creative industries, food and accommodation, tour guiding and training, transport and travel services, and green tourism.

Market intelligence work on spending preferences and behavior of rising tourism markets will be sharpened. Program support will be provided to Manufacturing SMEs to design, develop, package, and market products with local culture and talent content, and bearing quality brands that will bring tourists to use their spending power in the region. Innovation for higher value products will be vigorously promoted. The Retail Trade sector will also be prevailed upon to allocate local gourmet space for see-taste-buy-more visitor experiences.

Tour guiding will be upgraded. Negotiations will be made with the Department of Foreign Affairs so that embassies and consulates can have programs to increase the number of tour guides that are proficient in the language of rising and target tourism markets. Partnerships with the Commission on Higher Education (CHED), Higher Education Institutions (HEIs), and the Technical Education and Skills Development Authority (TESDA) will be forged so that more tour guides develop proficiency in local history and culture and story-telling.

Travel hospitality will be boosted. Sea travel will be scaled up to ASEAN standards. Facilities and services in the various ports of the region's provinces will be made to approximate that of airport-level standards, to make inter-island travel a pleasant and worth-a-comeback experience for domestic passengers and foreign tourists. Jetties and solar-powered electricity and water supply will be target projects in small island destinations.

"Tourism is everyone's business" culture will be promoted. Extra-mile customer hospitality mentality among the citizenry will be aggressively inculcated through audiovisual messages transmitted through DOT, social media, broadcast media, schools, and workplaces. This will be manifested in airports, ports, streets, transport, tourist information centers, and all tourist-related

destinations and byways. For medium and long-term sustainability, plans will be formulated to educate children and youth in customer services, history and culture, and multilingual proficiency to set the stage for even better customer services and tourism culture in the future.

Travel corridors will be improved. The sense of arrival/departure and sight-seeing experience of tourists will be enhanced by rehabilitating, cleaning and greening streets, waterways, waterfronts, and port terminal frontages. The green restroom and tourist information center projects will be expanded and services provided there improved. These will be included in the inter-agency convergence projects of the DOT and the Tourism Infrastructure and Enterprise Zone Authority (TIEZA).

Prepare to expand and attract new investments in heavy and extractive industries. Identification of new sites for the expansion of shipbuilding and other allied activities in the western seaboard of Cebu, particularly in the Toledo-Balamban-Asturias corridor, shall be pursued. Also to be explored is the appropriateness and availability in Cebu of sites for the heavy industries included in DTI's National Comprehensive Industrial Strategy (NCIS) particularly for car manufacturing and car parts manufacturing, aerospace parts, resource-based industries, and fabricated metals. The feasibility and environmental-sustainability prospects of extractive industries in the region shall be looked into, particularly mining of copper, dolomite, development of oil and gas reserves, coal reserves, and renewable energy.

Attract new FDI's and retain existing ones. Ecozone development shall be facilitated with PEZA-NGA-LGU collaboration to attract new FDI's into the provinces. Aggressive marketing and promotion shall be undertaken to attract FDI's that will bring in technologies and shape the productivity experience of the region's work force. The investment promotion efforts of national, regional and local agencies shall be consolidated and intensified. Forging of business partnerships with business groups from ASEAN, China, and

India will be assisted. A program for developing culture and language proficiency useful in facilitating business-to-business engagements shall be supported.

Policy support shall be provided to the region's existing manufacturing FDI's, especially, electronics and shipbuilding, and other FDI's which desire to expand their operations in the region. Stakeholder consultations to air and address government-related issues including those on transport and infrastructure, which affect their efficiency and competitiveness, shall be regularly conducted.

The implementation of the national IT-BPM road map found to be relevant to the enterprises and talents of the region shall be promoted. These are in the areas of animation and game development, contact center and business process outsourcing (BPO), health information management, IT and software development, and global in-house centers. Further, the stage shall be set to level up to Knowledge Process Outsourcing (KPO), including forging interactive partnerships with HEI's and other training institutions to build, expand, and organize the human resource pool for KPO services.

Build up manpower pool for ready access by the Industry and Services Sectors and raise prospects for decent employment. The LGU-DOLE Public Employment Service Offices (PESOs) shall have a database of native skills and proficiencies of barangay constituents. This can start off intentional education and skills building efforts for the employed poor, the self-employed poor, and unemployed-poor. The possibility of requiring all youth and adults with below high school education to be enrolled in training module or on-the-job skill-building and certification modules shall be explored.

