

STRENGTHENING DISASTER AND CLIMATE RESILIENCE OF SMALL & MEDIUM ENTERPRISES IN ASIA

Philippines

ROADMAP FOR
SME RESILIENCE



The iPrepare Business facility for engaging the private sector in Disaster Risk Management is a joint initiative by the Asian Disaster Preparedness Center (ADPC), the Asian Development Bank (ADB) through the Integrated Disaster Risk Management (IDRM) Fund and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH within the framework of the Global Initiative on Disaster Risk Management (GIDRM). It focuses on building disaster-resilient businesses in the region through partnerships to strengthen the resilience of the private sector, particularly SMEs; providing technical assistance in strengthening resilience on a demand-driven basis; supporting governments in strengthening the enabling environment that promotes risk sensitive and informed investments by private sector; and facilitating knowledge sharing at the regional and national levels.



The Asian Disaster Preparedness Center (ADPC) is an independent regional non-profit organization that works to build the resilience of people, communities and institutions to disasters and climate change impacts in Asia-Pacific. Over the past 30-years, ADPC has expanded its scope and diversified its operations for a programmatic approach that offers long-term and sustainable solutions to addressing the underlying causes of disasters and climate change risks.



The Asian Development Bank (ADB) is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. ADB assists its members, and partners, by providing loans, technical assistance, grants, guarantees, and equity investments to promote social and economic development. With support from the Government of Canada, ADB established the Integrated Disaster Risk Management (IDRM) Fund in 2013, to assist the development of proactive IDRM solutions on a regional basis within ADB's developing member countries in Southeast Asia, including Cambodia, Indonesia, Laos, Myanmar, Philippines, Thailand and Viet Nam. The Fund provides a strong mechanism for supporting ex ante investment in IDRM and complements the existing financing modalities of ADB for supporting ex post relief and recovery activities.



In order to respond more effectively to the global challenges posed by disaster risks, the German Government, led by the Federal Ministry for Economic Cooperation and Development (BMZ), has founded the Global Initiative on Disaster Risk Management (GIDRM). The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ GmbH) has been commissioned to manage the GIDRM. The aim of the Global Initiative is to bring together German and regional experts from the public and private sectors, civil society and the academic and research community, to facilitate mutual learning across national boundaries as well as to develop and pilot innovative disaster risk management solutions. The Global Initiative focuses on three priority areas including Disaster Response Preparedness and Civil Protection; Critical Infrastructure and Risk-sensitive Economic Cycles; and Early Warning Systems.



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In formulating the Philippines country Roadmap the project team was particularly grateful for inputs and guidance from the Department of Trade and Industry (DTI), Office of Civil Defense (OCD), Philippine Chamber of Commerce and Industry (PCCI), Philippine Disaster Resilience Foundation (PDRF), Asia-Pacific Alliance for Disaster Management - Philippines (A-PAD Philippines), Philippine Exporters Confederation Inc. (PhilExport), Employers Confederation of the Philippines (ECOP) throughout the various consultations, meetings and forums over the course of the project.

What is a Roadmap?

Principally, the Roadmap document serves as a means of:

- Collating and clarifying priority areas for enhancing the disaster preparedness and coping capacities of SMEs in the Philippines
- Identifying the relevant actors, stakeholders or policy owners for addressing these issues
- Outlining potential approaches or pilot initiatives for tackling the identified challenges

As such, the Roadmap serves as a guiding document which can inform the relevant concerned agencies and organizations for MSME development and disaster risk reduction and management (DRRM), as well as policymakers, on the ways forward for strengthening the resilience of smaller enterprises in the country. Furthermore, the Roadmap is intended to align with relevant national plans, policymaking recommendations and legislative arrangements, such as the forthcoming MSME development plan in the Philippines.

The Roadmap also takes into account pertinent issues identified at the global and regional levels relevant to MSME and Business resilience. The Sendai Framework for Disaster Risk Reduction 2015-2030, the foremost global initiative on disaster risk reduction and resilience building, identifies the private sector as a crucial stakeholder in efforts to build more disaster-proof communities and societies. In comparison with its predecessor, the Hyogo Framework for Action 2005-2015, the Sendai Framework also has a more explicit focus on the need to protect people's livelihoods. Private sector resilience is therefore an important component of achieving Sendai's stated expected outcome for "the substantial reduction of disaster risk and losses in lives, livelihoods and health in the economic social, cultural and environmental assets of persons, businesses, communities and countries"¹.

