



## Enhancing Competitiveness through Gender Mainstreaming

The role and status of women and men in  
MSME development in the Philippines



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## Acronyms

ADB	Asian Development Bank
AIM	Asian Institute of Management
AMC	Artisan Multipurpose Cooperative
ASPBI	Annual Survey of Philippine Business Industry
BDS	business development services
BMBE	Barangay Microbusiness Enterprise
BMSMED	Bureau of Micro Small and Medium Enterprise Development
BMZ	Federal Ministry for Economic Cooperation and Development
BNRD	Business Name Registration Database
BPLS	Business Permits and Licensing System
BPO	business process outsourcing
BSP	Bangko Sentral ng Pilipinas or Central Bank of the Philippines
CALABARZON	Cavite Laguna Batangas Rizal and Quezon
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CEO	Chief Executive Officer
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
CPI	Corruption Perception Index
CSR	Corporate Social Responsibility
DBR	Doing Business Report of the World Bank
DOLE	Department of Labor and Employment
DTI	Department of Trade and Industry
EC	European Commission
EIU	Economist Intelligence Unit
EPZ	Export Processing Zone
EU	European Union
FPW	Framework Plan for Women
FDI	foreign direct investment
FGD	Focus Group Discussion
FIES	Family Income Expenditure Survey
FINEX	Financial Executives Institute of the Philippines

FW	family work
GAD	Gender and Development
GAP	Gender Action Plan
GCI	Global Competitiveness Index of the World Economic Forum
GDI	Gender Development Index
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GEM	Global Entrepreneurship Monitor
GET	Gender + Entrepreneurship Together
GGI	Global Gender Gap Index
GOCC	government owned and controlled corporation
GOWES	Growth Oriented Women Entrepreneurs
GREAT Women	Gender Responsive Economic Action for Transformation of Women
GSVCA	Gender Sensitive Value Chain Analysis
GTZ	German Technical Cooperation
HDI	Human Development Index
HDR	Human Development Report
HGADG	Harmonized Gender and Development Guidelines
HH	household
ICT	information and communication technology
ILAP	ILO Association of the Philippines
ILO	International Labor Organization
IRR	Implementing Rules and Regulations
IS	informal sector
ISS	informal sector survey
KII	key informant interview
LE	List of Establishments
LGU	Local Government Unit
LFPR	Labor Force Participation Rate
LRED	Local and Regional Economic Development
MDG	Millennium Development Goal
MFA	Multi Fibre Agreement

MSME	Micro, Small and Medium Enterprises
MSMED	Micro Small and Medium Enterprise Development
NCR	National Capital Region
NCRFW	National Commission on the Role of Filipino Women <i>now replaced by PCW</i>
NEDA	National Economic Development Authority
NEW	Network of Enterprising Women
NGO	nongovernment organization
NSCB	National Statistical Coordination Board
NSO	National Statistics Office
ODA	Official Development Assistance
ODA - GAD	Official Development Assistance - Gender and Development
OECD	Organization for Economic Cooperation and Development
OFW	Overseas Filipino Worker
OSC	Office of Special Concerns of DTI
PATAMABA	Pambansang Kalipunan ng mga Manggagawang Impormal sa Pilipinas or National Network of Informal Workers
PBSP	Philippine Business for Social Progress
PCE	Philippine Center for Entrepreneurship
PCCI	Philippine Chamber of Commerce and Industry
PCCRP	Philippine Cities Competitiveness Ranking Project
PCW	Philippine Commission on Women (formerly NCRFW)
PEARL2	Private Enterprise Accelerated Resource Linkages Project, Phase II
PPGD	Philippine Plan for Gender Responsive Development
PPR	Program Progress Review
PRS	Poverty
PSD	private sector development
PSP SMEDSEP	Private Sector Promotion Program Small and Medium Enterprise Development for Sustainable Development Program
RA	Republic Act
SDC	Swiss Development Cooperation
SEPO	Senate Economic Planning Office
SMEs	Small and Medium Enterprises

SMED	Small and Medium Enterprise Development
SUC	State Universities and Colleges
TI	Transparency International
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
VC	Value Chain
WB	World Bank
WED	Women's Entrepreneurship Development
WEF	World Economic Forum
WEO	Women's Economic Opportunity
WEOI	Women's Economic Opportunity Index
WTO	World Trade Organization

## Executive Summary

### Background

The Philippine Government, through its Department of Trade and Industry (DTI), has asked for German assistance in mapping out the National Strategy for the Development of Micro, Small and Medium Enterprises (MSME) for 2010 to 2016. This request represents a follow up on their request for evaluation of the 2004 to 2010 MSME Development Plan. Four topics of strategic concern were identified (1) corporate social responsibility (CSR), (2) climate change, (3) migration and (4) gender. This can be seen as a unique chance, a window of opportunity to influence the new plan in the direction of gender concerns and MSME development. For this purpose the consultancy mission's task was to summarize the Philippine situation with regard to the role and status of women and men in economic and particularly MSME development. The challenge is on How to firmly integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise (MSME) Development Plan 2010 – 2016?<sup>1</sup> While significant gains in MSME development have been made over the years, so much more remains to be done towards making the MSME sector a real engine of growth.

### Findings

Today globalization is no longer a choice but a reality. To achieve and to maintain prosperity all economies must ensure that they are well positioned to take advantage of new opportunities and challenges offered by a global market. In the last decade the Philippine economy has experienced its share of busts and booms.

Over the years the Philippines has been doing well in international gender assessments and is among the top ten of the Global Gender Gap Index (GGI) of the World Economic Forum (WEF). Last year the Philippines has lost some ground. The Philippines is still the only Asian country that is ranked among the top ten. The WEF advocates the hypothesis that an increasing degree of economic equality of women and men correlates positively with the competitiveness and the gross national income (GNI) of a country. However, in other ratings such as from the WEF's Global Competitiveness Index (GCI) the Philippines rank 64 out of 113 economies, the World Bank's Doing Business Report (WB DBR) rank 144 out of 183 countries and the Transparency International Corruption Perception Index (CPI) rank 139 of 180 countries. Moreover, the new Women's Economic Opportunity Index (WEOI), which is more differentiated than the GGI the Philippines has an overall score of 50.4 and is ranked 64 out of 113 economies. According to these indices a major concern is that the legal and institutional business environment is not conducive to private sector development. Consequently, MSME and particularly women as entrepreneurs and employees / workers could unfold their potential much better if the business environment would be more enabling.

In regional comparison with the exception of the gender indices made by the WEF, the Philippines is below average and is lagging behind Singapore, Thailand and Malaysia and is only little better than Indonesia. The Global Competiveness Report

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<sup>1</sup> The consultancy team consisted of Brigitte Späth PhD, Team Leader and international consultant from GTZ Germany; Jean Franco, national consultant; and Rhodora May (Sam) Raras, the Gender Focal Person in the PSP SMEDSEP Team. The consultancy mission was jointly undertaken in the Philippines from 12 to 30 April 2010.

categorizes the Philippines into the group of factor driven economies. In a factor driven economy countries compete based on their factor endowments: primarily unskilled labor and natural resources; and companies compete on the basis of price and sell basic products or commodities with their low productivity reflected in low wages.

Poverty and income inequality remain severe problems in the Philippines. The country's Gini index stood at 48.1 in 2008, among the highest in the region, reflecting a high level of unequal income distribution. One third of the population lived below the national poverty line (less than 41 PHP / day = 0.68522 EUR = 0.89465 USD) in 2006.

With regard to the factor labor, the Filipino women attain higher educational levels than men. Women are represented in politics and decision making positions at a reasonable higher rate than other countries. Nevertheless, women make up almost two fifths of the total labor force and of all persons employed in 2009. In 2007 the female labor force participation rate was 49 percent and therefore below the average of the region (67 percent for East Asia, 59 percent for Southeast Asia). Female employment rate was 93 percent slightly higher than that of the men. The official unemployment rate was below 7 percent. Women are present in almost all professional categories including high level government service. However, the majority of women – like men – are still employed as laborers and unskilled workers. With regard to the employment status, self employment (31 percent) and unpaid family work (19 percent) account for almost half of all employed women. Both together make up for 45 percent of what is considered to be vulnerable employment. In regional and international comparison the situation of Filipino women in the labor market is not that outstanding.

Many factors influence women's and men's entry into the labor force and the nature of their participation in the national economy. Besides the economic factors there are social and cultural factors that influence women's and men's entry into labor markets as well as their employment options. In addition there is also the factor of geography and spatial change, which in a megacity like Metro Manila and its surrounding industrial areas influences employment opportunities and choices particularly for low income people.

About one half of the enterprises are owned and managed by women. Most of these enterprises are small consisting of only the owner / manager without any employees. Most of them are motivated out of necessity. They are founded with little capital (below PHP 10 000.00 = 167 EUR = 218 USD) in activities with low entry barriers, such as retail trade, food stalls or personal services, but also with low productivity. This is due to: (1) poverty: the average poverty rate was 33 percent in 2006 (30 percent for women); (2) unemployment is not an option in the absence of basic social protection schemes; (3) the outsourcing of export oriented companies to home workers that count statistically as self employed or own account workers and (4) the preference of women in their peak childrearing age (25 to 34 years) who want to combine family responsibility with income generating activities close to their home.

There is evidence that women's economic empowerment has taken place throughout the Philippine society. However, this does not seem to have resulted in a similar change of gender relations within the household / family. In some regions of the country impact of cultural norms on women's economic involvement seems to be more apparent than in others. Some allow women great mobility and involvement in

a business whereas others do not. Poor women seem to face more problems in balancing their family responsibilities with running a business or being employed. Furthermore, class may be a stronger determinant than gender for many of the issues concerning MSME and employment of women. Within the less educated and poorer class, women have fewer opportunities than men. Although society is changing fast, some stereotype role assignments or sociocultural barriers still persist.

Growth and international competitiveness depends largely on mobilization of local resources and a revitalization and expansion of the private sector, particularly of MSMEs. MSMEs constitute often the only source for new employment and serve as a safety net not only for the urban poor. Although, the share in numbers of enterprises (99.7 percent) and of employment (70 percent) of MSMEs is remarkable, MSMEs also account for 25 percent of the country's total exports revenue in 2006. However, the ratio between the share of the Philippine MSMEs in numbers and jobs and its contribution to GDP is actually quite unfavorable. MSMEs in industrialized economies achieve a much better ratio.

With regard to statistics and data, there is generally a lack of robust data, particularly sex disaggregated data, on the economic performance of MSME. Various datasets and survey reports may seem comprehensive at first glance. However, (1) due to the various methodologies employed, (2) the wide range of topics covered, (3) the differences in the observations when it comes to gender and (4) the lack of information in subsector analysis and value addition, makes their applicability for gender sensitive planning difficult.