Trade skill guilds shall be organized for easier search, certification, and benchmarking of professional fees. These will include those currently certified by TESDA, and those which are not yet certified, e.g., equipment (elevator,

escalator) technicians, and creative talents. Linkages shall be made with Professional Associations, NGAs, and HEI extension services to provide information on local manpower pools.

Access to Economic Opportunities for Agriculture-Dependent Households, MSMEs, and Cooperatives Increased

Enable MSMEs in productivity, competitiveness, creativeness and innovation. ISO certification coverage shall be expanded to include more SMEs. Deployment of initiatives in the region by the National Competitiveness Council (NCC) shall be supported. Inter-agency efforts shall be undertaken to engage with Services sub-sectors involved in pre-production, production, and post-production stages of the Agri-Industry-Services continuum. This will address policy and program needs to improve their competitiveness. The capacity of concerned government agencies to collaborate with the logistics and transport industry on contributing locally to the objectives of the national logistics master plan shall be built up. The efficiency of the supply chain ecosystem to promote availability of supply of quality goods and services at reasonable prices shall be monitored.

The HEI/SUC-industry-government linkages shall be utilized for human resources development in Creative Sector MSMEs. The Creative sector, the research/ academe community, and businessmen shall come together to accelerate product and packaging research and development for commercialization to create and sell province-brand goods and services. The scope of these linkages shall be extended to include building an innovation culture among MSMEs in the region. The Department of Information and Communications Technology, (DICT), Department of Science and Technology (DOST), and DTI shall engage with business associations and chambers of commerce and industry, HEIs, and LGUs to promote innovation in the existing FabLabs and technology incubation centers. Innovations on new products and applied

technologies that use indigenous materials shall be targeted outputs. Regional stakeholders shall participate in innovation conferences such as ASEAN Makathons to create high-value products using local raw materials.

To ensure medium and long-term continuity of innovation efforts, Science and Technology (S&T) scholars with innovation projects shall be guided to collaborate with potential SME adopters and to pursue innovation-oriented careers and be part of the innovation pool of talents of the region. Grants, loans, innovation vouchers, and counterpart funding shall be made accessible to innovative SMEs and technical assistance provided to SMEs to promote long-term research collaboration between universities and businesses.

Enable MSMEs to access to growing markets. Product branding shall set the stage for export-quality region-made goods to sell to domestic and Asian markets. Program support shall be given to MSMEs producing export-quality furniture, garments, gifts, decor, houseware to sell to the domestic home furnishings, tourist accommodations, and souvenir markets. Marketing of tourist souvenirs with culture and local talent content shall be integrated with tourist guide services. Local brands from the provinces shall be launched in the international market. Eligibility for Halal-branding of region-made products shall be developed to access to the ASEAN market. MSMEs shall be supported to take part in the ASEAN and Northeast Asian SME partnerships, production networks, and global value chains. Programs to bring market intelligence, creativeness, and innovation into the development and sale of products to the Chinese market shall be implemented.

Attract new MSME investments and nurture MSME growth. Government regulations and support programs shall be reformed to bring government closer to the people. Swift-response systems to address the needs of businesses of all sizes – from micro to small to large – shall be strengthened for a speedy, facilitative, and increasingly trustworthy bureaucracy.

Services extended to MSMEs including small foreign investors shall be comparable with the quality of service given to FDIs. This will include a system for encouraging IT-BPM SMEs and startups.

Plans to implement the IT-enabling of the Business Permit and Licensing System (BPLS) in LGUs shall be carried out. Faster procedures shall be ensured for securing construction, occupancy, business and other permits. Business registration processes shall be benchmarked with that of ASEAN countries.

A system for encouraging informal economy players to register into the formal economy shall be developed, along with advocacy on the benefits of such. Bureaucratic reporting requirements, especially on tax payments and documentation, shall be simplified. Microfinance assistance shall be expanded to include business plan preparation, plugging in individual entrepreneurs to cooperatives, and organizing MSMEs for accreditation purposes so that these can access to funds.

