Preliminary Assessment of the 'Shared Service Facilities (SSF)'

PIDS-PASCN Study Team [1]

Abstract

This paper attempts to assess one of the pillars of the "Big Push" for MSME development of the Department of Trade and Industry: the Shared Service Facility (SSF). Implemented in 2013, the SSF seeks to address the gaps and bottlenecks in the value chain of priority industry clusters through provision of processing and/or manufacturing machinery, equipment, tools and related accessories for the common use of the MSMEs. The assessment used case studies of selected three (3) project sites where focused group discussions (FGDs) were held and preliminary data on output, performance and costs could be obtained. Overall data from DTI on SSF were also utilized. The results appear promising, although still not robust enough because of insufficient data, and the program still being in early stage (2nd year) of implementation. The project costs very little but it has had notable and substantial impact on jobs and productivity. This indicated by the very low estimates of the implicit subsidy per worker, and generally favorable measure of the benefit-cost ratio of projects undertaken under the program. In addition, the FGDs, on the whole brought out encouraging feedback from all concerned.

Keywords: Shared Service Facility, Micro Small Medium Enterprises and SME Development

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1. Introduction

In line with its ongoing commitment to pursue the zero-based budgeting (ZBB) approach, the Department of Budget and Management (DBM) has collaborated with the Philippine Institute for Development Studies (PIDS) to review existing government programs. Under the ZBB, major government programs are periodically evaluated to avoid automatic carryover and "incrementalism" in department budgets. Existing government programs that are no longer aligned with development priorities or are deemed inefficient and ineffective are either terminated or scaled down. On the other hand, those programs found to be valuable, beneficial and needing expansion are given additional budgetary allocation. For this year, one of the programs identified by the DBM for rapid evaluation is the 'Shared Service Facility' (SSF) of the Department of Trade and Industry (DTI). To better understand and appreciate the value of the SSF initiative, DBM has specified the following objectives:

i. Assess the impact of the SSF project on the productivity and competitiveness of beneficiary Micro, Small and Medium Enterprises (MSMEs) and on job generation of the MSME sector;
ii. Assess the effectiveness of the SSF project in addressing the bottlenecks and gaps of the MSMEs;
iii. Describe and review the implementation process and procedures of the SSF project;
iv. Determine the number of tools, machinery and equipment delivered and the number of MSMEs who have access to the facility;
v. Generate recommendations on implementation of SSF project and for the development of the MSME sector

2. Methodology, data sources and organization of the paper

The paper applied a descriptive analysis of the data and information provided by the Department of Trade Industry[2]. Limited primary data were obtained through site visits, focus group discussions (FGDs) with identified stakeholders and beneficiaries and interviews with relevant government agencies. To gain better understanding of the SSF project and provide empirical basis to the study, the PIDS Study Team considering the time constraints, sought the help from DTI main office identifying 3 project sites as case studies. Selected SSF Projects in the provinces of Pampanga, Aklan and Davao provide illustrative examples of SSF cases under three (3) geographical locations (i.e., 1 project for each major island), varying stages of business development (whether catering to local or domestic market and/or with link to global value chain) and different types of incorporators (LGUs, Cooperatives, SME groups).The study likewise made references to various studies on SME contribution, development and promotion, and linkage to the global production networks (GPNs).

[2] DTI Asec. Lantayona, Dir. Clavesillas and DC Aquino provided the research team with a backgrounder about the SSF program, brief information on how the program is being implemented, some data on the number of SSF per region in 2013, among others (Interview conducted October 9, 2014).

As a first step, the paper looks at the SME sector—the government rationale for promoting SMEs, the problems they encountered as well as some basic statistics of the SME sector in the Philippines to situate the SSF Program in the overall context of government development policy and strategies for SME development. This is followed by a detailed description of the SSF, its process flow and major components in Section 4. While Part 5 of the paper describes the current status of the SSF, including some narratives on the utilization of project funds, subsidy per worker and benefit-cost ratio generated for the study. Section 6 discusses the results and findings of the case studies, after which is the presentation of preliminary recommendations in Section 7. While Section 8 ends and concludes the study.

3. Background: SME and SME Development

All over the world, there is a wide recognition that SMEs contribute significantly to job generation, innovation, social stability and aggregate productivity growth and economic development. Vast majority of developed and developing economies rely on SMEs to trigger and sustain the processes of economic growth. SMEs are reported to be effective and successful in developed markets, accounting for 60-70% of employment and more than 50% of the GDP. In the case of developing economies, a vibrant SME sector is also seen as an important engine of growth and an effective tool to combating poverty and unemployment. By their sheer volume and the share of workforce under their employ, the slightest improvement in their capabilities and productivity can have tremendous effect on the country's economic and industrial base. Hence, it comes as no surprise that the provision of support to SMEs has become an increasingly important development and political agenda especially during the recent years—a period marked by a thriving regionally-integrated economy and production sharing and network.The trend has a dual impact on SMEs, presenting them with risks and challenges, as well as new and better opportunities to expand and grow, not only locally and nationally, but also globally. While these may entail sometransitional costs, SMEs could serve as potential suppliers of outsourced goods and services, and provide links to the export sector and the global production networks which have grown exceedingly well in sectors such as automotive, machineries, electronics and garments (Aldaba 2010). The increasing economic integration has drastically changed the business environment for SMEs, andmany governments have intensified their role and efforts in defining policies and programs in support of MSMEs.

This is especially true in the case of the Philippines where MSMEs dominate the domestic economy and constitute a huge bulk of manufacturing enterprises. In 2012, they comprise 99.5% of total establishments, employ more than 60% of the workforce, and contribute 16-31% of total exports and 36% of the total gross value added.Geographically, there is a high concentration of SMEs in NCR and the CALABARZON region, whereas microenterprises are widely dispersed throughout the rural area. However, despite the reported significance of SMEs in the economy, the country remains among the least effective at fostering and cultivating business environment that is friendly to SMEs.

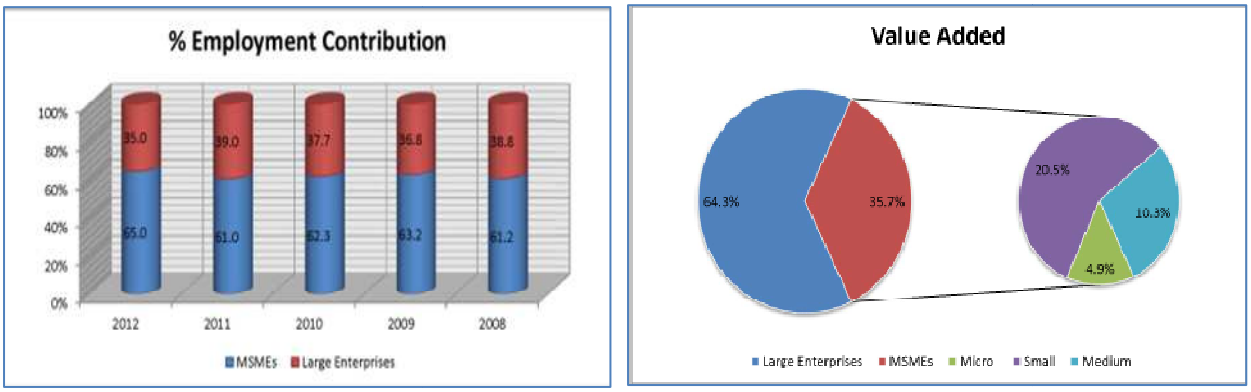


Figure 1. MSME contribution to employment and value-added

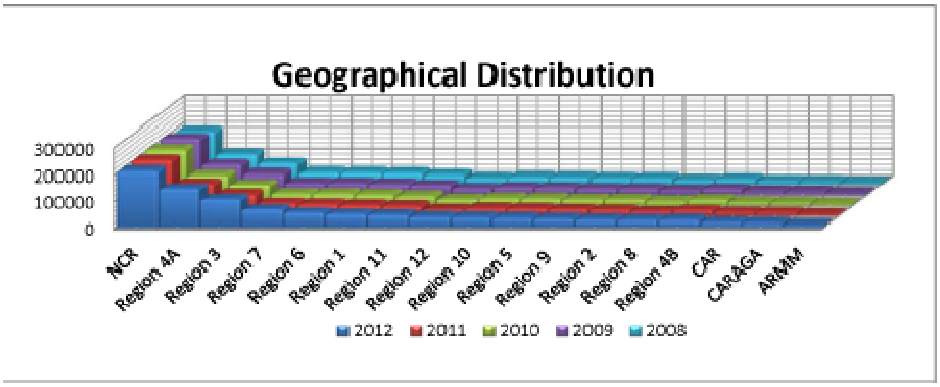


Figure 2. Geographic distribution of MSMEs

The overall performance of the SME sector according to Aldaba (2013), has been rather restrained or limited despite some notable improvements over the last decade. The growth was not strong or vigorous enough to propel the economy, and generate sufficient value added and employment to increase competition and improve industrial structure. She attributed this sorry state to credit market imperfections and technology-related issues. Most SMEs face various challenges in the areas of finance, human resource development and access to technology and business support infrastructure (Table 1).