Globalization has affected employment and the labor market in the Philippines in at least three different ways: firstly, the introduction of export processing based mainly on cheap and unskilled labor; secondly, business process outsourcing (BPO) based on qualified labor and thirdly, overseas migration. The industries in export processing – traditionally it was garments, footwear and so on, electronics belong to the newer industries – have a clear preference for younger women. About 80 percent of the export zone workers are women.

The MSME sector is extremely heterogeneous. The technologically backward sweatshop can be found alongside a highly flexible and innovative small enterprise. There is evidence that enterprises of different sizes are interlinked. In principle the tightening of the industrial tissues through various forms of business linkages (subcontracting, franchising, value chain (VC) and cluster development, etc) would enable better use of the potential the different enterprises have. With trade liberalization and the expiration of the Multi Fibre Agreement (MFA) the Philippine textile and garment, shoe and leather manufacturing industry came increasingly under pressure and was in competition with other low wage countries such as China, Bangladesh and Vietnam. The main strategy to counter the competitive pressure was cutting cost. This was done mainly by making labor flexible, particularly through subcontracting, labor only subcontracting as well as a shift of part of the production to household based home workers contracted to do piece rate jobs who are mostly women. This has caused an increasing informalization of the labor force, accounted for in the labor statistics as self employed.

A large proportion of the MSME can be classified as belonging to the informal economy and are established out of necessity. The enterprises of the informal economy are, however, linked indirectly to the formal economy by providing

important goods and services at reasonable prices to the local population or directly. Under subcontracting arrangements a considerable number of mostly female home workers have ties to export oriented companies. These enterprises are part of the industrial web.

Moreover, one should not underestimate such business activities driven by necessity. The larger the number of enterprising people – men and women – the more chances are there that successful entrepreneurs will emerge.

The introduction of the category of family enterprises might capture the reality much better. Although, there might be sometime only one officially registered (male) owner, in many enterprises husband and wife act as comanagers. The available data in the previous part of this document clearly indicates that indeed women's economic empowerment has taken place throughout society, although intrahousehold or family relations are sometimes lagging somewhat behind.

Self organization of the various actors of the Philippine economy is not well advanced, particularly in the case of micro and small enterprises and of women owned businesses. However, the problems of micro and small enterprises are often the lack of information and bargaining power.

In the Philippines, the gender equality provision is embedded in the country's legal framework. Notwithstanding a number of accomplishments, of which the most recent is the Magna Carta of Women, the consultancy mission discovered that women still suffer from gender bias in the existing legal framework. This is based on the fact that while on the one hand there is substantive (*de jure*) equality, *de facto* equality still has to be met owing to weak enforcement of laws and the lack of gender sensitivity of their implementers. One example is the weak enforcement of the law especially referring to the provision of credit to women entrepreneurs. Moreover, there are also laws that contradict each other and thus make implementation problematic and disadvantageous to women. Finally, laws related to the definition of MSMEs are themselves inconsistent. In the process they do not lend themselves to making women enjoy the full benefits that these laws are supposed to grant.

Existing evidence indicates that an optimization of women's talents as entrepreneurs, as members of the labor force and as consumers will boost competitiveness and business performance, since women

- **are much of the talent** – Filipino women attain higher educational level than men
- **are entrepreneurial** – Filipino women own more than half of the registered businesses
- **are an ingredient of profitability** – companies with higher gender balance in leadership outperform those with fewer on the top
- constitute **two fifths of the total labor force** in the Philippines
- represent **the major part of the market** – private consumption plays a central role in the Philippine economy, accounting for around 70 percent of total Gross Domestic Product (GDP). Women have a major influence on consumer goods purchasing decisions. With socioeconomic changes involving the educational attainment, overseas working Filipinas and working mothers are increasingly having an income of their own.

## Recommendations

A plan for the development of MSME is expected to provide strategic guidance on how the economy can move to a higher stage of competitiveness, precisely from a factor driven economy – relying mainly on low labor costs and natural resources – to an efficiency driven and perhaps even the innovation driven economy. Among the key factors for achieving the next stage are higher education and training and as well as good functioning labor market. Gender equality will be pivotal to moving to a higher stage of development.

A clear vision about the purpose of gender mainstreaming in the planning and implementation of the plan is required. Competitiveness is enhanced through gender equality or equal opportunity is good economics. There is a need to understand diversity. A gender mainstreaming approach is suggested that takes into consideration not only women's and men's access to resources and opportunities but also the constraints they are facing and the potentials they are bearing. A clear vision about the purpose of gender mainstreaming in planning and implementing the MSME Plan is called for.

There is a need for more sex disaggregated quantitative and qualitative data collection on MSME that would be very relevant to gender sensitive planning and monitoring as well as for decision making.

A set of strategic policy recommendation is made, addressing different levels of interventions such as (1) meta – society, (2) macro – policy, (3) meso – institutional and (4) micro – enterprise levels

- **Meta level intervention** Many problems with regard to gender inequality in business result from attitudes and stereotypes. Therefore it is suggested to induce change in the mindset (gender role perception and attitudes towards entrepreneurship) by utilizing mass media, granting awards and by involving recognized opinion leaders.
- **Macro level intervention** The effort of creating an enabling business environment should be continued. This should be made in such a way that it is gender responsive. Moreover, laws and regulations should be harmonized and implemented so that women can enjoy the full benefits these laws are supposed to grant.
- **Meso level intervention** It is crucial that the leaders and staff members of relevant institutions understand women's role in business and work. They must be responsive to women's specific practical and strategic needs. There exists already a comprehensive set of promotion instruments and measures for MSME development such as value chain (VC), local and regional economic development (LRED), cluster development, business development services (BDS) as well as financial services and credit lines. Moreover, knowledge products from projects with different donors are available. These should be applied intelligently to achieve gender fairness and to enhance competitiveness.
- **Micro level intervention** It is crucial to get the private sector involved as providers of BDS, as partners in value chains or business linkages, as lobbyists in chambers, business or sector associations, or as mentors for business startups.

Any sustainable medium to long term strategy for enhancing competitiveness should not rely only on cutting costs, but rather on quality and innovation. MSME development should be in line with current trends of sustainable development that address climate change, environment protection as well as social issues.

Some of the themes discussed in this report may cover MSME development as such. This is done so because gender as a topic cannot be seen in isolation without taking into consideration the overall situation of the economy or of the MSME. Moreover, the subjects and recommendations may go beyond the scope of an MSME Plan and the sphere of interventions of government institutions such as DTI, Department of Labor and Employment (DOLE), among others. This is because MSME development does not depend exclusively on government interventions but rather also on the initiative of enterprising individuals and the organized private sector.

# 1 Introduction: MSME, Gender, Competitiveness

The Philippine Government, through its Department of Trade and Industry (DTI), has asked for German assistance in mapping out the National Strategy for the Development of Micro, Small and Medium Enterprises (MSME) for 2010 to 2016. This request represents a follow up on their request for evaluation of the 2004 to 2010 MSME Development Plan. Four topics of strategic concern were identified (1) corporate social responsibility (CSR), (2) climate change, (3) migration and (4) gender. This can be seen as a unique chance, a window of opportunity to influence the new plan in the direction of gender concerns and MSME development. The consultancy mission is tasked to address this request in line with the Gender Action Plan 2009 to 2012 of the German Federal Ministry for Economic Cooperation and Development (BMZ) and its direction to improve the framework for private sector development (PSD) with a thematic focus on the economic empowerment of women (BMZ 2009: 14).<sup>2</sup> For this purpose the consultancy mission's task was to summarize the Philippine situation with regard to the role and status of women and men in economic and particularly MSME development. The challenge is on How to firmly integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise (MSME) Development Plan 2010 – 2016?<sup>3</sup> While significant gains in MSME development have been made over the years, so much more remains to be done towards making the MSME sector a real engine of growth.<sup>4</sup>

*“Globalisation, the reorganisation of the value chain, increased competition, liberalisation of markets, demographic changes, the ever-growing demand for better skills and qualifications are some of the driving forces to which SMEs must be able to respond.*

*These are major challenges for SMEs today, particularly for the smallest, which have limited financial and human resources. SMEs more than any other need to be able to recruit personnel whose skills better match their needs and who will be more productive and capable of adapting, resulting in increased innovation and competitiveness.”* (European Communities 2008: 3)

Today globalization is no longer a choice but a reality. To achieve and to maintain prosperity all economies must ensure that they are well positioned to take advantage of new opportunities and challenges offered by a global market. In the last decade the Philippine economy has experienced its share of busts and booms: such as (1) the slowdown at the heights of the Asian Financial Crisis in 1998; (2) a modest recovery in the early 2000; (3) the negative effects of trade liberalization and the resulting global restructuring of labor intensive export production particularly in the garments and footwear industry; (4) the advancement of the information and communication technology (ICT) related industries and services primarily of BPOs

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<sup>2</sup> The consultancy was made possible with the pooling of resources from GTZ based Sector Program Promoting Gender Equality and Women's Rights, the Private Sector Promotion Program (PSP SMEDSEP) Philippines together with the Section Private Sector Development in GTZ.

<sup>3</sup> The consultancy team consisted of Brigitte Späth PhD, team leader and international consultant from GTZ Germany; Jean Franco, national consultant; and Rhodora May (Sam) Raras, the Gender Focal Person in the PSP SMEDSEP Team. The consultancy mission was jointly undertaken in the Philippines from 12 to 30 April 2010.

<sup>4</sup> DTI Secretary Gregory L Domingo at the FINEX 7<sup>th</sup> General Meeting, 21 July 2010, [www.dti.gov.ph](http://www.dti.gov.ph)

and electronics assembly industry; and (5) the recent economic downturn that has caused a slump in the Philippines exports and foreign direct investments (FDI).

The renewal of economic growth and international competitiveness depends largely on mobilisation of local resources and a revitalization and expansion of the private sector, particularly of micro, small and medium sized enterprises (MSMEs). However, firstly the overall business environment will have to be more conducive. With the exception of the Global Gender Gap Index, the Philippines is below average in international and regional comparison of business indices (Chapter 2).