MSME support projects in the arsenal of the DTI and DOST shall be continued to promote an entrepreneurship culture, business entry, innovation, greening of operational processes, and competitiveness. Access to entrepreneurship education especially on mentorship on business planning and execution, microfinance, market linkage and networking shall be expanded. The initial results from implementing Shared Services Facilities, *Negosyo* Centers, SME Roving Academy, common service and incubation facilities shall be monitored and nurtured to improve beneficiaries' prospects for success.

The MSMED Plan will be pursued and implemented to improve the business climate and reduce the cost of doing business, as well as promote S&T use and innovation, productivity and marketing. So with the Philippine Export Development Plan (PEDP); its strategies to identify, develop and promote new regional products to enhance the manufacturing sector and

to identify new export markets to minimize risks and to diversify foreign markets of goods and services will be implemented.

Support the infrastructure and institutional requirements of the business community.

Public Private Partnership (PPP) as a funding option for infrastructure projects shall be promoted. Support shall be given to facilitate PPP funding arrangements for ports, airports, highways, electricity grids, telecommunications and other infrastructure. In addition, consultation mechanisms shall be used to thresh out and resolve outstanding issues of smuggling, corruption, bureaucracy/ red tape; lack of streamlining and automation of interrelated business procedures; high cost of power, and domestic shipping and port charges.

Promote customer feedback mechanisms to continually improve services to competitive levels.

Trust relationship between/among government and businesses and public with regard to safety, security, and satisfaction with products and services shall be improved. Apps or IT-enabled survey arrangements shall be developed and used to get customer feedback on satisfaction of experience with LGU, NGA, enterprise, facilities, and product. Citizen and customer feedback of LGU services and experiences shall be sourced from the Community-Based Monitoring System surveys.

Restrain Industry and Services sectors' negative impacts on the environment and livability.

The efficiency and greening standards of the Construction, Mining, and Quarrying Industries shall be upgraded as they increase production in response to the demands of the housing and infrastructure investments sub-sectors. Quarrying activities of the informal economy and their impact on the environment shall be monitored. The use of clean technologies shall be promoted for industrial production, greater resource and energy efficiency, and improved water and waste management. Advocacy shall also be undertaken to increase awareness that greening is the best way for business/ industry to become sustainable

and profitable in the long-term, and that adopting green practices and implementing green infrastructure projects is the better alternative to traditional industry practices. Awareness about the Life Cycle Assessment and capacity building for its services practitioners shall likewise be undertaken.

Legislative/ Administrative Reform Agenda

To strengthen the effectiveness of the strategies, legislative and/or administrative reform agenda are needed in the following areas:

Table 9.4 Legislative/Administrative Reform Agenda

PROPOSED AGENDA	RATIONALE
Enabling Tourism as growth driver for the generation of investments and jobs, and customer and citizen satisfaction	
Mandate the position of Local Tourism Officer	The Local Tourism Officer must have proficiency certification
Include RDC representative in the DOTr Regional Management Committee as a convergence measure for tourism and travel	To facilitate planning, implementation, and monitoring of seamless travel connectivity
Provide on-line booking systems for renewal of license of shipping and bus transport	To facilitate implementation of seamless travel connectivity
Enabling whole-of-government facilitation for value chain development for inclusive, competitive, green, decent work	
Issuance of joint memo circulars for inter-agency work on value chain development	To operationalize a whole-of-government approach in value chain development
Institutionalization of whole-of-government efforts and outcomes in agency performance indicators	To achieve shared goal and an integrated government response to issues and concerns
Requiring all youth and adults with below high school education to be enrolled in training and certification modules.	To build up the abilities and productive potential of the marginalized work force
Formation of trade skills guilds	To facilitate search, certification, and benchmarking of professional fees
Provision of plantilla positions and budgets for IT personnel in government agencies	To improve e-governance
Statistical development for improved economic development planning and more evidence-based governance	
Mandate the Philippine Statistics Authority to have Tourism and ICT as separate subsector accounts in the estimation of Gross Domestic Product	To improve planning and policy for two major Services subsector drivers
Provide plantilla positions and budgets for Statistics personnel in LGUs	To institutionalize LGU capacity and structures for statistics competency for development planning
Institutionalize the National Competitiveness of Municipalities and Cities Index and provide budget support	To put the NCC effort and findings within the Philippine Statistical System