Table 1. MSME Constraints

Constraints	Indon	Phil	VN	Cam	Lao	Thai	Mal
Raw materials	✓				✓	✓	✓
Marketing	✓	✓				✓	
Finance	✓	✓	✓	✓	✓	✓	✓
Technology & skill		✓	✓	✓		✓	✓
Infrastructure		✓	✓				
Market environment		✓	✓	✓			

Source : Aldaba (2013)

Majority of the Philippine SMEs face substantial barriers to growth and sustainability. Although these barriers vary and may differ between rural and urban areas, across regions and sectors, there are certain constraints that are common to all SMEs. Despite the dominant numbers, SMEs generally, theyhave difficulty accessing formal credit. Banks are reluctant to lend because they regard SMEs as high-risk borrowers since most SMEs have no business plans, lack assets that can be used as collateral and have practically no financial records or accounting system (Aldaba 2009, 2013). Henceforth, they often struggle to find capital needed to acquire and upgrade their production and sustain or expand their operations. SMEs underinvest in R&D, innovation, new technologies or capital equipment, as well as in technical skills and training that would make them productive and competitive (Ezell and Atkinson 2011). To maintain their profit margin, SMEs have been relegated to using traditional, labor-intensive, low technology production facilities that severely limit their capability to meet increased demand andimprove product quality and consistency. More often than not, outdated production methods can lead to 'high materials wastage, high rates of reworks, and inability to meet deadlines' (Aldaba 2013). Noting that many SMEs are especially likely to suffer from economic inefficiencies caused by these market imperfections—i.e., outdated technologies, lack of information networks, technical skills and resources—many governments, notwithstanding SMEs' industry and employment contribution, have found sound justification for public intervention in SME development (Ezell and Atkinson 2011).

The Philippine government understood this well andas early as the 1970s, the government has devoted considerable efforts in promoting SME development through a variety of programs

and institutional support (Aldaba 2013). The Department of Trade and Industry (DTI)[3] established the Bureau of Small and Medium Enterprise Development (BSMED) to promote and develop micro-, small- and medium-enterprises (MSMEs) in the country. It initiates and implements programs and projects addressing specific MSME needs in technology development and transfer, financing, marketing and training, and marketpromotion through trade fairs. It is also tasked to review and formulate policies and strategies geared towards the advancement of MSMEs.

Table 2 presents some of these government programs including the most recent initiatives of the Aquino government placing the highest priority to the development of a competitive Philippine SME sector[4]. MSME development is one of the current government's strategies to create sustainable employment (especially in the countryside), combat poverty and attain inclusive growth.The list alsoimplies a comprehensive and integrated strategy that attempts to focus on the followingcritical areas: business environment, access to finance, access to markets, productivity and efficiency.

Table 2

Business Enabling Environment: Advocacy of SME Laws	Magna Carta for Micro, Small and Medium Enterprises (RA No. 6977 as amended by RA No. 8289 and RA No. 9501)
	Barangay Micro Business Enterprises (BMBEs) Act of 2002 (RA No. 9178)
	Go Negosyo Act (RA 10644)[5]
Access to Finance: SME Financing Support Programs	Microfinance Program/s: • People's Credit and Finance Corporation (PCFC) • Access of Small Entrepreneurs to Sound Lending Opportunities (ASENSO) Program • Rural Micro Enterprise Promotion Programme (RuMEPP)[6] • Mandatory Allocation of Credit Resources to MSMSEs (RA 9501) o 8% for micro & small enterprises; 2% for medium enterprises
Access to Markets:	

[3]Lead agency responsible for realizing the country's goal of a globally competitive and innovative industry and services sectors that contribute to inclusive growth and employment generation. Among its trade and industry agenda is to intensify SME development efforts.

[4] In fact in a more recent development, the SME agenda is among the four (4) priorities to be pushed during this year's APEC hosting of the Philippines. This is in recognition of the potential of SMEs to generate employment, serve as engines of economic development and to attain inclusive growth.

[5] To bring government services closer to small businesses through the establishment of Negosyo Centers in all provinces, cities, and municipalities. The Negosyo Centers shall be responsible for promoting ease of doing business and facilitating access to services for MSMEs. Aside from facilitating business registration through the Philippine Business Registry System, the Centers shall provide assistance to MSMEs in the availment of technology transfer, production and management training programs, and marketing assistance of the DTI, DOST, UPISSI, CDA, TESDA and other agencies concerned.

[6]Aims to reduce rural poverty through increased economic development, job creation and rural incomes for poor rural households by promoting profitable & sustainable micro enterprises (MEs). While the Programme will operate in poor provinces, the micro-credit component will be implemented nationwide through the NICCEP industries.

(1) Product Development & Design Services	(1) Product Development & Design Services—Product designs; Technology upgrading workshops; Design & technical information; Design library; Conduct of design competition
(2) Export Pathways Program	(2) Export Pathways Program-Regional Interactive Platform for Philippine Exports (RIPPLES)[7]
(3) Facilitating Business Partnerships	(3) National Industry Cluster Capacity Enhancement Project (NICCEP)[8]
(4) Trade Fairs & Exhibitions	(4) Manila F.A.M.E; IFEX Philippines; National & Regional Trade Fairs;
(5) Doing Business in Free Trade Areas (DBFTA)	(5) Seminars; Trade facilitation; Advisory/consultancy
(6) Facilitating Business Partnerships	(6) One Town One Product (OTOP) Stores- TindahangPinoy[9]; Buyer-Seller Matching; Domestic/Foreign Trade Facilitation;
Productivity and Efficiency:	(1) Technology Upgrading:Department of Science & Technology (DOST)--- • Small Enterprise Technology Upgrading (SET-UP)[10] • Technology Business Incubator Program (2) Shared Service Facilities (SSF)[11] (3) SME Roving Academy[12] (4) Technology Information for Commercialization (TECHNICOM)

Source : Department of Trade and Industry (DTI)

Apart from DTI programs on SMEs, the government also has Community-Based Employment Programs (CBEP) being implemented by various agencies. Many of which, particularly the non-infrastructure project components, provide livelihood and self-employment to vulnerable households, and assistance to micro and SMEs such as DSWD's Self-Employment Assistance Kaunlaran Project (SEA-K) and the Integrated Livelihood Program (ILP) by the Department of Labor and Employment (DOLE) to name a few. Although these are geared more towards CCT

[7] Focuses on providing export assistance through a systematic approach, providing interventions at every stage of an exporter's growth. It utilizes the Value Chain Approach (VCA), Industry Clustering, and Sub-contracting to arrive at a holistic export development program that will ensure a stronger and more dynamic export industry. Such dynamism would be a tool for the regions to nurture SMEs with potential to become exporters.

[8] The development and promotion of industry clusters are identified as a major strategy under the Philippine Development Plan 2011-2016 in helping achieve its vision of a globally- competitive and innovative industry and services sector that contributes significantly to inclusive growth and employment generation. Using the industry cluster approach, DTI will build alliances with relevant agencies and institutions to develop competitive and innovative SMEs, implement a program for productivity and efficiency and create conducive business enabling environment.

[9]The project will serve as the showcase of the country's excellent products from the traditional to the contemporary. It will serve as an alternative channel in the promotion and sale of OTOP and other SME products and services through a network of physical outlets that will be supported later on by electronic outlets.

[10]is a nationwide strategy to encourage and assist SMEs to adopt technological innovations to improve their operations and thus boost their productivity and competitiveness. The program enables firms to address their technical problems through technology transfer and technological interventions to improve productivity through better product quality, human resources development, cost minimization and waste management, and other operation related activities.

[11]refers to common service facilities or production centers that give MSMEs access to better technology and more sophisticated equipment to accelerate their bid for competitiveness help them graduate to the next level where they could tap a better and wider market and be integrated in the global supply chain

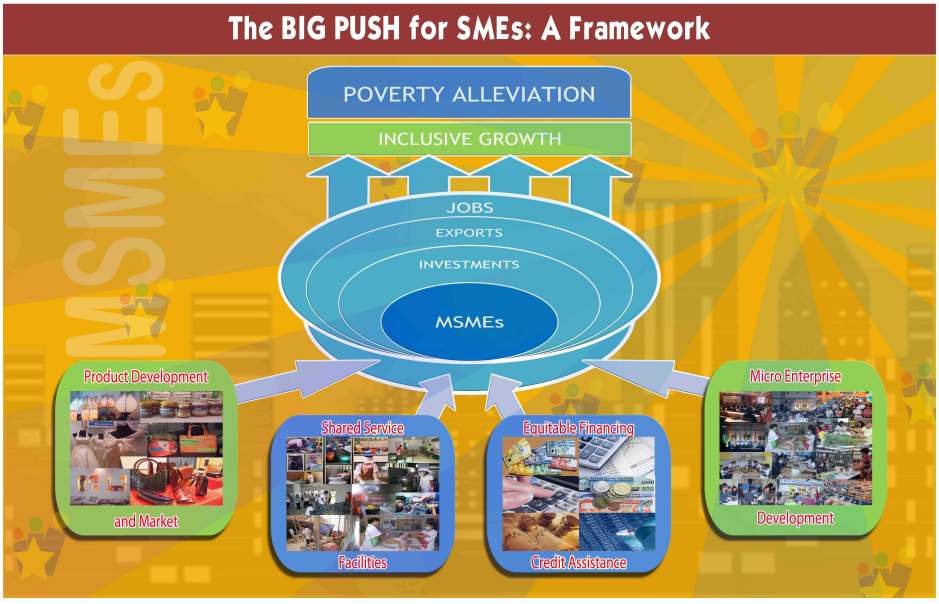
[12] A continuous learning program for the development of micro, small and medium enterprises to become competitive in the domestic and international (global) markets.

beneficiaries and displaced workers, there are impressions that these efforts duplicate and overlap core SME developmentprograms of the DTI. Ballesteros and Israel (2014)reviewed the different employment generation programs run by various government agencies between 2004 and 2012.