In the Asia Pacific region, where MSMEs account for a large proportion of all private enterprises, employment and contribution to GDP, smaller enterprises are a key component to effectively engage the business sector in disaster risk reduction efforts. Notably, all of the Sendai Framework's four priorities highlight areas where the private sector, including MSMEs, can support resilience building efforts at both the national and local levels. These priorities are: (1) understanding risk, (2) strengthening disaster risk governance, (3) investing in DRR and resilience and (4) enhancing disaster preparedness for effective response & build back better in recovery, rehabilitation and reconstruction.

The Emergency Preparedness Working Group (EPWG) of the Asia-Pacific Economic Cooperation (APEC) seeks to build capacity in the region so that APEC member economies

1 UNISDR (2015). The Sendai Framework for Disaster Risk Reduction 2015-2030



can better mitigate, prepare for, respond to, and recover from emergencies and natural hazards. This aims to more effectively disaster-proof business, trade and economic growth and communities as well as information sharing, knowledge and technology to improve regional capacity on disaster risk reduction. A specific priority area under the EPWG Strategic Plan 2013-2016² is “Promoting public-private partnerships to develop joint disaster preparedness actions and build up disaster resilience” with the objectives of creating stronger partnerships to support business and community resilience to disasters as well as promoting the development of effective business continuity and critical incident tools for SMEs to reduce their vulnerability and promote resilience.

APEC’s Small and Medium Enterprises Working Group (SMEWG), also encourages the development of SMEs, to build their capacity to engage in international trade, and recognizes the need to build their disaster resilience to ensure competitiveness and survivability. The SMEWG Strategic Plan for 2013-2016³ has the objective to “improve Natural Disaster Resilience and Ensure Business Continuity of SMEs and MEs” under the priority area of “Building Management Capability, Entrepreneurship, and Innovation.”

Alignment of the Roadmap approaches and pilot initiatives for tackling identified challenges with these global and regional frameworks is an important consideration for ensuring that disaster resilience building is undertaken in an integrated and coordinated manner.

Towards a Roadmap for SME Disaster Resilience in the Philippines

Under the aforementioned project the iPrepare Business team worked with relevant in-country partners to produce country reports. These presented results from surveys on the disaster resilience of MSMEs as well as providing a strategic policy analysis of the enabling framework for MSME disaster resilience in the respective target countries. Together with information gathered from consultations during country missions in August-September 2015 and January 2016, the country reports were able to identify a number of key issues and the ways forward for strengthening MSME resilience in each country, thereby informing the formulation of the Roadmaps.

In terms of existing government support for MSME disaster resilience, the key finding in the region was that, so far, the institutional and legislative systems for DRRM, climate change adaptation (CCA) and MSME business development have not joined hands to provide the necessary support. A Roadmap process is an opportunity to create both mutual understanding and awareness, and to establish specific mechanisms for such coordination into the future.

² APEC (2013). EPWG Strategic Plan 2013-2016.

³ APEC (2012). SMEWG. Strategic Plan 2013-2016.

Specific Roadmap thematic areas as identified in the country report were summarized in tabular format along with suggested key actions, potential pilot initiatives which might be carried out by relevant in-country agencies in partnership with ADPC or other development partners, as well as suggestions on the relevant actors, stakeholders or policy owners responsible for each of the identified Roadmap issues. These drafts were then subject to consultation with relevant stakeholders in each country.

The following Philippine Roadmap is the result of the various initiatives conducted under the “Strengthening the Disaster Resilience of SMEs” Project. It refers to the findings of the survey on understanding MSME disaster vulnerability and the policy review on MSME development and disaster risk management. These findings pointed to the need for improved access to information on MSMEs, increased awareness by MSMEs, capability building, risk financing and participation in policy formulation by the private sector. The activities for the Roadmap that would meet these needs were identified during the National Business Forum on MSME Development and Disaster Resilience in the Philippines held on July 26–27, 2016. The forum was attended by 215 officials and representatives from a range of government agencies, business associations, academe, financial institutions, development partner organizations, NGOs and CSOs. During the forum workshops, participants were asked to identify key actions, stakeholders and potential pilot initiatives. The outputs of the workshops were validated and refined by a core group of stakeholders, which included the Department of Trade and Industry, the Philippine Chamber of Commerce, Inc., the Philippines Disaster Resilience Foundation, PhilExport, the Employers Confederation of the Philippines, and the Asia-Pacific Alliance for Disaster Management.