Expectations have been raised that MSMEs particularly in manufacturing and services could become the key to new dynamism in economic development. Although, the statistics are not always up to date and reliable as desired (Chapter 4.2) the following tendencies can be identified. As in most countries MSMEs constitute the vast majority of enterprises in the Philippines. In 2006 the share of MSMEs of all enterprises was 99.7 percent. They provided almost 70 percent of the jobs generated by all enterprises (Chapter 3 on labor market and employment).<sup>5</sup>

MSMEs are key drivers of competition, growth and job creation particularly in developing countries. Particularly, micro and small enterprises constitute often the only source of new employment and serve as a safety net not only for the urban poor. Four out of ten Filipinos aged 18 to 64 are engaged in business (GEM Philippine Report 2006 – 2007: 7) which is half of the Philippine labor force (Chapter 4.4.1). Women play a significant role as entrepreneurs (Chapter 4.4) and as labor force (Chapter 3.2). Although, the number and the employment share of MSMEs are remarkable. The experience is mixed in qualitative terms. The MSME sector is extremely heterogeneous. The technologically backward sweatshop can be found alongside highly flexible and innovative small enterprises (Chapter 3.3 and Chapter 4.2).

*“But... up to 80 percent of economic activity takes place in the informal sector. Firms may be prevented from entering the formal sector by excessive bureaucracy and regulation.”* (World Bank 2010: vii) There is a danger that MSMEs can easily be trapped in low profit / low innovative competition: a race to the bottom. Increasing competition and the poor endowment of the individual MSMEs with economic resources and bargaining power as well as an unfavorable business environment easily leads MSMEs towards building their competitive position on cheap labor, that is, on low wages and poor terms of employment, or by resorting to informal types of business - sometimes with the aim of evading taxation and regulations (Chapter 3.3 and Chapter 4.2.2). Such a business setting in turn creates unfavorable prospects for long term improvement and competitiveness of MSMEs (Chapter 2), as it deprives the enterprise of options of building its business strategy on innovation and new markets. It also reduces the chances that entrepreneurs invest in human resource development and gender equality.

Clearly the role performed by MSMEs is no longer confined to their social function in creating jobs and income earning opportunities, but takes into account their major economic functions. The latter is derived from its vigour and adaptability as well as its importance as an integral component of a consolidated and diversified economic

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<sup>5</sup> <http://www.dti.gov.ph/dti/index.php?p=321> accessed on 26 April 2010

structure. Moreover, expectations have been raised that a vibrant MSME sector could effectively combine economic viability with social and ecological objectives, thus reconciling some of the core themes of development in the Philippines.

There is evidence that women are relevant for MSME development: as entrepreneurs, as workers / employees and as clients. This paper looks at the status and role of women in economic development and in what way they can contribute to the competitiveness of MSMEs and the Philippine economy. This analysis and the recommendations (Chapter 5) will contribute to the ongoing discussions of gender mainstreaming and its correlation to competitiveness in the Philippines.

## 2 Gender Equality and Competitiveness

In September 2006, the World Bank launched its Gender Action Plan (GAP) entitled *Gender Equality as Smart Economics* with the objective to advance women's economic empowerment in order to promote shared growth and Millennium Development Goal (MDG) 3 - gender equality and women's empowerment (World Bank 2006). The GAP is based on the rationale that expanding women's economic opportunities is smart economics.<sup>6</sup> According to the GAP, women's economic opportunities lag behind women's capabilities achieved in education and health. This is regarded as inefficient, since increased women's labor force participation and earnings are associated with reduced poverty and faster growth.

"The case for gender equality is often pitched as a human rights or social justice argument, but a growing body of evidence reveals that it is good economics as well" (UNDP 2010: 3), promoting prosperity and enhancing the wellbeing of societies (WB 2006b: 2, UNDP 2010: 27, ILO 2009b: 5). The economic efficiency rationale argues that women can play a critical role as economic agents capable of transforming societies and economies. This is illustrated in the following examples

*"For instance, over the last 10 years the increase of women workers in developed countries is estimated to have contributed more to global growth than has China's remarkable economic record. Reaching the same level of women's labour market participation in the United States - over 70 per cent - would boost GDP in countries, for example, by 4.2 per cent a year in India, 2.9 per cent in Malaysia and 1.4 per cent in Indonesia."* (UNDP 2010: 3)

*"Lack of women's participation in the workforce across Asia-Pacific costs the region an estimated US\$ 89 billion every year. Another estimate, using long-term data from 1960 to 2000, suggests that a combination of gender gaps in education and employment accounts annually for a significant difference of up to 1.6 percentage points in per capita growth rates between South Asia and East Asia."* (UNDP 2010: 4)

Therefore, equality is not just an intrinsic value and a right. It is instrumental in achieving economic growth and poverty reduction and other related development issues.

**Box 1** The **Global Gender Gap Index (GGI)** was introduced by the World Economic Forum (WEF) in 2006 as a framework for capturing the magnitude and scope of gender based disparities and tracking their progress. The Index benchmarks national gender gaps on (1) economic, (2) political, (3) education and (4) health based criteria, and provides country rankings that allow for effective comparisons across regions and income groups as well as over time. **The 2009 Global Gender Gap Report** shows that the 134 countries covered by the Index have on average closed over 96 percent of the gap on health outcomes between women and men and almost 93 percent of the gap on educational attainment. However, the gap between women and men on economic participation and political empowerment remains wide: only 59 percent of the economic outcomes gap and only 17 percent of the political outcomes gap have been closed.  
Source: WEF 2009b: 3

<sup>6</sup><http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTGENDER/0,,contentMDK:21104005~pagePK:210058~piPK:210062~theSitePK:336868,00.html>

**Box 2** The **Global Competitiveness Index** (GCI) captures this open ended dimension by providing a weighted average of many different components, each of which reflects one aspect of the complex concept that we call competitiveness. It groups all these components into **12 pillars of competitiveness**

- (1) **Institutions** *The institutional environment is determined by the legal and administrative framework within which individuals, firms, and governments interact to generate income and wealth in the economy.*
- (2) **Infrastructure** *Extensive and efficient infrastructure is an essential driver of competitiveness.*
- (3) **Macroeconomic stability** *The stability of the macroeconomic environment is important for business and, therefore, is important for the overall competitiveness of a country.*
- (4) **Health and primary education** *A healthy workforce is vital to a country's competitiveness and productivity.*
- (5) **Higher education and training** *Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products.*
- (6) **Goods market efficiency** *Countries with efficient goods markets are well positioned to produce the right mix of products and services given supply and demand conditions as well as to ensure that these goods can be most effectively traded in the economy.*
- (7) **Labor market efficiency** *The efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their most efficient use in the economy and provided with incentives to give their best effort in their jobs.*
- (8) **Financial market sophistication** *The present economic crisis has highlighted the central role of a sound and well-functioning financial sector for economic activity. An efficient financial sector allocates the resources saved by a nation's citizens as well as those entering the economy from abroad to their most productive uses.*
- (9) **Technological readiness** *This pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries.*
- (10) **Market size** *The size of the market affects productivity because large markets allow firms to exploit economies of scale.*
- (11) **Business sophistication** *Business sophistication is conducive to higher efficiency in the production of goods and services.*
- (12) **Innovation** *Innovation is particularly important for economies as they approach the frontiers of knowledge and the possibility of integrating and adapting exogenous technologies tends to disappear.*

Source: WEF 2010b: 4ff

*"Economic empowerment of women is not a women's issue, it is at the centre of development... economic development and economic participation of women are interrelated and strengthen each other."* 'Call for Action' of the high level meeting on 'Gender as Smart Economics' hosted by BMZ in Berlin, April 2007.

Relevant in all cultural settings, economic empowerment of women unleashes their socioeconomic potential as a force for development. Women's increased bargaining power and decision making ability in the household as well as their improved status and income have led to a number of positive secondary effects such as enhanced child nutrition, health and education, better child care practices, lower infant mortality rates and less child labor. Women will benefit from their economic empowerment, but so too will men, children and society as a whole.<sup>7</sup>

<sup>7</sup><http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTGENDER/0,,contentMDK:21104005~pagePK:210058~piPK:210062~theSitePK:336868,00.html>

**Box 3** The World Bank's *Doing Business Report* measures just 10 phases of a company's life cycle through 10 specific sets of indicators, which are (1) Starting a business, (2) Dealing with construction permits, (3) Employing workers, (4) registering property, (5) getting credit, (6) protecting investors, (7) paying taxes, (8) trading across borders, (9) enforcing contracts, (10) closing a business.

The indicators are built on the basis of standardized case scenarios with specific assumptions such as the business being located in the largest business city of the economy. The focus is on private, limited liability companies that are the most prevalent business form in most economies around the world and it is on the formal sector (World Bank 2010: vi).

According to the WEF, *"the most important determinant of a country's competitiveness is its human talent - the skills, education and productivity of its workforce. And women account for one half of the potential talent base throughout the world. Over time, therefore, a nation's competitiveness depends significantly on whether and how it educates and utilizes its female talent. To maximize its competitiveness and development potential, each country should strive for gender equality - such as to give women the same rights, responsibilities and opportunities as men"* (WEF 2007b: 19f). This leads to the hypothesis that an increasing degree of economic equality of women and men correlates positively with the competitiveness and the gross national income (GNI) of a country.

Over the years the Philippines has been doing well in international gender assessments particularly the Global Gender Gap Index (GGI) of the WEF. The Philippines is the only Asian nation in the top 10 out of 134 countries in the GGI. Although it slid from rank 6 in the previous years to rank 9 in 2009 (WEF 2009b), the Philippines is among the top 12 countries that have closed the gender gap in both education and health. But with regard to economic participation and opportunity<sup>8</sup> the Philippines have lost ground, it was downgraded from rank 2 in 2007 to rank 11 in 2009.<sup>9</sup>

Hence, it could be concluded that the Philippines is also champion in international competitiveness having a high GNI per capita. However, the Philippines belongs to the lower middle income countries, with a population of 90 300 000 and a GNI per capita of USD 1 886 (WEF 2010b: 256). In the Global Competitiveness Index (GCI) the Philippines ranks 87 out of 133 countries (WEF 2010b: 256) and is rank 144 out of 183 in the 2010 Doing Business Report (World Bank 2010).

According to the Global Competitiveness Report which looks at twelve so called Pillars of Competiveness (Box 2) the Philippines still suffer particularly from institutional shortcomings – Pillar 1 – reaching only rank 113. Major areas of concerns identified are corruption, inefficient government bureaucracy, policy instability, government instability, tax regulations and tax rates (WEF 2010b: 256). Another area of concern is the inadequate supply of infrastructure - Pillar 2 - (rank 98). Pillar 3 on macroeconomic stability with a rank 76 is doing comparatively well. The Pillar 4 on health and primary education has rank 93. These four pillars are considered to be basic requirements and are most critical for countries in the factor driven stage (Box 5). The individual ratings of the six pillars of efficiency enhancer

<sup>8</sup> The WEF captures *economic participation and opportunity* through three concepts: (1) the participation gap, (2) the remuneration gap and (3) the advancement gap.