4. The "Shared Service Facilities" (SSF) Project

Perhaps in response to the changing business landscape, the government's current SME support initiatives cover a wide range of financial and nonfinancial services, under which is the Shared Service Facilities (SSF). Coined 'The Big Push', the current administration's banner program for SME development aims to increase the productivity and efficiency of MSMEs which will help achieve the country's goal of poverty alleviation with inclusive growth. Through its four major pillars (Figure 1), the program has gone beyond the provision of subsidized loans and trainings to include business development services that would support SMEs throughout their business cycle. SSF, which is one of the four pillars and presumably the government's response to SMEs' need for technology and skills upgrading, complements available MSME assistance package in the areas of technology, product development and packaging. Figure 3 below depicts the centrality of M/SMEs in the overall development strategy of the government and the "Shared Service Facilities" as one of the major state interventions to promote and support SME development.

Figure 3



There is no exact equivalent of SSF in the literature. Although it may be regarded as something similar in a way to business incubators because they both provide non-financial support to

SMEs, but different in the sense that incubators cater mostly to start-ups, while SSF is intended for SMEs that have passed the initial start-up stage.

The program is not too far off from the support programs initiated by other countries for their SME manufacturers. Table 3 describes the SME manufacturing support programs of advanced economies like the United States, Australia, Canada, Germany, Japan and United Kingdom, while Appendix 1 enumerates the range of services provided by these programs. Ezell and Atkinson (2011) noted that supporting SME's adoption of new technologies; manufacturing processes and new product development have become indispensable to the industrialization of these advanced economies. In fact, the US and UK have been reported to intervene at the level of the firm to enhance SME productivity and adoption of new technology. Their most recent efforts have expanded to include coaching and assisting SMEs in their product development and innovation initiatives. Austria and Germany on the other hand, are more focused on directly supporting SME R&D activities. This is slightly different from Japan, whose approach not only involves firm-level intervention to improve SMEs' production process capabilities, but also works alongside SMEs in the performance of R&D activities (Ezell and Atkinson 2011).

Table 3. Manufacturing Support Agencies in Selected Countries

Country	Agency	No. of Centers/Regional Offices	Total Staff	Year Founded
United States	Manufacturing Extension Partnership (MEP)	60 State and Regional Centers	1,300+	1988
Australia	Enterprise Connect	12 Centers	250	2008
Canada	Industrial Research Assistance Partnership (IRAP)	150 Offices in 90 Communities	220	1962
Germany	Fraunhofer Institutes	57 Fraunhofer Institutes	18,000	1949
Germany	Steinbeis Centers	750 Steinbeis Centers	4,600	1971
Japan	Public Industrial Technology Research Institutes (Kohsetsushi Centers)	262 Offices (182 Kohsetsushi Centers)	6,000+	1902
United Kingdom	Manufacturing Advisory Service (MAS)	9 Regional Centers	150	2002

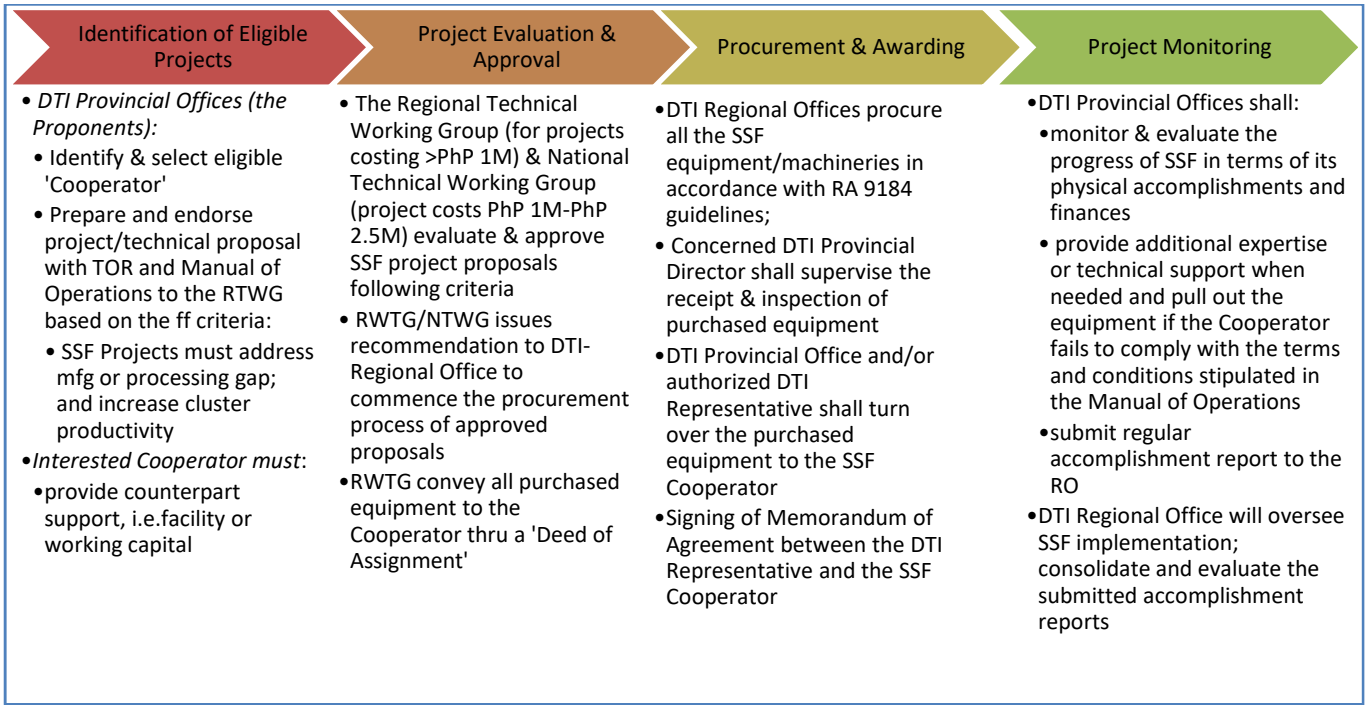
Source: Ezell and Atkinson (2011)

In the same vein, the Philippines through the SSF is also trying to make direct, firm-level provisions for technology upgrades of domestic SMEs. Initiated in 2013 with a budgetary allocation ofPhP 700 million, the SSF project according to official records, aims to improve the quality and productivity of microenterprises and SMEs by addressing the gaps and bottlenecks in the value chain of priority industry clusters through the provision of processing machines/equipment for the common use of the MSME within the said industry clusters all over the country. The goal is to assist SMEs accelerate their bid for greater competitiveness and

help them graduate to the next level and move up in the global supply chain. Thru SSF, this is done not just by providingMSMEs access to equipment and machinery, but at the same timeby addressing their inherent disadvantage from lack of economies of scale.

Under this scheme, the commitment and participation of the private sector, i.e. the qualified cooperator or partner, is very crucial since the private sector partner will identify and provide the sustainable facilities with which to house the machinery and equipment. DTI Memorandum Order 13-1627[13]establishes the operational guidelines for the efficient and effective implementation of SSF, including the provisions and criteria of those eligible to avail of the program. Appendix 2 provides a more comprehensive and detailed listing of the SSF terms and requirements, while Figure 4attempts to condense its salient features to describe the SSF process flow as follows:

Figure 4. SSF Process Flow (Condensed)



Information Dissemination and Identification of Eligible Projects

The official implementing or operational guidelines was cascaded to the DTI regional offices during the first quarter of 2013 through Department Order/Memorandum Circular 13-1627. The 11-page memorandum enumerates the criteria and procedures that must be observed in the implementation of the SSF. Moreover, each DTI office was tasked to indicate and submit to

[13] More updated version of the Implementing Guidelines. The earlier version does not include LGUs as possible cooperator of the SSF project. Also, based on our interviews with DTI-SSF Focal Persons, there have been changes in terms of amount that can be approved at the provincial, regional and national level.