A number of organizations have signed an MOU to carry forward the Roadmap work as part of a Micro, Small & Medium Enterprises Resiliency Core Group (MSME-RCG). The primary working group comprises: the Bureau of Small and Medium Enterprise Development Department of Trade and Industry (DTI-BSMED); Office of Civil Defense (OCD); Philippine Chamber of Commerce and Industry (PCCI); Philippine Disaster Resilience Foundation (PDRF); Philippine Exporters Confederation (PHILEXPORT); Asia-Pacific Alliance for Disaster Management Philippines (A-PAD); Employers Confederation of the Philippines (ECOP); Asian Disaster Preparedness Center (ADPC) and GIZ’s Global Initiative on Disaster Risk Management (GIDRM).

Furthermore, as of April 2017, the Department of Science and Technology (DOST) and Department of Interior and Local Government (DILG) have requested that they may join the group in order to engage in the MSME-RCG activities.

The RCG-MSME has further refined the original Roadmap as presented in this document and are working to adapt this model and format so that further Roadmaps might be developed for specific regions across the country.

Roadmap for Strengthening the Disaster-Resilience of Micro, Small, and Medium Enterprises (MSMEs) in the Philippines



Identified Roadmap Theme	Suggested key actions	Relevant actors, stakeholders or policy owners	Potential pilot initiatives	Timeline
<p>1. Enhancing MSME access to general and disaster risk data</p>	<ul style="list-style-type: none"> Access to hazard maps and with corresponding recommendations and contingencies Identification and profiling of MSMEs located in high-risk areas using national MSME statistics, local risk mapping, and scaled down climate change projections Issuance of formal disaster-related advisories for business (eg localized area or type of business) from responsible government agencies Include DRRM and CCA in mandates of national, regional and provincial SMED Councils LGU on-the-spot inspections of businesses to determine and advise on potential hazards Conduct community disaster risk assessment that engages local MSMEs Make hazard and disaster risk related data available at Negosyo Centers Develop specific hazards and vulnerability maps by barangay and by value chain Build data on value chain actors 	<p>LEAD: OCD and DTI Office of Civil Defense (OCD) NDRRMC Department of the Interior and Local Government (DILG) Department of Science and Technology (DOST) Department of Environment and Natural Resources (DENR) Department of Agriculture (DA) DTI SMED Councils LGUs Academic institutions (schools & universities) MSME/Business associations NGOs/CSOs</p>	<ul style="list-style-type: none"> Development of integrated website for disaster data relevant to MSMEs Conduct Community Risk Assessment Building of MSME database Identification and profiling of MSMEs located in high-risk areas 	<p>6 months to 1 year</p>



Identified Roadmap Theme	Suggested key actions	Relevant actors, stakeholders or policy owners	Potential pilot initiatives	Timeline
<p>2. DRRM and BCM awareness and training</p>	<p>a. Training Content Development Develop specific learning materials for MSMEs on DRRM, including how to assess and reduce their risk, and how to develop and practice effective procedures for preparedness, response and recovery Develop DRRM modules for inclusion in all BCM training Share success stories of MSMEs that have survived disasters due to preparedness and DRR measures, in order to inspire others Develop specific training/ seminar modules on the projected impacts of climate change in the Philippines, and its likely effects in certain regions and industries Develop audio-visual information materials that communities and micro enterprise operators can understand concerning BCM and integration of natural hazard risks</p> <p>b. Implementation Mechanisms Include BCM and DRRM in DTI business training programs Make DRRM and BCP training accessible and affordable to MSMEs, for example, by including it in the regular training programs of government business training institutions such as the Philippine Trade Training Center Encourage businesses to allow employees to attend DRRM training (e.g., first aid, DRR etc) Encourage business proprietors to pass on their learning from DRRM training to their employees, and impart a mind-set of disaster preparedness Encourage big corporations to train MSMEs on BCP/DRRM as a core component of business resilience Use community-level awareness raising to improve DRRM awareness of micro enterprises Promote area BCM (that includes DRRM) by local businesses working together, to attract more investments and generate more jobs Utilize social media to disseminate information to MSMEs and for knowledge sharing Promote DRRM awareness through the Negosyo Centers</p>	<p>LEAD: PCCI and PDRF OCD NDRRMC DTI DILG Department of Social Welfare and Development (DSWD) PCCI PDRF LGUs Academic institutions (schools & universities) *UP-ISSI Training institutions MSME/Business associations NGOs/CSOs *A-PAD Philippines</p>	<p>Conduct of Regional Business Forum Standardization of BCP training modules Localize BCP modules (translation to local language) Training needs analysis towards MSME resilience Training of trainers on BCP Conduct BCP training for MSMEs that include DRRM as a core element of business resilience Develop Information, Education and Communication (IEC) materials to communicate the importance of BCP/DRRM to MSMEs</p>	<p>6 months to 1 year</p>