<sup>9</sup> The WEF (2009b: 22) notes that this is due to the drop in women's labor force participation as well as the perceived wage inequality between women and men employed in similar position.

**Box 4** The *Women's Economic Opportunity (WEO) Index* is a dynamic quantitative and qualitative scoring model, constructed from 26 indicators, that measures specific attributes of the environment for women employees and entrepreneurs in 113 economies. Five category scores are calculated from the unweighted mean of underlying indicators and scaled from 0-100, where 100=most favorable. These categories are: (1) Labor policy and practice (which comprises two subcategories: Labor policy and Labor practice); (2) Access to finance; (3) Education and training; (4) Women's legal and social status; and the (5) General business environment. Each category or subcategory features either four or five underlying indicators. Source: EIU 2010: 10

(rank 78) as well as the two pillars relevant (rank 74) for innovation are mixed. The most outstanding negative rating is for the Pillar 7 on labor market efficiency that is ranked 113 and the most positive rating is the Pillar 10 on market size that is ranked 35.

The Global Competitiveness Report is broader in scope, whereas the Doing Business Report provides a quantitative measure of regulations for starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business - as they apply to domestic small and medium enterprises (World Bank 2010; v and Box 3). For the Philippines major areas of concern are in (1) starting a business (rank 162), (2) closing a business (rank 153); (3) paying taxes (rank 135), (4) protecting investors (rank 132), (5) getting credit, (6) enforcing contracts (118), (7) employing workers (rank 115), (8) dealing with construction permits (rank 111) and (9) registering property (rank 102). Only the rating for trading across borders is positive (rank 68).

These rankings do not seem to be in line with the abovementioned hypothesis that a nation's competitiveness depends largely on the attainment of gender equality (WEF 2009b: 24; 2010a: 3). Actually, this might be a too simple relationship. Competitiveness or economic growth does not hinge on one single factor – such as gender equality – but rather on a multitude of factors. This becomes clear when analyzing various indices in more detail. A new pilot index of the Economist Intelligence Unit (EIU) on women's economic opportunity (WEO), tries to shed some more light on this question:<sup>10</sup> *“Women's economic opportunity is defined as a set of laws, regulations, practices, customs and attitudes that allow women to participate in the workforce under conditions roughly equal to those of men, whether as wage-earning employees or as owners of a business. The goal of this Index is to spur debate and research on the factors that affect women's ability to access jobs and business opportunities. It is also intended to prompt improvements in policy and programs that will encourage women's participation in the workplace and thus create more productive economies overall.”* (EIU 2010: 4)

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<sup>10</sup> This index was not yet available at the time the consultancy mission took place. It was published in June 2010 <http://www.eiu.com/PublicDefault.aspx>.

In this new Women’s Economic Opportunity Index the Philippines is with an overall score of 50.4 and ranked 63 out of 113 economies. Among the lower middle income as well as among all Asian countries the Philippines is among the top ten. The ranking is illustrated by Figure 1. With regard to labor policy the Philippines has a score of 74.3 (rank 30) that is above the average of all countries. However, looking at labor practices with a score of 44.4 (rank 39) it is in the average. This means the practice is lagging behind labor policy and legislation. In the category access to finance the Philippines is below average with a score of only 19.5 (rank 88). In contrast to the GGI of the WEF in the category education and training with a score of only 57.1 the Philippines is average and has rank 62. In the category women’s legal and social status with a score of 74.5 and a rank of 76 the Philippines is average. Finally, in the general business environment with a score of 32.5 and rank 83 the Philippines does not fare well in this respect.



**Figure 1**  
2010 EIU Women’s Economic Opportunity Index, Philippines

Finally, according to the latest ranking undertaken by the Human Development Report (HDR) of United Nations Development Program (UNDP) in 2007, the Philippines ranked 105 of 185 countries in Human Development Index (HDI) (UNDP 2009). With regard to gender related rankings of the HDR, the following could be observed: the Gender Development Index (GDI)<sup>11</sup> slipped from 77 to 86 out of 155 countries and in the Gender Empowerment Measure (GEM)<sup>12</sup> from rank 45 to rank 59 out of 181 countries (UNDP 2009). With reference to this downgrading by UNDP but also from the WEF, mentioned earlier, the Senate Economic Planning Office (SEPO) observes in a recent Policy Brief: “*The Philippines, however, seems to be faring worse in recent international gender assessments.*” (SEPO March 2010: 1)

<sup>11</sup> The GDI is measured based on achievements in life expectancy, adult literacy, gross enrollment ratio to education and earned income.

<sup>12</sup> The GEM is measured based on achievements in women’s political participation (seats in parliament, ministerial position, senior officials and legislators) as well as professional and technical workers, income, etc.

**Table 1 International Rankings on Gender, Business Conditions and Human Development**

	UNDP HDI 2009 182 countries	WEF GCI 2009-2010 133 countries	WB Doing Business 2010 183 countries	TI CPI 2009 180 countries	WEF GGI 2009 134 countries	WEF GGI Economic Participation 134 countries	EIU WEOI2010 113 countries
<b>Philippines</b>	105	87	144	139	9	11	63
<b>Malaysia</b>	66	24	132	56	101	104	49
<b>Indonesia</b>	111	54	122	111	93	101	82
<b>Singapore</b>	23	3	1	3	85	88	34
<b>Thailand</b>	87	36	12	84	59	30	48

The above examination of the international rankings and indices paints a rather ambivalent and even contradictory picture. An overview of the rankings and indices for the Philippines and the neighboring countries Indonesia, Malaysia, Singapore and Thailand is provided in Table 1. This reveals that there are considerable discrepancies between the various rankings on the one hand and between the countries on the other hand. With the exception of the gender indices made by the WEF, the Philippines is below average and lags behind Singapore, Thailand and Malaysia. In comparison with Indonesia, the Philippines ranks better with regard to HDI and the Women’s Economic Opportunity as well as the WEF gender indices. Again, it seems to be difficult to establish a direct relationship between women’s economic participation or gender equality and the other rankings. This reinforces the assumption made earlier that competitiveness or economic growth does not hinge on one single factor – such as gender equality – but rather on a multitude of factors. However, in Chapter 3.3.1 examples are provided where such a direct relationship exists.

The overall correlation between the Global Competitiveness Report, the Doing Business Report (DBR) and Women’s Economic Opportunity (WEO) is suggesting that where peace and macroeconomic stability are present, domestic business regulations and the institutional framework make an important difference in economic competitiveness (World Bank 2010: vi). *“The quality of institutions has a strong bearing on competitiveness and growth. It influences investment decisions and the organization of production and plays a central role in the ways in which societies distribute the benefits and bear the costs of development strategies and policies. (...) The role of institutions goes beyond the legal framework. Government attitudes toward markets and freedoms, and the efficiency of its operations, are also very important: excessive bureaucracy and red tape, overregulation, corruption, dishonesty in dealing with public contracts, lack of transparency and trustworthiness, and the political dependence of the judicial system impose significant economic costs to businesses and slow the process of economic development”* (WEF 2010b: 4). In this context it is worthwhile to note that the Philippines ranks 139 of 180 countries in the Corruption Perception Index 2009 of Transparency International

### Box 5 Three Stages of Development

According to the Global Competitiveness Index, in the first stage, the economy is **factor driven** and countries compete based on their factor endowments: primarily unskilled labor and natural resources. Companies compete on the basis of price and sell basic products or commodities with their low productivity reflected in low wages. Maintaining competitiveness at this stage of development hinges primarily on well functioning public and private institutions (Pillar 1), well developed infrastructure (Pillar 2), a stable macroeconomic framework (Pillar 3), and a healthy and literate workforce (Pillar 4).

As wages rise with advancing development, countries move into the **efficiency driven** stage of development when they must begin to develop more efficient production processes and increase product quality. At this point, competitiveness is increasingly driven by higher education and training (Pillar 5), efficient goods markets (Pillar 6), well functioning labor markets (Pillar 7), sophisticated financial markets (pillar 8), a large domestic and / or foreign market (Pillar 10), and the ability to harness the benefits of existing technologies (Pillar 9).

Finally, as countries move into the **innovation driven** stage, they are able to sustain higher wages and the associated standard of living only if their businesses are able to compete with new and unique products. At this stage, companies must compete through innovation (Pillar 12), producing new and different goods using the most sophisticated production processes (Pillar 11).

Source: WEF 2010b: 7

(TI).<sup>13</sup> *“Where regulation is burdensome and competition limited, success tends to depend more on whom you know than on what you can do. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for any aspiring entrepreneurs, regardless of their connections, to operate within the rule of law and to benefit from the opportunities and protections that the law provides.”* (WB 2010: vii)

Consequently, the assumption is that women as entrepreneurs and employees / workers could unfold their potential much better if the overall business environment, particularly the legal and administrative framework would be more enabling. *“Enabling growth - and ensuring that poor people can participate in its benefits - requires an environment where new entrants with drive and good ideas, regardless of their gender or ethnic origin, can get started in business and where good firms can invest and grow, generating more jobs.”* (World Bank 2010: vii)

In returning to the core question of the consultancy mission: How to firmly integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise Development (MSMED) Plan 2010 – 2016? one has to take into consideration the drivers of the Filipino economy. The Global Competitiveness Report categorizes the Philippines into the group of **factor driven** economies (WEF 2010b: 7). In a factor driven economy countries compete based on their factor endowments. Primarily unskilled labor and natural resources as well as companies compete on the basis of price and sell basic products or commodities with their low productivity reflected in low wages (Box 5).

In this context it is important to note that all the reports and rankings examined here focus entirely on the formal sector where jobs usually have set hours as well as agreed levels of pay that are reflected in national accounts (EIU 2010: 4; World Bank 2010: vi). However, many women, especially in lower income economies, work in the

<sup>13</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009/cpi\\_2009\\_table](http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table)

informal sector or in vulnerable employment, where activity is often untaxed and usually not counted by the authorities. It is where labor rights and contracts cannot be enforced. While informal employment can lead to short term gains, these may be outweighed by informality's long term negative impact on economic growth and job creation (EIU 2010: 4).

Consequently, one would expect a plan for the development of MSME to provide strategic guidance on how the economy can move up to a higher stage of competitiveness, precisely to the efficiency driven and perhaps even to the innovation driven stage. Among the key factors in achieving the next stage are higher education and training and as well as a good functioning labor market. Gender equality will be pivotal to moving to a higher stage of development.