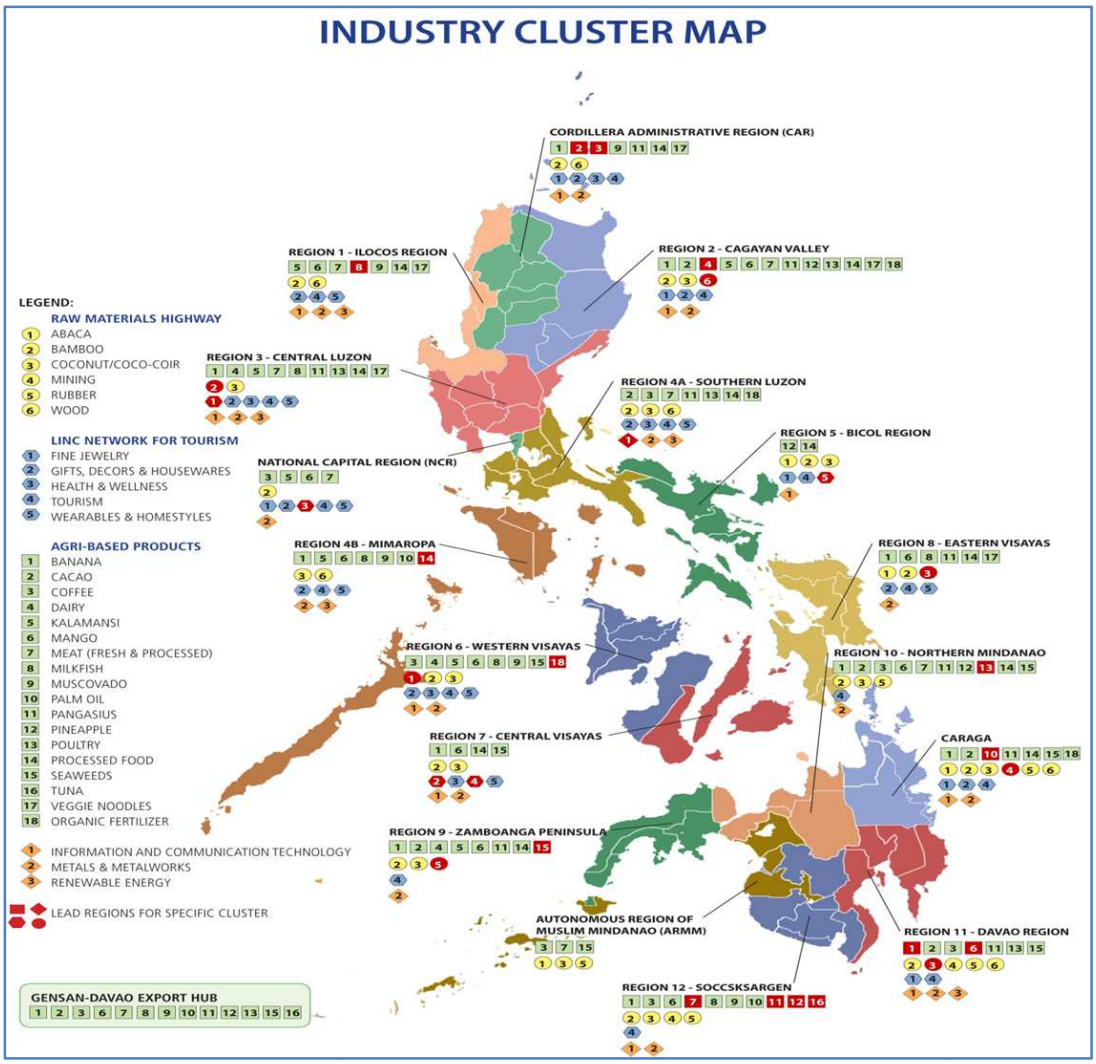
the head office, their target number of SSF projectsto be rolled out for the year. As of October 2014, a total of 862 SSF projects were identified for 2013.

Because government or the SSF Project for that matter operates on limited resources, the program gives priority to business establishments that exhibit strong capability to grow and develop or expand their operations. Only SMEs with established operationsare eligible to avail of the program. To qualify, interested'cooperator'must have a minimum of 3 years operations, with valid registration from the SEC or the CDA or any other agency authorized to grant legal personality to a business or organizational entity. Moreover,since this is a co-sharing agreement, qualified 'Cooperator' must have the capability to provide counterpart support which may come in the form of suitable facilities or building to house the equipment or machinery, support personnel and working capital. Cooperators can be NGOs, POs, cooperatives, business or industry associations, local government units, state universities and colleges and other similar government or academic institutions.

Based on the above criteria, the Proponent or the DTI Provincial Office headed by the Provincial Director, shall select and endorse the proposed SSF, and prepare the terms of reference (TOR) or technical proposal for the same. The proposed facility must address processing and manufacturing gaps in the *priority* industry cluster due to any of the following circumstances: absence of the needed facility, lack of capability of an existing facility, costs of services an existing facility is not affordable. The Proponent shall likewise ensure that the proposed facility will increase the productivity of the industry cluster, which may be demonstrated through observed product improvement, marketability or price competitiveness and conformity to standards. Of course, preference will be given to MSMEs belonging to the nine (9) priority industry clusters identified by NICCEP as follows:

- Luzon - Milkfish, Dairy, Coffee, Bamboo, Tourism, ICT, Health & Wellness and Wearables &Homestyles
- Visayas - Gifts, Decors & Housewares, Tourism, ICT, and Health & Wellness
- Mindanao - Banana, Mango, Coconut, Seaweeds, Wood, Mining, Tourism, ICT, Rubber, Poultry, Tuna and Oil Palm

Figure 5



Proposal review & Evaluation

After preparing the technical proposals and the Terms of Reference, individual project proposals amounting to less than PhP 1M are endorsed by the Proponent (c/o DTI Provincial Director) to the Regional Technical Working Group (RTWG), while those over 1M but less than 2.5 million are forwarded to the National Technical Working Group (NTWG). The DTI Provincial office may approve project proposals with costing less than 50,000 but project requests with individual cost of over 2.5 million are elevated to the Executive Committee for approval.

The RTWG must have at least four (4) members, the DTI Regional Director, 1 Provincial Director, business sector representative and 1 technical expert from the specific industry being assisted. The NTWG meanwhile, shall be composed of DTI Region III Director as chairperson, Region IV-A Director, Director of Office of Special Concerns, Director of General Administrative Services,

Director of Cottage Industry Technology, and Assistant Director of Bureau of Micro and SME Development.

In prioritizing the proposed SSF submitted, the TWGs must adhere to the following evaluation criteria:

Table 4

Criteria	Max.Points
1. The proposed facility has a desirable high impact-low investment ratio e.g. PhP 100,000 investment = 100 coco coir processors (preferred) PhP 100,000 investment = 2 jobs (lower priority)	30
2. The proposed facility is needed for expansion of a ready market	25
3. The establishment of the proposed facility is initially prioritized within the 609 focused towns/cities within the priority clusters	20
4. The proposed facility targets identified industry clusters with the greatest need	20
TOTAL	100

Through a memorandum, the RTWG will inform the Proponent about the result of the review within 2 days after the RTWG deliberation. In turn, the Proponent will notify the project cooperator about the result of the deliberation not later than 3 days from receipt of the memorandum with the corresponding list of approved and disapproved projects.

In like manner, the RTWG shall endorse to the NTWG for its evaluation and approval, project proposals costing more than PhP1 million. Within 2 days after its deliberation, the NTWG thru the SSF-PMO shall also notify the Regional Office of the result to be cascaded to the concerned Proponent and Cooperator. For projects over PhP 2.5 million, the NTWG (thru the SSF-PMO) shall inform the RTWG of approved proposals endorsed by the NTWG to the DTI Executive Committee for evaluation and approval.

Procurement and implementation

Once approved, the proposals are then submitted to the DTI Regional Office or in the case of big projects, to the SSF-Project Management Office for their appropriate action. The SSF-Project Management Office serves as the overall PMO and secretariat to the NTWG. The RTWG meanwhile transmits to the Undersecretary of the Regional Operations Group (ROG)copies of the approved project requests and returns to the proponents disapproved project proposals, simultaneous with its recommendation to the proponents and concerned DTI Region Office to commence the procurement process of approved proposals.

The DTI Regional Office procures all the equipment required in setting up the approved SSF, upon completion of all required documents by the concerned DTI provincial offices. Through competitive bidding or any other modes provided under RA 9184, the Bids and Awards Committee constituted at the regional level shall decide on the winning bids and convey all

purchased machines and equipment to the Proponent via an office memorandum. All questions and correspondence relative to the bidding, including the invitation to bid, notice of award reside with the DTI Regional Office. For individual projects costing 2.5 million and above, procurement shall be conducted by the Centralized Procurement Agency.

Upon delivery to the designated project site, the DTI Provincial Director shall supervise the receipt and inspection of purchased equipment, in the presence of the Cooperator and/or his representative. This is to ensure the condition of the procured item and immediately take the appropriate actions in case problems arise. As soon as it can be arranged, the purchased equipment will be turned over to the beneficiaries and on their behalf, the SSF Cooperator will sign and enter into a Memorandum of Agreement with the DTI thru its authorized representative, i.e. DTI Provincial Director (for projects less than PhP 1 million), Regional Director (for projects up to PhP 3 million) and the Undersecretary for ROG (Projects over PhP 3 million).

5. Current status and preliminary figures

Fund utilization and number of SSF Projects

As of the October 04, 2014 data, the DTI was able to utilize 53.63% of the funds allocated for SSF (Table 5). Of which, 41% or 290.3 million was established and 12% or 85.2 million was obligated. Among the regions, Region III had the biggest fund allocation at PhP 115.3 million, next was CAR with PhP 74 million and 3rd was Region IVA which has PhP 70.5 million fund allocation for SSF. Region VI had the lowest share with PhP 19 million, which is roughly 2.7% of the total allocated fund for 2013. The amount of funds should not be equated with the number of SSF projects because the regions with the most number of SSF projects--Regions II, III and IV-A, are not the same regions with the most allocations. NCR for instance which has the least number of SSF projects, garnered close to 8% of the total project funds.

Industry-wise, SSF projects are highly concentrated in the food and agri-industry clusters that mostly involve the purchase of food processing and resource-related production equipment, such as but not limited to packaging machines, retort, kiln driers, dye vats, slicers, thickness planers and handlooms.

