

Micro, Small, Medium Enterprises in the Philippines

Understanding the Vulnerability of MSMEs to Disasters and their Roles in the Economic Recovery of Affected Communities



MSMEs

Micro, small, and medium enterprises

Any type of business—single proprietorship, cooperative, partnership, or corporation—engaged in agri-business, industry, and services with an asset size, land excluded, of up to PhP 100 million and with less than 200 employees.

Classification of MSMEs¹



The 2022 List of Establishments Report by the Philippine Statistic's Authority recorded that

99.59%

of registered establishments in the Philippines are MSMEs.²

Also, from the same source MSMEs employ more than

65.10%

of total workforce in the country.

Economic Role & Contribution



¹ Department of Trade and Industry, *Defining Philippine Micro, Small and Medium Enterprises (MSMEs)*, <https://dtiwebfiles.s3ap-southeast-1.amazonaws.com/MSME+Resources/2022+Philippine+MSME+Statistics+in+Brief.pdf>
² Department of Trade and Industry, *2021 MSME Statistics*, retrieved from www.dti.gov.ph/resources/msme-statistics

The Philippines Disaster Situation & its Economic Impact

The Philippines is vulnerable to disasters due to its physical characteristics, geographical location and socio-economic and political condition.

1st

The World Risk Index 2022 ranked the Philippines first in the world in risk among 193 countries worldwide.

4th

According from Emergency Events Database (Em-Dat), the Philippines was ranked fourth among the countries with occurrence of disaster.

20

The Philippine Atmospheric Geophysical and Astronomical Administration (PAG-ASA) says that an average of 20 typhoons are entering the Philippine Area of Responsibility.



25.03 billion

In 2022, tropical cyclones in the Philippines caused around 25.03 billion Philippine pesos worth of damages.³

3-4 Statista, Value of damages caused by major natural events and disasters in the Philippines in 2022, by type, retrieved from www.statista.com/statistics/1092988/philippine-value-damages-natural-disaster-by-type/#?text=In%202022%2C%20tropical%20cyclones%20in%20the%20prone%20to%20natural%20disasters.

3 billion

In 2022, earthquakes resulted in about three billion Philippine pesos worth of damages.⁴

Vulnerabilities of MSMEs

According to the United Nations Development Programme (UNDP) Crisis Prevention and Recovery, MSMEs in developing countries, like the Philippines, are considered to be more vulnerable to natural hazards than larger firms, given the more limited range of risk-management system they can access.

The country's exposure to natural hazards incurs heavy economic disruption that largely contributes to the slow development growth of the Philippines.

Philippine MSMEs have more difficulties than larger firms in terms of recovering from loss of assets, supplies, customers, and staff when disasters strike.

The close relationship between MSMEs and their communities through employment and local economic dynamism is particularly important for livelihood.

Smaller businesses have less financial and technical resources to reduce and cope with risk.

MSMEs are also dependent on community recovery for their own business continuity.



Strengthening Disaster Resilience of MSMEs

A-PAD Philippines' conducts Business Continuity Planning (BCP) workshops for micro-enterprise at the community. This is one way to address the immediate concerns of the government and DRR stakeholders in promoting and improving disaster resilience of small enterprises.

Why we need BCP?

This is one method of ensuring the comprehensive development of a disaster resilient community. A resilient micro-enterprise contribute to economic stability and enhance overall capacity of the community to effectively prepare for, respond to, and recover from disaster.

Proposed Strategies in Promoting & Strengthening Disaster Resilience of MSMEs



Sharing of knowledge and expertise to promote and sustain business continuity management as a business-oriented approach to risk assessment and contingency planning.



Finance Preparedness and insurance to withstand financial impact during crisis.



Risk assessment and planning to identify vulnerabilities and potential hazards specific to their communities and businesses.



Conduct of business continuity awareness and capacity building activities.



Cooperation Mechanism among DRRM Stakeholders



Sectoral & Regional Approach in Promoting Business Resiliency of MSMEs

Challenges in Promoting & Improving Disaster Resilience of Microsmall Enterprises

The Department of Trade and Industry (DTI) administered a survey and policy review on the disaster resilience of Micro, Small, and Medium Enterprises (MSMEs) in the Philippines in February 2016. The results identified top three challenges that the government encounters in promoting and improving SME disaster resilience.

Only few experts provide consultancy services, education, and awareness on pre-disaster management including BCP.

Low awareness on BCP and disaster management activities.

Lack of coordination mechanism within and across public agencies at all levels.

Asia Pacific Alliance for Disaster Management

A-PAD Philippines is a non-stock, non-profit organization, committed to fostering collaboration among humanitarian organizations, civil society groups, the private sector, and government units. Our mission encompasses delivering emergency response, early recovery, and embarking on vital projects for disaster risk reduction, and the mitigation of vulnerabilities within communities and among people.

A proud member of the Asia Pacific Alliance for Disaster Management (A-PAD), A-PAD a trans-national disaster aid alliance. Together, we are devoted to facilitating cooperation and nurturing mutual understanding among governments, the private sector, and non-governmental organizations across the Asia Pacific Region.

With a resounding commitment encapsulated in our tagline, "Saving more lives in less time," A-PAD Philippines continues to play a pivotal role in building resilience, reducing disaster risks, and championing the well-being of communities in the Philippines and the wider Asia Pacific Region.