### 3 Gender Equality, Employment and Social Parameters

*“Securing decent work is crucial for women and men, making it possible for them to build more promising futures for themselves, their families and their communities. Sustainable development is achieved through the contributions of both women and men. Socially constructed gender roles, the biological differences between men and women, and how these interact in the world of work are therefore at the core of decent work.” (ILO, 2009b: 1)*

<b>Box 6 Millennium Development Goals – (MDG)</b>	Global situation according to the official website <a href="http://www.un.org/millenniumgoals/poverty.shtml">www.un.org/millenniumgoals/poverty.shtml</a> accessed in July 2010.
<b>MDG 1 Eradicate Extreme Poverty and Hunger</b>	
<b>Target 1 B</b> Achieve full and productive employment and decent work for all, including women and young people  1.4 Growth rate of GDP per person employed 1.5 Employment-to-population ratio 1.6 Proportion of employed people living below USD1 (PPP) per day 1.7 Proportion of own account and contributing family workers in total employment	<ul style="list-style-type: none"> <li>• deterioration of the labour market, triggered by the economic crisis, has resulted in a decline in employment</li> <li>• as jobs were lost, more workers have been forced into vulnerable employment</li> <li>• since the economic crisis, more workers find themselves and their families living in extreme poverty</li> </ul>
<b>MDG 3 Promote Gender Equality and Empower Women</b>	
<b>Target 3 A</b> 3.1 Ratios of girls to boys in primary, secondary and tertiary education 3.2 Share of women in wage employment in the nonagriculture sector	<ul style="list-style-type: none"> <li>• poverty is major barrier to education, especially among older girls,</li> <li>• in every developing region except the CIS, men outnumber women in paid employment</li> <li>• women are over represented in informal employment, with its lack of benefits and security</li> <li>• top level jobs still go to men, to an overwhelming degree</li> </ul>

#### 3.1 Education and Training

*“The first reason for a SME to look carefully at gender issues is self interest: how to win the fierce competition for talented people.” (EC 2008: 4)*

The Philippines belongs to the countries that made significant increases in the educational attainment of girls as reflected by the closing of the gender gap in primary, secondary and tertiary education. In recent years, gender parity in education was achieved. The number of women enrolled in secondary and tertiary education surpasses even those of men. In 2009, the female to male ratio in secondary education and tertiary education was 1.20 and 1.24, respectively (WEF 2009b: 156).

Despite these attainments, there are still significant differences in the fields of study that men and women choose. In the Philippines, the ratio of women to men graduates is between 3.4 and 4.5 in education, commercial and business administration, service trades and medical science and health, but 0.76 in law, 0.4 in engineering, and only 0.22 in architecture (ILO 2008b: 24). When women take courses that are traditionally the domain of men, they excel in licensure and professional examinations, proof that stereotyping rather than competence discourage them from entering such fields (ADB 2008: 18). This has also effects on the female labor force participation as well as the socioprofessional categories of women.

### 3.2 Labor Force Participation and Employment

*“Access to full and productive employment and decent work is crucial for all, and decent work deficits are the primary cause of poverty and social instability.” (ILO 2009c: 6)*

*“Decent work for women is also a precondition for economic development since, in the long run, economies cannot afford to ignore an untapped resource such as that which could be offered by female labour.” (ILO 2008a: 1)*

#### 3.2.1 Overall labor and force and employment information

According to the 2010 Philippine Labor Force Survey the country had an estimated total population of 60.2 million persons that are 15 years old and over as of January 2010. In 2008, about 35 percent of the population is under age 15 (PRS 2009: 7). Around 38.8 million persons were reported economically active, thus being part of the labor force. This figure placed total labor force participation rate (LFPR) at 64.5 percent. An estimated 36 million persons were employed, accounting for a total employment rate of 92.7 percent and a total unemployment rate of 7.3 percent. However, this information is not sex disaggregated.

In Table 2, sex disaggregated data from October 2009 is provided. Accordingly, women make up almost two fifths of the total labor force and of all persons employed. Their share among the unemployment is slightly above one third.

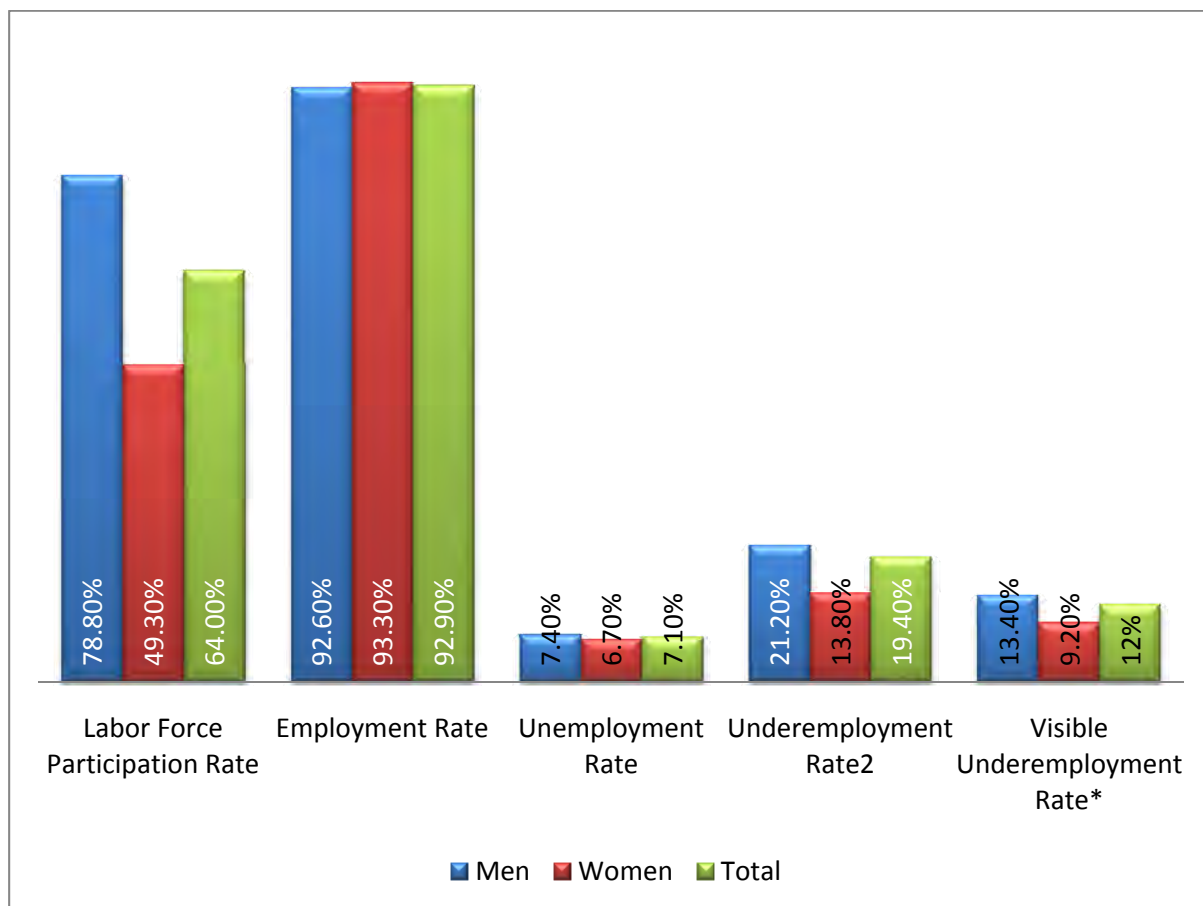
Table 2 The Philippines, Adult Population and Employment Status by Sex, October 2009

	Adult Population and Employment Status in thousands			Percent Share	
	Total	Men	Women	Men	Women
<b>15 years old and over</b>	59 704	29 731	29 972	49.80%	50.20%
<b>Labor Force</b>	38 196	23 429	14 768	61.30%	38.70%
<b>Employed</b>	35 477	21 693	13 784	61.10%	38.90%
<b>Unemployed</b>	2 719	1 735	984	63.80%	36.20%

Source: DOLE Table 2 & Table 3

With regard to sex disaggregated ratios Figure 2 provides some more details. The LFPR for women is only almost one half (49.3 percent) and considerably lower than that of men which is almost four fifths (78.8 percent). However, the employment rate of women – the ratio of employed women of the female labor force – is 93.3 percent slightly higher than the one for men (92.6 percent). Moreover, the sex disaggregated

rates for unemployment, underemployment and visible underemployment<sup>14</sup> are slightly lower for women than for men.



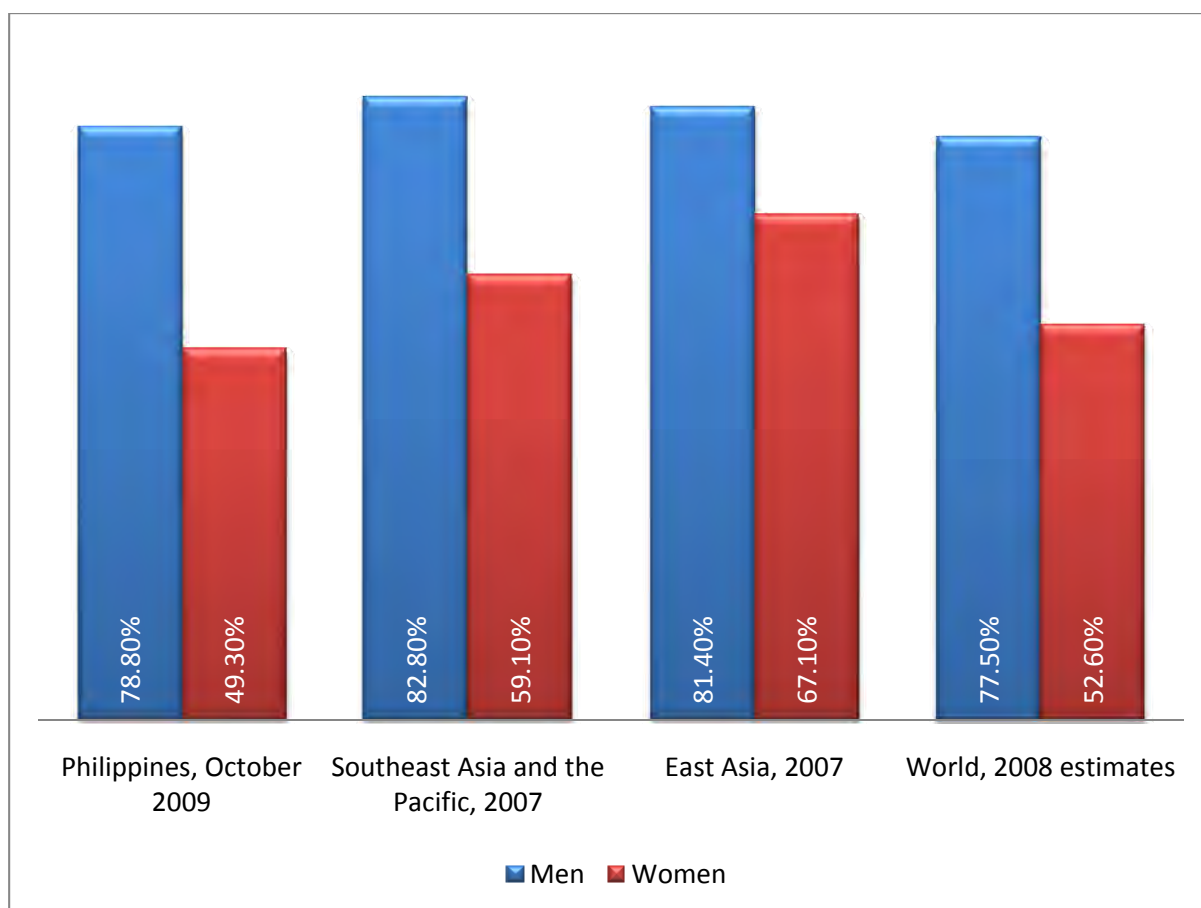
**Figure 2 The Philippines, Ratio of Employment Status, October 2009**