Available data from selected SSF projects likewise confirm the positive impact of facilities' provision on sales or revenue streams. Table 6 shows the increase in sales of SME beneficiaries in selected regions, most of which posted a minimum 20% increase in sales after the SSF was established. SSF projects particularly in Regions I, X and XI showed the biggest improvements with sales surging by 100% to over 200% as of the latest available data.

Table 5

Region	2013 GAA (A)		STATUS OF 2013 SSF FUND UTILIZATION						Balance for Continuing Fund (E=A-D)	% of SSF Established/Fund Utilization	
			Established (B)		Obligated (C)		Total (D=B+C)				
	Target	Fund Allocation	# of SSFs	Project Cost	# of SSFs	Project Cost	# of SSFs	Project Cost	Project Cost	# of SSFs	Project Cost
CAR	76	74,472,000.00	51	24,929,949.00	5	11,427,600.00	56	36,357,549.00	38,114,451.00	73.68%	48.82%
Region I	38	42,528,000.00	50	23,227,557.00	-	-	50	23,227,557.00	19,300,443.00	131.58%	54.62%
Region II	114	31,442,000.00	111	25,405,953.90	6	6,036,046.10	117	31,442,000.00	-	102.63%	100.00%
Region III	110	115,304,000.00	68	37,679,131.72	5	3,674,405.44	73	41,353,537.16	73,950,462.84	66.36%	35.86%
Region IVA	100	70,548,000.00	86	56,378,879.52	7	3,442,940.00	93	59,821,819.52	10,726,180.48	93.00%	84.80%
Region IVB	15	15,296,000.00	6	3,502,000.00	-	-	6	3,502,000.00	11,794,000.00	40.00%	22.89%
Region V	45	49,374,000.00	48	16,740,093.98	8	2,537,707.00	56	19,277,800.98	30,096,199.02	124.44%	39.04%
Region VI	32	19,040,000.00	26	4,953,115.01	-	-	26	4,953,115.01	14,086,884.99	81.25%	26.01%
Region VII	41	29,584,000.00	68	15,112,008.30	11	10,283,916.50	79	25,395,924.80	4,188,075.20	192.68%	85.84%
Region VIII	26	26,640,000.00	65	1,334,700.00	6	6,660,000.00	71	7,994,700.00	18,645,300.00	273.08%	30.01%
Region IX	67	27,120,000.00	30	13,891,832.60	13	13,235,428.00	43	27,127,260.60	-	64.18%	100.03%
Region X	77	45,744,000.00	54	21,359,198.44	20	14,951,536.50	74	36,310,734.94	9,433,265.06	96.10%	79.38%
Region XI	31	34,480,000.00	42	12,171,062.48	14	11,828,346.77	56	23,999,409.25	10,480,590.75	180.65%	69.60%
Region XII	40	31,360,000.00	38	17,990,760.00	-	-	38	17,990,760.00	13,369,240.00	95.00%	57.37%
Caraga	42	34,448,000.00	23	14,126,787.00	-	1,040,000.00	23	15,166,787.00	19,281,213.00	54.76%	44.03%
NCR	8	52,620,000.00	2	1,461,000.00	-	-	2	1,461,000.00	51,159,000.00	25.00%	2.78%
Total	**862**	**700,000,000.00**	**768**	**290,264,028.95**	**95**	**85,117,926.31**	**863**	**375,381,955.26**	**324,625,305.34**	**100.12%**	**53.63%**

Table 6

REGION	PROVINCES COVERED	TOWNS COVERED	INDUSTRY CLUSTER	PROJECT COST (in PhP)	SALES (in PhP)					NO OF SSF	Pearson's Single Period B/C method			
					BEFORE SSF (annualized)	AFTER SSF (annualized)	Difference (8=7-6)	% Diff (9=8/6)	(Assumption 1) Production cost = 88% of Sales		w/o SSF	with SSF	B/C Ratio	
													Total	Annual
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)				
TOTAL				24,977,590	205,977,052	282,555,360	76,578,308	37.18	181,259,806	96	24,717,246	101,295,554	9.198	3.066
CAR	4 provinces	11	Processed Food; Organic Fertilizer; Gifts & Decors; Veg. Noodles; Coffee	3,005,412	2,887,512	4,410,000	1,522,488	52.73	2,541,011	10	346,501	1,868,989	1.520	0.507
Region I	1 province	2	Milkfish; Dairy	1,368,210	870,000	2,760,000	1,890,000	217.24	765,600	2	104,400	1,994,400	4.144	1.381
Region II	5 provinces	42	Processed Food;Dairy; Bamboo; Handicrafts; Meat processing; Furniture/furnishings; Gifts, Decors	6,814,790	147,431,480	192,651,000	45,219,520	30.67	129,739,702	42	17,691,778	62,911,298	19.906	6.635
Region IVA	4 provinces	6	Coffee; Gifts, Decors; Processed food; Handicrafts	1,890,200	14,727,440	18,037,600	3,310,160	22.48	12,960,147	5	1,767,293	5,077,453	5.254	1.751
Region V	2 provinces	4	Abaca; Handicrafts; Coconut/coir	2,547,450	3,858,000	5,730,000	1,872,000	48.52	3,395,040	10	462,960	2,334,960	2.205	0.735
Region VII	2 provinces	4	Meat processing; Processed food; Handicrafts	1,103,899	10,562,880	5,636,040	-4,926,840	(46.64)	9,295,334	4	1,267,546	-3,659,294	-13.389	-4.463
Region IX	1 province	3	Abaca; Processed food; Gifts, Decors	941,500	5,916,000	10,716,000	4,800,000	81.14	5,206,080	3	709,920	5,509,920	15.295	5.098
Region X	1 province	3	Processed food; Coco coir; Gifts, Decors	619,380	1,252,140	2,693,280	1,441,140	115.09	1,101,883	3	150,257	1,591,397	6.980	2.327
Region XI	4 provinces	7	Organic fertilizer; Coco coir; Cacao	1,854,395	4,222,800	14,095,440	9,872,640	233.79	3,716,064	7	506,736	10,379,376	15.972	5.324
Region XII	5 provinces	11	Handicrafts; Processed food; Ceramics, porcelain; Bamboo;	4,832,353	14,248,800	25,826,000	11,577,200	81.25	12,538,944	10	1,709,856	13,287,056	7.187	2.396

Table 7

Region (1)	SUMMARY OF ESTABLISHED SSF PROJECTS PER REGION						Implicit subsidy per worker			Monthly Wage (9)
			Bottomlines				Total	Annual	Monthly	
				Beneficiaries						
	No. of SSF (2)	Proj Cost (3)	No. of Jobs Generated (4)	MSMEs Assisted (5)	Other beneficiaries (5)	Total (6)	(7=3/4)	(8=7/3)	(9=8/12)	
CAR	51	24,929,949	806	77	6	83	30,930.46	10,310.15	859	8,400
Region I	50	23,227,557	1,381	1,899	-	1,899	16,819.38	5,606.46	467	7,590
Region II	111	25,405,954	2,013	366	492	858	12,620.94	4,206.98	351	7,650
Region III	68	37,679,132	2,650	348	4,037	4,385	14,218.54	4,739.51	395	10,080
Region IVA	86	56,378,880	4,285	1,572	42,762	44,334	13,157.26	4,385.75	365	10,875
Region IVB	6	3,502,000	1,804	81	1,514	1,595	1,941.24	647.08	54	8,250
Region V	48	16,740,094	399	60	2,473	2,533	41,955.12	13,985.04	1,165	7,800
Region VI	26	4,953,115	3,277	7	45	52	1,511.48	503.83	42	8,610
Region VII	68	15,112,008	3,163	32	342	374	4,777.75	1,592.58	133	10,200
Region VIII	65	1,334,700	1,318	397	-	397	1,012.67	337.56	28	7,800
Region IX	30	13,891,833	455	256	200	456	30,531.50	10,177.17	848	8,400
Region X	54	21,359,198	2,323	1,118	3,574	4,692	9,194.66	3,064.89	255	9,180
Region XI	42	12,171,062	3,061	322	104	426	3,976.17	1,325.39	110	9,360
Region XII	38	17,990,760	876	99	663	762	20,537.40	6,845.80	570	8,100
Caraga	23	14,126,787	429	-	63	63	32,929.57	10,976.52	915	8,040
NCR	2	1,461,000	100	-	2	2	14,610.00	4,870.00	406	13,980
Total	**768**	**290,264,029**	**28,340**	**6,634**	**56,277**	**62,911**	**10,242**	**3,414**	**285**	**9,020**

Implicit Subsidy per worker

As mentioned, the cost per unit of most proposed SSF are below 500,000 pesos. Tables 5 and 7 show that only NCR and CARAGA reported cost per unit that were slightly over 500, 000 PhP. Table 6 also shows the estimated number of jobs generated from establishing SSF. Should this be taken or interpreted as government'simplicit subsidy for workers, it would appear that the total government support for each worker would range from PhP 1,000 to PhP 41,000. But considering that the SSF facilities are assumed to have an economic life of not less than 3 years, the amount of government subsidy for each worker per annum would be only a third of this amount, or roughly PhP 28 to PhP 1,165 per month. This stands way below a regular worker's average monthly salary or a day's wage for some. From a job-generation perspective, it seems that the SSF program has shown promise at a very little cost to the government.