Identified Roadmap Theme	Suggested key actions	Relevant actors, stakeholders or policy owners	Potential pilot initiatives	Timeline
3. Tailored Risk Financing for SME/MSME	<p>a. Insurance</p> <p>Encourage or require businesses to insure their employees for natural hazard risks and income loss due to disasters, in addition to fire, accident etc.</p> <p>Promote micro insurance for Micro and Small Enterprises at the barangay level</p> <p>Develop micro insurance products for the agricultural sector, especially small –scale crops</p> <p>Provide government subsidy for insurance premiums of MSMEs</p> <p>b. Financing</p> <p>Institutionalize disaster risk financing in the current review of the National DRRM Law</p> <p>Provide financial support (e.g., soft loans) to MSMEs that have suffered damage from disaster</p> <p>Create micro financing programs using the penalties collected from banks that failed to meet the MSMEs lending quota</p> <p>Provide capacity building for financial service providers on DRRM</p> <p>Formulate a policy framework on access to disaster recovery financing for MSMEs</p> <p>Streamline post-disaster claims from the Social Security System to provide more rapid support to those affected by disasters.</p>	<p>LEAD: SB Corp, PCCI, PHILEXPORT, and PDRF</p> <p>Government financing institutions</p> <p>Micro financing institutions</p> <p>DA</p> <p>Department of Finance (DOF)</p> <p>Philippines Insurance Commission (PIC)</p> <p>SB Corp</p> <p>PHILEXPORT</p> <p>PCCI</p> <p>PDRF</p> <p>Private/Commercial banks</p> <p>Central Bank</p>	<p>Intensify information dissemination on available micro insurance and risk financing services</p>	<p>6 months to 1 year</p>



Identified Roadmap Theme	Suggested key actions	Relevant actors, stakeholders or policy owners	Potential pilot initiatives	Timeline
<p>4. MSME inclusion in DRRM and CCA policy, planning and local institutions</p>	<p>Include MSME-related policies in the National DRRM Law amendment bill</p> <p>Include MSME-related policies in national DRRM policies and action plans for all phases of the disaster cycle</p> <p>Include MSME associations in Local DRRM councils</p> <p>Involve MSMEs in programming and utilization of local DRRM Funds</p> <p>Develop guidelines on access to local DRRM Funds for disaster risk reduction, e.g. through enterprise and area BCP.</p> <p>Organize MSMEs at the barangay level for information sharing on DRRM and CCA</p> <p>Develop local area BCM with LGUs as drivers for MSEs to adopt BCP/DRRM plans and procedures</p> <p>Geo-tag MSMEs and critical infrastructure in local Comprehensive Land Use Plans</p> <p>Institutionalize BCM at local level, for example, by integrating Area BCM into Barangay or Local DRRM Plans, which can be funded through local DRRM funds and other LGU appropriations.</p>	<p>LEAD: OCD</p> <p>NDRRMC</p> <p>CCC/CCO</p> <p>DILG</p> <p>DTI</p> <p>LGUs</p> <p>MSME/Business associations</p> <p>Legislators</p>	<p>Include Area BCM in Local DRRM Plan and Comprehensive Development Plans</p>	<p>6 months to 1 year</p>

This publication is an output of the regional project “Strengthening the Disaster Resilience of Small and Medium Enterprises in Asia”. The overall objective of the project is to build disaster-resilient capacities in SMEs in Indonesia, the Philippines, Thailand and Viet Nam by undertaking the following activities: 1) Identifying actions to strengthen resilience of SMEs; 2) Providing technical assistance in strengthening resilience to selected SMEs on a demand-driven basis; 3) Supporting governments in strengthening the enabling environment that promotes risk sensitive and informed investments by SMEs; 4) Facilitating knowledge sharing; 5) Up-scaling, leveraging and formalizing business resilience tools, platforms and initiatives.

National Partners

Indonesia

- Ministry of Cooperatives and SMEs (MoCSME)
- Indonesian National Board for Disaster Management (BNPB)

Philippines

- Department of Trade and Industry (DTI)
- National Disaster Risk Reduction and Management Council (NDRRMC)

Thailand

- Office of Small and Medium Enterprises Promotion (OSMEP)
- Department of Disaster Prevention and Mitigation (DDPM)

Viet Nam

- The Ministry of Planning and Investment (MPI)
- The Disaster Management Center (DMC)