Source: DoLE Table 2 & 3; \*Available for men only for April 2009, women only for January 2009

### 3.2.2 The Philippine employment data in international comparison

In international comparison the 49.3 percent female LFPR of the Philippines is lower than the average female LFPR of Southeast Asia or East Asia and the World (Figure 3). With regard to the female employment rate the Filipino women are with 93.3 percent slightly below the estimated female employment rate in 2008 for Southeast Asia and the Pacific (94 percent), East Asia (94 percent) and the World (93.7 percent) (ILO 2009c). Likewise the female unemployment rate of 6.7 percent is higher than the one for women is Southeast Asia and East Asia with an estimated 6 percent for 2008 and the average female unemployment rate of the world with an estimated 6.3 percent (ILO 2009c).

<sup>14</sup> According to DOLE underemployed are employed persons who desire to have additional hours of work in their present job or in additional job, visible underemployed are employed persons who work for less than 40 hours during the reference week and still want additional work.



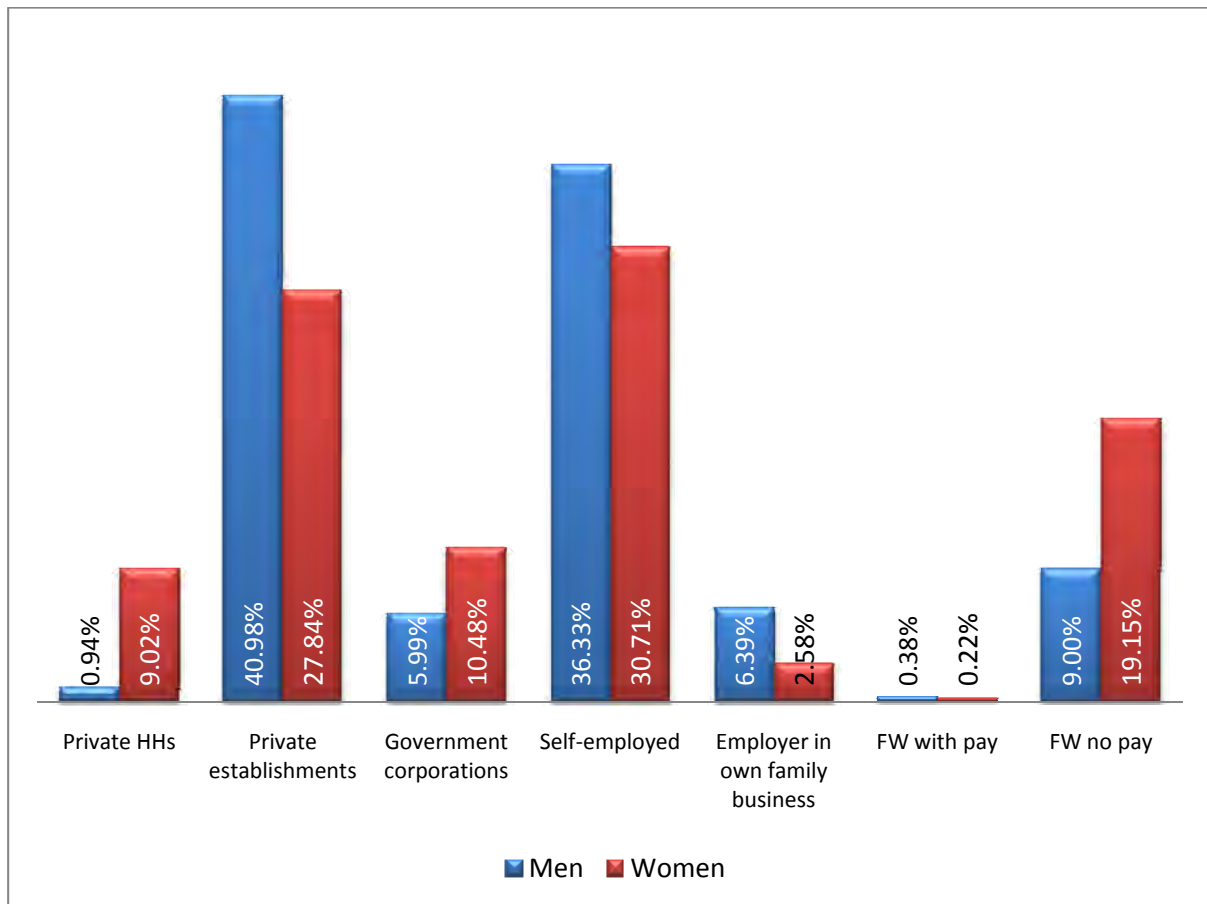
**Figure 3 LFPR by Sex for the Philippines, Region, World**

Sources: ILO 2009 Global Employment Trends; ILO 2008 Global Employment Trends; NSBC Fact Sheet 2010

In view of assessing the progress made in achieving the Millennium Development Goals (Box 6) new ratios are applied such as the employment to population ratio, sector employment share, working poor as well as vulnerable employment. They are also used for assessing gender specific differences. The employment to population ratio is the proportion of employment to household population 15 years and older. The total employment to population ratio was estimated to be 66.6 percent in 2008, 53.1 percent for women and 80.3 percent for men (ILO 2009c, Table A5); the ratio estimated by DOLE (Table 2) for the Philippines 59.8 percent in October 2009 is slightly lower. There is no sex disaggregated data available for the Philippines. Likewise, no sex disaggregation is made for the Philippines with regard to vulnerable employment – sum of self employed and unpaid family workers as a proportion of total employment – (DOLE Figure 2). For October 2009 the share of total vulnerable employment was estimated 15 percent,<sup>15</sup> that is much lower than average of the world. The average total share of vulnerable employment of the world was 50.6 percent in 2007 – men 49.1 percent and women 52.7 percent (ILO 2009c, Table A7). No data is available on the working poverty rate, the ratio of working poor to total employment. With regard to the sector employment the DOLE states the share of women in wage employment in the

<sup>15</sup> This seems to be a miscalculation. According to the definition applied by DOLE (Table 2) and calculated according to data in Table 7, the number of self employed 10 812 000 plus number of unpaid family workers 4 226 000 as a proportion of the total number of employed 35 477 000 is 42.4 percent. This would be the share of total vulnerable employment in the Philippines in October 2009 (Chapter 3.3 and Chapter 4.2.2).

nonagriculture sector is 41.3 percent in April 2009 (DOLE Table 2), globally the share of women employed in the nonagriculture sector 64.6 percent and for men it is 67.8 percent (ILO 2009c, Table A6).



**Figure 4 Employed Filipino Women and Men by class of workers as percentage of those employed, 2005**  
 Source: Data from King Dejardin and Gori, slide 34

The above data questions the excellent ratings of Global Gender Gap Index on Filipino women’s economic participation and backs up more critical and differentiated assessment made by the Women’s Economic Opportunity Index (Chapter 2). The situation of Filipino women in the labor market is not that outstanding in regional and international comparison.

### 3.2.3 Gender specific labor market and employment features

In preparing for the Action Guide *Work, Income and Gender Equality in East Asia* an assessment on *work, income and gender* of the Philippines was made by the International Labor Organization (ILO) based mainly on data from 2005.<sup>16</sup> According to this study, women have become more active in the labor market over the past decades in spite of family or childcare responsibilities. On the other hand, the very young, 15 to 19 years old, have slowly withdrawn from the labor market, which is consistent with better school presence and rising secondary educational attainment. Changes seemed

<sup>16</sup> In the absence of newer sex disaggregated data one has to rely on the work of King Dejardin and Gori; ILO 2008b. However, the data indicate that the situation has not radically changed since 2005.

to have occurred in at least two fronts: (1) Filipino women's labor market behavior and (2) the structure of employment opportunities for women and men.

According to the assessment made by King Dejardin and Gori the gap between men's and women's LFPR is less among the very young (15 to 19 years old). Among older groups marriage and fertility factors seem to be at play. The fertility rate (birth per woman) is at 3.3 percent. While women's LFPR are clearly higher after 35 years old, such as when women have completed the childbearing period and when their children may be in school, most men enter the labor market at a much younger age, 25 years old (ILO 2008b: 50; King Dejardin and Gori, slide 7 and 8). For men, joining the labor force is a natural course of life. For women it is still not - family takes precedence. This division of labor has continued to be the dominant gender pattern.

Moreover, the gap between LFPR is widest among married men and women. Many women will never enter the labor market or engage in sustained visible remunerative employment.<sup>17</sup> Still, housekeeping – including care for the children and elderly - defines a married woman's role in society. Having children has a negative impact on the labor force participation of mothers with a higher negative impact on wage employment. This seems to affect especially poor women (King Dejardin and Gori, slide 13). Family and childcare responsibilities limit women's work choices. They prefer usually short or flexible working hours and a workplace inside or near their home – in other words community based. They will be found in own account or unpaid family work, home work rather than factory or office work, part time rather than fulltime work, have informal rather than formal employment contracts as well as casual and temporary rather than regular and permanent contracts (King Dejardin and Gori, slide 11).