Benefit-cost ratio

This observation has found support in the favorable cost-benefit ratio reported in Table 6. Except for Region VII, which is shown to have a negative cost-benefit ratio, most of the regions have positive ratios ranging from 1.5 to 19.9, meaning the benefits far outweigh the costs. Region II has gained the most benefit with 19.9 b/c ratio and one with most number of jobs generated. Although it is hard to speculate at this point given the lack of data and the early stage of implementation, it is very likely that cost of meat processing equipment has not yet generated the expected earnings. There are no readily available data on the capacity utilization

of all SME beneficiaries but the initial figures reported by case study firmsshow encouraging results. The case of SSF recipients in Barangay Villa in Porac, Pampanga presents a good example of successful SSF venture. The SME is manned and operated by indigenous people who were displaced by the Mt. Pinatubo eruption and were relocated in Barangay Villa. After receiving production facilities, which include a stainless steel deep fryer, electric vegetable cutter and related equipment, the SME now produce 500-1000 packs of banana chips daily—a huge improvement from the baseline data of 60 packs per day.

The same is true for the Banana Powder Project in Toril, Davao City which saw a drastic improvement in their production capacity. From 481,140 kilogram per year, the 100-MSME members of the 'Progressive Highland Multipurpose Cooperative' (PHMC) reported an average production volume equivalent to 1,202,850 kilogram in 2014. There are indeed indications that the provision of facilities can lead to significant improvements in SME output and capacity utilization as evidenced by these cases. Table 9 presents a brief profile of these projects in Pampanga, Aklan and Davao City.

While quality and lack of available data does not allow for a complete cost-benefit analysis, a simple cost-efficiency or cost-benefit ratio can provide some indication of the efficiency of the SSF program. In performing the benefit-cost ratio, there were some assumptions made because of lack of data. One is that the production cost is equivalent to 88% of the total sales. This assumption was based on the 2010 ASPBI result wherein labor and non-labor costs accounted for 88% of the total revenues of SMEs. All reported average sales and project costs were likewise annualized. The estimated benefit-cost ratios, which averaged 9.19, are recorded at the last column of Table 6. While it is difficult to come up with a conclusive assessment of the program, given that it is still in its early stage of implementation, from the results there are indications that the SSF program has great potential in attaining its goal of increasing the sales and production capacity of its intended beneficiaries.

6. Case study: results and findings

As mentioned, for this study, interviews and in-depth discussions with DTI personnel and SME representatives involved in SSF projects were conducted and used as a primary tool of analysis, since the project has just been implemented and there were not much documents that can be relied on. Even official figures on SSF operations are hard to come by.

The researchers interviewed and visited SSF projects in Pampanga, Aklan and Davao to provide illustrative examples of SSF cases under three (3) different types of incorporators, geographical locations and stages of business development. For instance, aside from representing Luzon, the case of SSF in Porac, Pampanga also presents an example of SSF with LGU as cooperator. Aklan and Davao on the other hand, provide examples of SSF partnerships with cooperatives. These projects likewise represent different priority industry clusters: food, loom weaving, banana and coco-coir. The choice of location and SSF case study sites were based on the recommendation of the DTI Central Office. DTI presented a list of established SSF projects nationwide and the

team selected those areas that accessible and can accommodate the team on a short notice. Table 9 presents the summary profile of these recipients, while the succeeding sections highlight the general trends and major issues that emerged during the discussions.

Information Dissemination and Identification of Eligible Projects

Based on field interviews, it appears that there is no unified or systematic approach in the dissemination of SSF to the SMEs or even among DTI personnel in the provinces. There was no formal orientation about the SSF project among those interviewed and DTI personnel assigned to the project were only given the memo with some description of the SSF operational guidelines, but no specific procedure on how to introduce the project formally to the intended recipients.

In most cases, SMEs and industry representatives only learned about the SSF because DTI agents personally approached them. There was no formal or official introduction or launching of the SSF program. Although in the case of Region 10, it was claimed that a process flow diagram was posted in the DTI regional/provincial offices, this was not printed and circulated among the SMEs operating in their respective localities. As a side note however, given the limited government support, perhaps orchestrating widespread information dissemination activities is not feasible. The tight timetable also meant the project was hardly pilot-tested, hence a conservativebut well-targeted approach might prove to be most appropriate and cost-efficient under the circumstances. Allowances should also be made for the learning curve of DTI personnel who are unaccustomed to hosting big capital outlay projects, although from all appearances, DTI was quick to adapt and learn the ropes. It is possible that the low utilization rate noted in the earlier section can be attributed to the lack of manpower who can focus and work on the project. It must be noted that SSF is a special project, with no provisions for additional staff. This represents additional workload to existing project development staff, who are not adept with the government requirements and procedures.

In terms of preparation of proposal, what is most challenging to many proponents is the preparation of the technical specifications and configurations of the facility or equipment being proposed. The interviewees admit that they lack the required technical background to identify the most appropriate equipment and they relied mostly on the available information from the internet. For their most recent procurement, DTI staff sought the help of industry specialists who were only too willing to help out and render their opinion.

Many interviewees from DTI expressed their apprehension about handling large-scale projects as this is their first time to venture into capital outlay missions. And while they are pleased that their office is offering a more tangible form of assistance to their clients, they are particularly careful in selecting proposals to endorse. This partly explains the low utilization rate at 53% and an almost negligible rejection record.

It can be argued however that the stringent selection process is needed to ensure that only those enterprises with great potential and marketability are given the support.Needless to say, DTI has an established capability and competence to determine where the gaps are and to whom grant should be awarded.

Proposal review & Evaluation

Looking at the initial figures, a quick back-of-the-envelope calculation suggests that majority of the established or procured SSF projects cost less than PhP 500,000, with only CARAGA and NCR posting the highest cost per unit ratio equivalent to PhP 614, 200 and PhP 730, 500 respectively.Based on the rules, most of the approvals for SSF thus far, were decided and carried out at the regional level. Succeeding sections would also reveal that most of these procurements involved food processing equipment and facilities.

It was also noted that some DTI officials injected minor modifications or adjustments in the composition of the RTWG to include representatives from other government agencies, particularly those with similar, SME-oriented projects like the DOST. This is done to ensure that there will be no duplication of proposals and to avoid "forum shopping" among SMEs.

As earlier indicated, the proponents have been particularly careful in selecting and endorsing proposals.And since they are also aware of the ranking criteria, they tend to propose projects with greater chances of being approved.In the case of Region 10 for instance, only 10% of the proposed projects were disapproved and 30% were deferred mostly due to incomplete data or some questions on technical specifications. To date, many of the disapproved projects were declined and taken out because of issues related to counter-part funding or unavailability of facilities for the proposed equipment for which the DTI-Proponents were belatedly informed. It was also revealed during the interviews that in most cases, the RTWG invites both the proponent and the cooperator to the meetings to deliberate on the proposed merits of the project and explain in detail the nature of their production. The proponents from DTI provincial office also assume the task of revising and adjusting the proposals when required.

Procurement and implementation

The interviewees cite one or two cases wherein the purchased equipment were found to be inappropriate and not suited to the actual production. In Pampanga for instance, the deep fryer procured was a bit small and not entirely suited for industrial purposes. And as of the time of visit, the proponents have already arranged for bigger, heavy-duty equipment. Another case would be in Davao, wherein it was realized belatedly that the equipment runs on 110-volt power, and an adaptor has to be purchased. To address the situation, the local DTI office amended the proposal to include provisions for 'necessary accessory' to the proposed SSF.

These setbacks may be related to the protracted procurement process, which is prolonged even more because of technical misspecifications, lack of appropriate supplier, difficulty of obtaining

tax clearance (a recent requirement for PhilGeps registration) and related issues. The interviewees surmised that on average, it takes about 3 months to complete the whole bidding and procurement procedure, and it takes even longer to deliver the actual equipment since most of the proposed SSF are tailor-fit or customized. There is also the impression thatinstead of being 'need-driven' the whole process becomes 'supply/ier-driven' in the sense that those who could not afford to wait are forced to take whatever is available and can be readily provided by government-accredited suppliers. At some point, the long wait has caused some cooperators to doubt and contemplate ditching the project. To assure them, many of the DTI personnel involved took the initiative of updating their cooperators and informing them of the cause of delay. Fortunately, the cooperators and intended beneficiaries have already learned to recognize and accept the governance checks and procurement processes.

7. Conclusion and Recommendations

The assessment used case studies of selected SSF sites where focused group discussions (FGDs) were held and preliminary data on output, performance and costs could be obtained. Overall data from DTI on SSF were also utilized. The project costs very little but it has had notable and substantial impact on jobs and productivity. This indicated by the very low estimates of the implicit subsidy per worker, and generally favorable measure of the benefit-cost ratio of projects undertaken under the program. The results appear promising, although still not robust enough because of insufficient data, and the program still being in early stage (2nd year) of implementation. In addition, the FGDs, on the whole brought out encouraging feedback from all concerned.

On the whole, the discussion with selected DTI officials and SME cooperators gives the impression that the SSF was satisfactorily and successfully implemented. They chose to look at the issues identified in the preceding sections as 'birth pangs' that would dissipate with time or as soon as some adjustments have come to fruition.

Nonetheless, having taken note of the issues, the researchers present their findings as follows:

On proposal or project identification and selection. The pre-determined selection procedure while in accord with the cluster approach and perfectly justifiable under the circumstances, can be misused to favor certain establishments. Notwithstanding the sound judgments shownby DTI personnel, conscious effort should still be exerted in making the selection process more transparent to sidestep the slightest hint of abuse and personal biases.

It was also observed that in most cases, the amount of projects being proposed are below P1M or those that can be easily decided at the Provincial or Regional level. Perhaps this is done to be more facilitative and to get around the long, complicated evaluation and approval process that presumably comes with elevating the proposal to the National level. If this is the case, the program becomes 'cost or rules-driven' and could be missing out on the more substantive and meaningful aspects of 'value-addition', simply because the amount of requested facilities

exceeded those that can be easily approved by Regional officials. To discourage preference forsmall projects with minimal impact on productivity, there might be a need to increase the threshold of project costs under the control of Provincial or Regional Offices.

On project evaluation and approval. Closely related to the above is the assertion that the existing procurement guidelines restrict the ease of purchasing requested facilities. Indeed much of the delays encountered by program implementers are in so many ways affectedby existing procurement rules. All too often, the rightful suppliers shun government accreditation because of cumbersome requirements. A recent addition to which is the tax clearance requirement that can only be obtained from the BIR Central Office. Thecentralized arrangement has caused delay in several occasions and it was suggested that perhaps BIR should consider decentralizing the procedure and allowlocal BIR offices to issue and release tax clearance certificate to facilitate and speed-up ensuing transactions. Another concern raised was DTI's need for enhanced technical capability particularly in terms of properly identifying the technical specifications of requested facilities and equipment. There was also the suggestion to develop a database of all existing (both accredited and non-accredited) suppliers with information regarding their technical experience, capability in fabricating production equipment, as well as some important technical information regarding the equipment they manufacture.

On varying performances. From the figures it can be gleaned that across regions, some SSF projects are more successful than others. Although successful ventures seem to dominate, it is difficult at this point to determine what accounts for these differences. It is suggested that once the appropriate data becomes available, the concerned agencies should consider examining the factors that could explain the varying performances across industries and regions.

On other SME-oriented government programs. Interestingly, despiteSSF's objective topromote and contribute to the advancement of manufacturing SMEs, there is no official document that would explicit link and relate the SSF Program with other government plans or programs such as the Industrial Roadmap, CCT or the Regional Development Plan. There are even reports that other government programs like the CCT, on occasion subverts the goal of the SSF projects. It was mentioned that some CCT beneficiaries who used to work as 'knotters' for some SMEs, now refuse to work and would rather rely on CCT benefits. Although that there could be many other reasons for this, relating the SSF program to a larger, over-arching government program such as the Industrial Roadmap and the CCTwould add greater clarity to the overall goal and purpose of the SSF. Government agencies should strive towards greater and better harmonization and convergence of SME-oriented programs and activities. In addition, the cost-effectiveness of the program would be all the more evident if recommendations to facilitate and speed-up the process are also heeded.

Finally, SME programs have been rarely subjected to rigorous evaluation. This study is an attempt to fill this gap.Because while theimpact of SME programs may be easily evaluated in terms of inputs (i.e., number of loans granted by guarantee or subsidized credit programs, number of workers trained), there have been little attempts to "measure the impact of the interventions on the ultimate targets—the SMEs", partly because of the difficulty of measuring

those effects on business establishments. For the succeeding initiatives, perhaps it is important to take note of some pointers from the literature. Hallberg (as cited in ADB 2009) suggests that programevaluation should focus on: (i) institutional performance, with indicators of outreach, cost-effectiveness, and financial sustainability; and (ii) market development, with indicators for SME awareness of and willingness to pay for services, prices of services and the subsidies necessary, elasticities of demand and supply of services, and transaction costs and market structure.

Table 8

							SALES						Pearson's Single Period BC method		
REGION	PROVINCE	TOWN/MUNICIPALITY	DISTRICT	INDUSTRY CLUSTER	SSF PROJECT	COOPERATOR	PROJECT COST	Project Cost/3	BEFORE SSF (annualized)	AFTER SSF (annualized)	(Assumption 1) Production cost = 88% of Sales	NO OF SSF	w/o SSF	with SSF	B-C
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)	(14)			
TOTAL							**24,977,589.76**	**8,325,863.25**	**205,977,052.00**	**282,555,360.00**	**181,259,805.76**	**96**	**24,717,246.24**	**101,295,554.24**	**9.197642**
CAR	4 provinces	11		Processed Food; Organic Fertilizer; Gifts			3,005,412.00	1,001,804.00	2,887,512.00	4,410,000.00	2,541,010.56	10	346,501	1,868,989	1.519746
Region I	1 province	2		Milkfish; Dairy			1,368,210.00	456,070.00	870,000.00	2,760,000.00	765,600.00	2	104,400	1,994,400	4.144101
Region II	5 provinces	42		Processed Food;Dairy; Bamboo; Handicra			6,814,790.28	2,271,596.76	147,431,480.00	192,651,000.00	129,739,702.40	42	17,691,778	62,911,298	19.90649
Region IVA	4 provinces	6		Coffee; Gifts, Decors; Processed food; Ha			1,890,200.00	630,066.67	14,727,440.00	18,037,600.00	12,960,147.20	5	1,767,293	5,077,453	5.253666
Region V	2 provinces	4		Abaca; Handicrafts; Coconut/coir			2,547,450.00	849,150.00	3,858,000.00	5,730,000.00	3,395,040.00	10	462,960	2,334,960	2.204557
Region VII	2 provinces	4		Meat processing; Processed food; Handic			1,103,899.00	367,966.33	10,562,880.00	5,636,040.00	9,295,334.40	4	1,267,546	-3,659,294	-13.3894
Region IX	1 province	3		Abaca; Processed food; Gifts, Decors			941,500.00	313,833.33	5,916,000.00	10,716,000.00	5,206,080.00	3	709,920	5,509,920	15.29474
Region X	1 province	3		Processed food; Coco coir; Gifts, Decors			619,380.00	206,460.00	1,252,140.00	2,693,280.00	1,101,883.20	3	150,257	1,591,397	6.980238
Region XI	4 provinces	7		Organic fertilizer; Coco coir; Cacao			1,854,395.48	618,131.83	4,222,800.00	14,095,440.00	3,716,064.00	7	506,736	10,379,376	15.97174
Region XII	5 provinces	11		Handicrafts; Processed food; Ceramics, p			4,832,353.00	1,610,784.33	14,248,800.00	25,826,000.00	12,538,944.00	10	1,709,856	13,287,056	7.187306

Table 9

	CASE I **Luzon: Region IV** **(Porac, Pampanga)**	**CASE 2** **Visayas: Region VI** **(Kalibo, Aklan)**	**CASE 3** **Mindanao, Region XI** **(Davao City)**	
Project Title	Efficient Production of Banana Chips Processing in the Porac Highlands	Facility Support Project on Abaca Fibercraft in Aklan	Banana Powder Processing Expansion	Acquisition Facilities for Coco Coir& Coco Twine Processing
Industry Cluster	Processed Food (PF)	Loom weaving	Banana (Feed – Grade Banana Powder)	Coconut/ Coco Coir
Beneficiaries	farmer-Agrarian Reform Beneficiaries (ARBs) who are upland banana farmers and processors (highlands of Barangay Diaz and Villa Maria	220 beneficiaries who are weavers, warpers, knotters, scrapers from the 5 coop-members of different municipalities of Aklan: -Kalibo (4 MSMEs) -Makato (2 MSMEs) -Lezo (4 MSMEs) -Malinao (1 MSME) -Balete (2 MSMEs)	840 members of the Cooperator, 100 MSMEs, and 300 other beneficiaries	
Cooperator(s)	LGU of Porac	Handicraft of Aklan Multipurpose Cooperative (HAMPCO)	Progressive Highland Multi-Purpose Cooperative (PHMPC)	Tungkalan Coco Farmers Cooperative (TCFC)
Project Location	Brgy. Villa Maria, Porac, Pampanga	Old Buswang, KaliboAklan	SitioBaracayo, Dalianon Plantation, Toril District and Davao City	Tungcalan, Toril, Davao City
Production Capacity before SSF	60 packs of banana chips per day		481, 140 kilograms/year	
Production Capacity after SSF	500 packs/ day (June 2014); 1000 big pouches, 650 small pouches per day (Aug 2014); 150 canister, 275 big pouches and 280		1, 202, 850 kilograms/year	

	pouches of cassava chips per day (Oct 2014)			
Sales generated before SSF	PhP 2,000/day			
Sales generated after SSF	PhP 12, 000/day (June 2014); PhP 30,000/day (Aug 2014); PhP 38,875/day (Oct 2014)		PhP 208,000 – PhP 520,000 / month	
Date granted/ implementation	April 29, 2014	December 18, 2013	January 21, 2014	May 28, 2013
Markets	(current:) LGU of Porac, local supermarkets/ pasalubong centers Target: neighboring municipalities and provinces, supermarkets, groceries and pasalubong centers	Domestic Buyers – Cebu, Manila, Pampanga, Boracay and Palawan Foreign Buyers – Japan, US, Europe and Paris, France	BEX Philippines and Tan Trader	
Equipment's/Tools provided	Mechanical Slicer, Stainless Steel Deep-Fat Fryer, Digital Heavy Duty Electronic Platform Scale, Vegetable cutter, electronic table platform scale, cooking vat, working table,	110 units of Handlooms	Hammer Mill, Banana Chipping Machine (Plant-Based), 10 units Banana Chipping Device – Manual Type, Weighing Scale, Bagger,	1 Diesel Engine - 12 HP Engine, Kubota Brand 8-12 hrs with less maintenance 1 Bating& Decorticating Machine (2 in 1 type of machine or a double purpose machine which saves power consumption. 1 Coco Twining Machine-ceiling fan-type (the bigger one) with installed hook at the center.