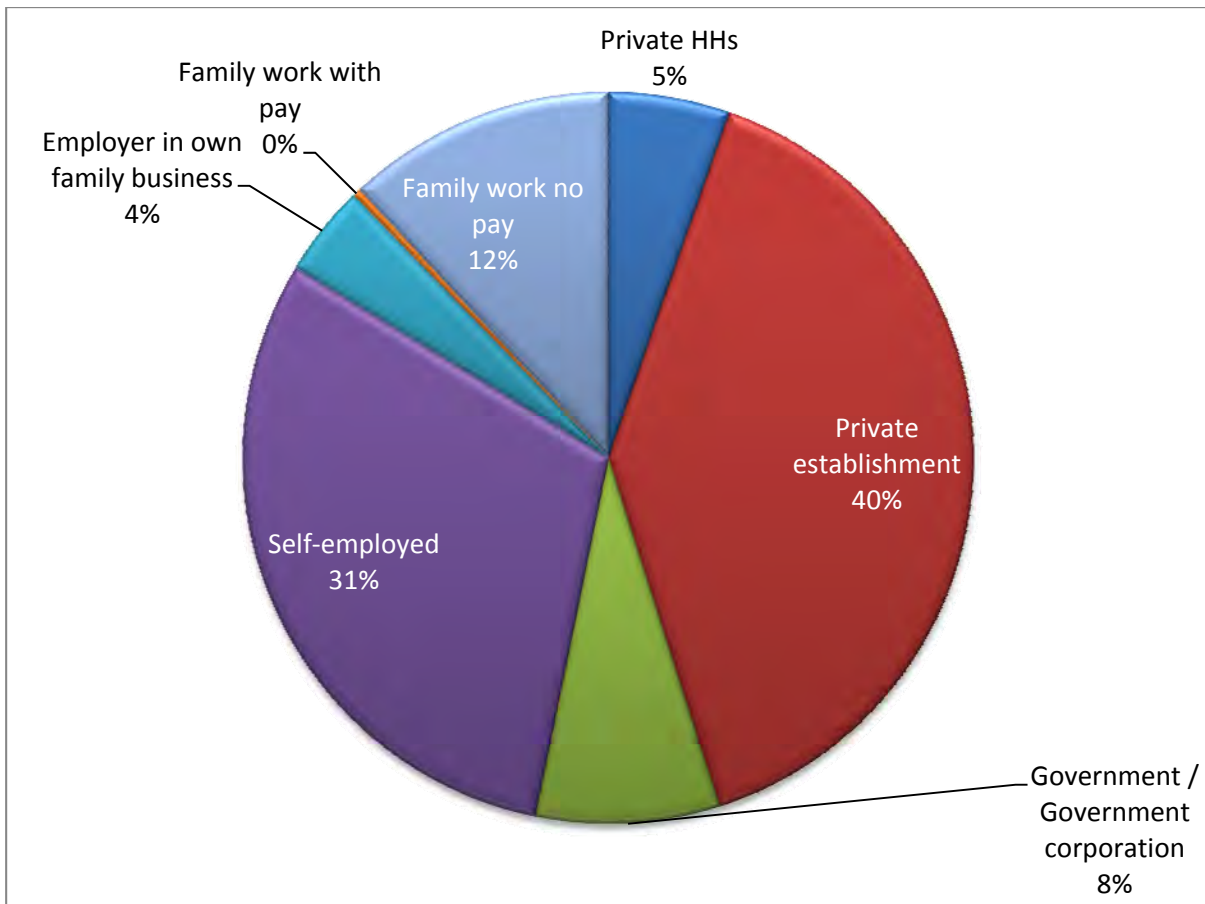
For women from the more privileged classes children do not seem to be such an obstacle for being economically active (King Dejardin and Gori). They are usually better educated which goes along with a higher income. Accordingly they are able to employ housekeepers and caregivers for their children and elderly family members.

Separated or divorced women behave nearly like married men. As household heads they need to earn a living for their family (King Dejardin and Gori). This goes in line with the results of the 2006 *Family Income and Expenditure Survey* (FIES) according to which the income of female headed household was with an average of PHP 197 629.00 higher than the ones headed by man with PHP 167 013.00 (NSCB Fact Sheet, 1 March 2010).

Still, men and women are mostly occupied as laborers and unskilled workers (NSCB March 1, 2010). Overall changes in the sector composition of employment and a gender specific change in employment sector composition can be observed in the last decades. Although, employment in agriculture was diminishing employment particularly for men; still 47 percent of the all employed men work in agriculture. Other major sectors for employed men are (1) construction (8 percent), (2) transport (11 percent), (3) trade (11 percent) and (4) community, social and personal services (13 percent) (Gender Quickstat, NSO Q3 2009). In 2005 women were mainly active in four major sectors (1) community, social and personal services (31 percent), (2) trade (29 percent) (3) agriculture (28 percent) and (4) manufacturing (10 percent).

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<sup>17</sup> If this is attributed to the fact that women freely choose to stay at home and can afford not to enter the labor market, there is nobody to blame. This does not hold true if remaining outside the labor force is not a choice for women but an obligation.



**Figure 5 Total Employment by Class of Filipino Workers, October 2009**

According to DOLE (Figure 5) 53.5 percent of all persons employed worked either for private households, private establishments with pay in family operated activities or for the government or a government corporation in October 2009. Another 30.5 percent is classified as self employed, another 11.9 percent are unpaid family workers. Both groups together constitute the so-called vulnerable employed which constituted 42.4 percent (Chapter 3.2.2). Only about 4.0 percent or 1 435 000 are classified as employers which would be entrepreneurs employing paid workers or salaried staff.

Unfortunately, sex disaggregated data is available only for 2005 as shown in Figure 4. Accordingly, the largest proportion of women is either self employed (31 percent) or unpaid family workers (28 percent) that would total to 59 percent share of women in vulnerable employment (Chapter 3.2.2). 47.4 percent is working either in salaried employment or as a wage worker. Due to the higher educational level reached by women they are more prominent in professional and white collar jobs. For example more women than men are working in the government services (NSCB, 1 March 2010). Moreover, at the tertiary education level, there is the highest female LFPR. Consequently, there is also the narrowing gap between men and women (King Dejardin and Gori, slide 14). Only about 2.6 percent of all women employed in 2005 are classified as employer or entrepreneurs.

In contrast the largest proportion (41 percent) of all employed men work for private establishments. There are fewer men working for the government or government controlled corporation. Only about 6 percent as against 10.5 percent of women work for the government. A significant share (36 percent) of the men is classified as self

employed, only 9 percent as unpaid family workers. Nevertheless this makes also 45 percent in vulnerable employment. Finally, 6.4 percent are considered to be employers.

Almost one third of all persons employed are classified as self employed. This is 10 812 000 persons which is approximately the number which in another survey is considered to be informal sector operators or own account workers (Chapter 3.3.1). This points to the importance of self employment or own account work as a source of income for the Philippine households. At the same time this phenomenon of self employment explains why the official unemployment rate for both men and women is relatively low in the Philippines.

*“...(I)n countries lacking even the most basic social protection systems, unemployment may not be an option. Hence, entry into informal employment is high; but so is exit from it, and levels of churning in the informal economy are similar to those observed in the formal economy. Even though this makes informal segments of the economy appear dynamic, many workers stay in the informal economy for prolonged periods and exit from informal employment is often towards ever-lower ends of the labor market, including joblessness and withdrawal from the market.” (ILO / WTO 2009: 14)*

### **3.3 Employment and Globalization**

Globalization has affected employment and the labor market in the Philippines in at least three different ways: firstly, the introduction of export processing based mainly on cheap and unskilled labor, secondly, BPO based on qualified labor and thirdly, overseas migration. There are some gender specific peculiarities linked to each of these.

#### **3.3.1 Export processing**

*“The model to aim for is one in which women are able to contribute to growth and, at the same time, profit from this growth as participants in labour markets, keeping in mind that the one does not automatically follow from the other. (...) Increased labour force participation of women has great potential as a contribution to economic development, but only if the jobs in which women are engaged are decent.” (ILO 2008a; 2)*

The Philippines has a long track history of export processing dating back to the 1960s and 1970s. Among the most prominent industries are the textile and garment industry (Ofreneo 2009), the shoe and leather manufacturing industry (Cruz 2007) and electronics (Lu 2007). The establishment of export processing zones (EPZ) located throughout the country and in Metro Manila is seen as a response to globalization. In EPZ more than half a million Filipinos are employed, the majority of which are women. About 80 percent of the zone workers are women who are mostly employed in garment and textile, food and beverage processing, wood manufacturing and electronics (NCRFW 2004: 26). The reasons given for this is that women are (1) more ambidextrous whose hands and fingers are needed for nimble and detailed work, (2) attuned to repetitive tasks, (3) docile, thus not attracted to labor organizations, (4) have flexible time and do not resist overtime (Lu 2007: 94, Shatkin 2009: 400).

With trade liberalization and the expiration of the Multi Fibre Agreement (MFA) the Philippine textile and garment, shoe and leather manufacturing industry came

increasingly under pressure. It was in fierce competition with other low wage countries such as China, Bangladesh and Vietnam. The industry tried to stay competitive mainly by cutting costs. One strategy was to move the production facilities from Metro Manila to the surrounding provinces, particularly to Cavite and Laguna. There the minimum wages are lower, the costs for land are lower. Investments in infrastructure were made by the government. The provincial governments were strongly pro-growth (Shatkin 2009: 386).

Another strategy was the flexibilization of labor. There has been a steady increase in the practice of subcontracting and labor only subcontracting, in which workers are employed under a contract of six months or less. Six months is the maximum allowable before a worker must be made permanent (Shatkin 2009: 387). Under the Philippine labor law firms do not have the same obligations to provide benefits to contract employees. Moreover, the contractualization of labor can be related to the decline in union membership with the country's workforce (Shatkin 2009: 387f). In the Philippines, the impact of globalization and free trade continues to force unions to modify their bargaining and organizing approach. The mainstream trade union movement recognizes that members' welfare is tied to the productivity of the economy and competitiveness of firms (Euromonitor 2009, Country Conditions: 16). Less than 6 percent of the workers are organized in trade unions. Moreover, with the existence of more than 17 000 recognized trade unions they are rather scattered and have little economic and political influence. Violation of the labor code, hazardous working and precarious labor conditions are not uncommon in the Philippine export industry. Since women dominate the labor force in export processing zones at 75 percent to 90 percent compared to men, they are particularly affected (Lu 2007: 95; NCRFW 2004: 29f). In many cases, the Labor Code is not implemented by firms either because of a general lack of institutional capacity or because the government lacks the political will to implement the laws and to monitor compliance (Francisco / dela Cruz 2008). Hence, trade unions would have actually played an important role in demanding compliance with existing laws and bargaining for better conditions. It seems, however, that women are not adequately represented by trade unions. According to Francisco and dela Cruz (2008: 508) they are male dominated and *"...the existing machismo in trade union organizing (...) acts as barrier to the leadership of women workers."*

Also, many firms employ age limits, particularly in the manufacturing sector where it is difficult for workers to find employment if they are beyond their late 20s (Shatkin 2009: 388). Older men in particular find themselves excluded from a wide range of employment options, including both those in the formal economy and those in the informal economy.