Appendix 1

Category	Service \ Country	United States	Australia	Canada	Germany	Japan	United Kingdom	Argentina	Austria	China	Korea	Spain
Technology Acceleration Programs and Practice	**Promote Technology Adoption** by SMEs	√	√	√	√	√	√	√	√	√	√	√
	Provide Audits of SMEs' Lean Mfg. & Innovation Processes & Skills	√	√	√		√	√					
	Business Advisers Work Hands-on with SMEs to **Improve Manufacturing & Process Techniques**	√	√			√	√	√				√
	Support Tech Transfer & Commercialization	√	√	√	√	√	√	√	√	√	√	√
	Promote Tech/Knowledge Diffusion from Universities	√	√	√	√	√	√	√	√	√	√	√
	Perform R&D in Direct Partnership with SMEs					√						√
	Provide **Access to Research Labs**/Prototyping Facilities	√				√		√			√	√
	Get SMEs into **Mfg./ Technology Consortiums**				√			√	√			
	Provide SMEs **Direct R&D Funding Grants**		√	√	√	√			√	√	√	
Technology Acceleration: Funding Mechanisms	Provide SMEs **Loans to Scale/Grow Businesses**					√			√	√	√	
	Use Innovation Vouchers			√	√				√			
	Fund Joint Pre-Competitive Research Programs				√							
	Teach Innovation & New Product Development Skills	√		√		√	√	√			√	√
Next Generation Manufacturing Technical Assistance	Provide **SMEs Export Assistance and Training**[3]	*	√	*	√	*	√	√	*	√	√	√
	Promote **Energy-Efficient Manufacturing** Skills	√	√	√	√	√	√					
	Provide **Assistance with Standards**	√		√				√			√	√
	Teach Role of Design in Manufacturing			√			√					
		√	√	√		√	√					
Connect SMEs	**Act as Broker** to Other SME Support Services	√	√	√		√	√					√
	Host Best Practice Events	√	√	√	√	√	√	√	√	√	√	√

Appendix 2

	Who is in-charge? **What are the roles?**	**Requirements**	**Duration**
Step 1: Application and Identification of Eligible Projects	DTI Regional or Provincial Offices - *shall identify and select the cooperator that will host and manage the operation of the SSF project* *-encouraged to work with other government agencies such as but not limited to LGUs, SUCs, other NGAs i.e. DOLE, TESDA, DOST, DA, DOT to institutionalize partnership and promote efficient management of government resources*	The criteria for proposed SSF projects 1. Must address processing or manufacturing gaps or bottlenecks of the industry cluster 2. Will increase the productivity of the industry cluster 3. Will support microenterprises within the priority industry clusters 4. Will improve OTOP (One Town One Product) Project Proposals duly endorsed by the DTI Provincial Director	
	Cooperator *-make available provisions to house equipment, provide working capital and counterpart support such as but not limited to power utilities ancillary facilities and personnel required to managed, operate and maintain the SSF*	The cooperator can either be a government entity that includes such as but not limited to LGUs, state universities / colleges and technical or vocational schools or private entity that include non-government organizations, people's organizations and cooperatives	
	Cooperator and DTI *-shall prepare and adopt Manual of Operations*	Manual of Operations which shall include Organizational / Functional Structure for the facility, Procedure for accessing the services, Business plan, Schedule of fees which balances the need for sustainability and affordability, Promotion / Marketing plan to promote use of facility and Reportorial procedures, etc.	

Step 2a: Project Evaluation for Project Cost of less than PHP 1 Million	Regional SSF Focal Person *-shall check the completeness of submission of project proposals duly endorsed by the DTI Provincial Director and will refer the complete project proposals to the RTWG*	Complete Project Proposals duly endorsed by the DTI Provincial Director	
	Regional Technical Working Group *-will deliberate on the approval or disapproval of the project proposals endorsed by the proponent or the DTI Provincial Director* *-will notify the proponent on the result of the deliberation of the projects* *-will return disapproved proposals to the proponent or DTI Provincial Director for appropriate actions*	Memorandum on the result of deliberation	Not later than 2-days after deliberation
	Provincial Officer *-shall notify the project cooperator on the result of the evaluation / deliberation of the projects*	Memorandum on the result of deliberation from RTWG	Not later than 3 days from receipt of notification memorandum from RTWG
Step 2b: Project Evaluation for Project Cost of PHP 1 Million and above	Regional SSF Focal Persons *-shall coordinate the transmittal of projects to the NTWG for evaluation*	Complete Project Proposals duly endorsed by the DTI Provincial Director	
	NTWG *-shall evaluate project proposals with TORs with individual cost of more than one million pesos (>P1M) and those with unique/special configurations*		

	-shall return the disapproved proposals to PMO for dispositive action		
	Undersecretary for ROG *-shall approved projects amounting to PHP 1 million up to 5 million*		
	DTI ExCom *-shall approved projects over PHP 5 million*		
	SSF PMO *-shall provide secretariat support to the NTWG* *-shall notify the Regional Office on the result of the deliberation and approval of project*	Memorandum on the result of deliberation and approval of the project	2 days after approval
Step 3: Project Approval	Provincial SSF Focal Person *-shall compile documents of the approved projects*	1. Project Proposals signed by the proponent using a prescribed form 2. Duly signed approval sheet using a prescribed form 3. Initial Evaluation and Site Visit Report by the Provincial SSF Focal Person where the project will be situated using a prescribed form 4. Signed Memorandum of Agreement between DTI and the cooperator	
	Regional Office *-will do a summary of the approved projects to be submitted to the SSF Project Monthly Office on a monthly basis*	Summary of the Approved Projects	

	-shall immediately undertake procurement of the identified facilities / equipment, either through competitive bidding or through alternative modes of compliance such as Shopping, or Single Value Procurement (SVP), in accordance with the provisions of RA 9184	Procurement	
	<u>Regional Director</u> *-will be the Head of Procuring Entitle (HOPE) and shall ensure that procurement is in accordance with RA 9184*	Procurement	
	<u>Central Procurement Agency</u> *-purchase of big ticket items and similar equipment in accordance of RA 9184* <u>SSF PMO</u> *-provide technical support or designate an alternate work with the Central Procurement Agency in the review of bidding documents and identification of potential suppliers / bidders.* *-may be asked to sit as part of the BAC-TWG to help assist, evaluate and assess technical component of bids, e.g., equipment, specifications, inter-operability, capacities and applications*	Centralized Procurement	
	<u>Authorized DTI Representative</u> *-will sign the Memorandum of Agreement with the SSF cooperator*	Memorandum of Agreement between DTI and Cooperator	
Step 4: Project	<u>DTI ROs</u>		

Implementation	*-shall turnover the machines / equipment, once delivered to designated project site in accordance with prescribed procedure, to the cooperator* *-provide insurance that covers loss or damage to machines / equipment resulting from, but not limited to, theft, fire, flood, earthquake and lightning for the first year*		
	<u>Cooperator</u> *-together with the authorized representative of DTI, shall inspect and receive the machinery, equipment and tools that were procured upon delivery by the supplier thereof to ensure that they meet all specifications as defined in the Purchase Order* *-operate, perform repair and maintenance and ensure safekeeping of the machines / equipment*	1. Acknowledgment Receipt of the SSF Equipment which indicates the quantity, description, specifications and identification of the SSF Equipment 2. Manual of Operations and Name of authorized representative to transact with DTI	
	<u>Beneficiaries</u> *-encouraged to use the shared service facilities based on the rules specified in the Manual of Operations*		
Step 5: Project Monitoring	<u>SSF PMO</u> *-generate and consolidate periodic reports from the DTI RO* *-coordinate and the monitoring and evaluation of the project*	Consolidated periodic reports	
	<u>DTI-Regional Office</u> *-oversee the implementation of the SSF*	Consolidated accomplishment reports	

	and assist the cooperator in managing the SSF in their area in a sustained manner and ensure that the SSF shall be used exclusively for the purpose stated in the approved proposal *-consolidate and evaluate accomplishment reports submitted by the Provincial Offices*		
	<u>DTI-Provincial Office</u> *-monitor and evaluate the progress of the SSF particularly in terms of its physical accomplishment and finances* *-identify capability building needs of the Cooperators* *-provide when necessary, additional expertise, services and technical support required for capacitating the cooperator and eventually other prospective cooperators to sustainably operate and manage the facility* *-pull out the equipment if and when the cooperator fails to comply with the terms and conditions stipulated in the Manual o Operations* *-submit regular accomplishment reports to RO*	Monitoring report	
	<u>Cooperator</u> *-periodically submit to the PO reports of physical accomplishments and financial record and all other monitoring and evaluation instruments*	Monitoring report	

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