Finally, a strategy was to shift part of the production to so-called self-employed workers, mostly women (NCRFW 2004: 19f). Examples are in the garments and footwear industries, where production for exports is not only done in the EPZ based factories but also in production facilities of subcontractors as well as by household based home workers contracted to do piece rate jobs (Ofreneo 2009, Cruz 2007). This has caused an increasing informalization of the labor force, accounted for in the labor statistics as self-employed (Chapter 3.2.3).

There is evidence that enterprises of different sizes are interlinked. Export oriented production even has linkages into home work and the informal sector often with women and even children in the most vulnerable position. In principle the tightening

of the industrial tissues through various forms of business linkages (subcontracting, franchising, VC and cluster development, etc) would enable the better use of the potential the different enterprises have. However, the ILO / WTO study on globalization and informal jobs raises the following concerns

*“...informal economies have been considered essential in order for formal firms in vertical supply chains to compete successfully on international markets. Similarly, it has been argued that the existence of a large informal economy is important for the success of export processing zones (EPZs). However, available empirical evidence leads to ambiguous conclusions in this regard. Firms that have recourse to inputs from the informal economy may themselves be in a weak position on global markets and struggle to survive. These firms would tend to use inputs from the informal economy as a last resort, in order to cope with increased global competition. This cannot be considered a winning strategy to gain market shares.” (ILO / WTO 2009: 15)*

### **3.3.2 Business process outsourcing (BPO)**

The business process outsourcing (BPO) industry, meaning the delegation of one or more information technology (IT) intensive business processes to an external provider is a more recent phenomenon of the Philippine economy. The call center industry employed almost 50 000 of the 82 000 workers in the BPO industry. For instance, in 2005 the 75 call centers had almost 50 000 employees. 58.8 percent of them are women. Other important BPO industries for women were data processing with a share of 65.2 percent of women and the medical transcription industry with a share of 74.5 percent. These new types of industries show a clear preference for employing women (ADB 2008b: 28f; NSO 2009c). In 2005, more than half of the employees in the BPO industry were women. At the same time these workplaces are linked to new occupational health hazards such as long working hours and sleep deprivation and caffeine dependence, stress and exposure to different types of chemicals (ADB 2008b: 29, Lu 2007; NCRFW 2004).

### **3.3.3. Migration**

In response to difficulties in finding employment that pays enough to support a family, many Filipino women and men seek paid work outside their communities. Actually women dominate the domestic labor migration market. Most of them end up as domestic helpers in a private household. Some of them may also get involved in export oriented production or the new ICT related industries and services (ADB 2008b: 41).

Moreover, the Philippines is the second largest labor exporting country after Mexico. While a large number of Overseas Filipino Workers (OFWs) are unskilled, there is a growing number of skilled workers leaving the country, especially in healthcare, shipping, mining and aviation sector. Almost half of the two million OFWs are women (NSCB, 1 March 2010). Most women work as domestic helpers or caregivers in the Middle East, Hong Kong and wealthy Southeast Asian countries (ADB 2008b: 42f). Another large group of women migrants are professional health workers and work as nurses, physiotherapist in North America, Europe and the Middle East (ADB 2008b: 43f).

The effects of overseas migration are manifold. On the one hand, overseas remittances increase disposable income, reduce poverty and help fuel consumption in the Philippines. For instance, *“in 2009, total remittances grew by 5.6 percent to reach USD 27.3 billion. (...) Remittance flows are a major contributor to the Philippine economy, accounting for more than 10 percent of nominal GDP.”* (Southeast Asia 2, April 2010: 4) They are spent largely on basic needs such as housing and the education of the young. However, little is invested so far into businesses.

On the other hand, the country suffers of a brain drain. This brain drain has affected economic growth in the Philippines, as the country faces skills shortages in its key sectors (Euromonitor September 2009: 6). Finally, the OFWs gain experiences and skills abroad that could be made use of on their return to their home country.

### 3.4 Income Inequality and Poverty

*“Poverty and social disparities are sources of social unrest, which dampens the Philippines business environment.”* (Euromonitor International September 2010: 6)

*“Lack of equality can be seen as part of a company’s risk profile.”* (EC 2008: 6)

Poverty and income inequality remain severe problems in the Philippines. The country’s Gini index (an index measuring the level of income inequality) stood at 48.1 in 2008, among the highest in the region, reflecting a high level of unequal income distribution.<sup>18</sup>

The WEF (2009b: 22) has also detected wage inequality between women and men employed in a similar position. Actually the female to male ratio for wages changed for the worse that while in 2007 it was 0.82 it decreased to 0.74 in 2009. Meaning when a man earns PHP 100, a woman would earn only PHP 74 for the same job. Wage differentials are also observed by an ILO assessment on *Work, Income and Gender Equality in Asia* In the Philippines women’s income amounts to around 60 percent of the men’s income.<sup>19</sup>

In line with economic growth the incidence of poverty has dropped over recent decades.<sup>20</sup> However, the pattern is not always linear. In the Philippines poverty (as measured by the national poverty line) decreased between 1980 and 1997 dropping from 44.2 percent to 31.8 percent. It started to increase again in the aftermath of the Asian financial crisis: rising to 33.7 percent in 2000, declining again to 30 percent in 2003 and raising again to 32.9 percent in 2006.<sup>21</sup> This implies that one third of the population lived below the national poverty line (less than PHP 41 / day)<sup>22</sup> in 2006 (ADB 2008a: 62). The proportion of poor women with 30.1 percent in 2006 was

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<sup>18</sup> Euromonitor Sep 2010: 6. In 2000 the Philippines had a Gini coefficient of 0.461 (ILO 2008 b: 24). The country’s income distribution has improved only very slightly since 2000. In 2006, the 0.45 Gini coefficient is still high and is still the highest in Southeast Asia. In 2006, *“...the income of the richest decile of the population was about 19 times that of the poorest decile”* (ADB 2008b: 4).

<sup>19</sup> ILO 2008b: 34f, also King Dejaradin and Gorri’s presentation of the country study on the Philippines without any indication of the year.

<sup>20</sup> As defined by the USD 1 / day benchmark, poverty fell from 19.1 percent in 1990 to 11.5 percent in 2002 in the Philippines (ILO 2008b: 23).

<sup>21</sup> ILO 2008b: 23f; Euromonitor Sep 2009: 6; ADB 2008a: 62. The latest poverty survey of the Philippine governments dates from 2006.

<sup>22</sup> 41 PHP = 0.68522 EUR = 0.89465 USD

slightly less than the average poverty rate (NSCB Fact Sheet 2010). Women headed households are also relatively better off compared to those headed by men. Though poverty is still widespread, in contrast to many other countries in Asia, poverty does not seem to have a woman's face in the Philippines.<sup>23</sup>

While poverty incidence – the share of the population - has generally been declining, poverty magnitude - the actual number of poor people — has increased with the increase of the total population. There were 2.5 million more poor people in 2006 than there were in 2003 (ADB 2008b: 2), one third of which lived below the national poverty line (less than PHP 41 / day) in 2006.

As with most socioeconomic indicators in the Philippines, there are major regional disparities in poverty levels. 63 percent of the population lived in 2008 in urban areas. Poverty affects about 20 percent of the population (Euromonitor 2. Jan 2010: 3). For instance, Metro Manila, as the Philippines's leading urban centre, has a population of 11.6 million and is several times larger than the next largest city in the country (Shatkin 2009: 385). It sits at the center of a rapidly urbanized and industrialized region of about 17 million people which is almost one fifth of the country's population. Still about 20 million Filipinos live in poverty. One third is located in urban areas and two thirds in rural areas (PRS 1 April 2009: 20, ADB 2008b: 3). In rural areas the poverty rate is almost 47 percent (PRS 1 April 2009: 20). With few exceptions the incidence of poverty tends to rise with distance from national or regional centers of economic growth (NCRFW, 2004: 13).

The Philippines is ranked 54 out of 135 countries in the human poverty index in 2007.<sup>24</sup> According to the Asian Development Bank (ADB) the Philippines belongs to the group of countries that makes only slow progress in achieving the hunger target (ADB 2008a: 61). *“There is also growing recognition that labor markets are the key transmission mechanism through which the benefits of growth can be distributed to the poor and disadvantaged groups. Access to labor markets and, more specifically, to decent employment is thereby crucial in the process towards improving equality between men and women.”* (ILO 2008a: 1)

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<sup>23</sup> However, no more sex disaggregated data is available on poverty.

<sup>24</sup> The latest human poverty index assessment was made in 2007 UNDP 2009. The newest HDR of UNDP for 2010 will be published only in autumn.

### **Box 7 Gender Roles, Economic Opportunity and Community based Work**

Rosa, 28 years old, came to Rizal Street community in Muntinlupa at the age of 19 and found work in a nearby Japanese textile factory. She was generally content with the working conditions. Her skills advanced as her salary grew. In 2004, however, the factory relocated to the neighboring province of Cavite, citing lower wages. Rosa's husband Alfredo, 32 years old, works for a company that installs air conditioning in Quezon City and commutes three hours roundtrip each day. After the costs of commuting his income is barely enough for the family to survive on, and their quality of life has declined seriously since Rosa left her job.

Rosa has not actively sought employment since losing her previous position, despite her assertion that *"it is a must that both husband and wife should be earning"* in Metro Manila's economy. Part of the reason that she has not sought outside employment is that the couple has a three year old daughter. When she was at the factory she depended on her mother to help care for the child, but since leaving work she has taken primary responsibility for her care. With her skills Rosa feels that she could find employment at a factory in nearby Cavite or Laguna, but chooses not to do so because *"they give a lower pay than [Manila factories], and more than that I would need to hire someone to take care of my baby so I would only break even."* In order to earn some money she has opened a sari-sari store in her home, but must compete with many other such stores that have more advantageous locations on street corners and at community gathering places. She estimates her net profit from this enterprise at PHP 1 000 per month.

Source: Shatkin 2009: 401

### **3.5 On the Move: Men's and Women's Economic Participation**

*"Equal opportunities for women in business and the workplace hinge on the interplay of various economic, social and cultural factors."* (WB 2010: 3)

In summing up the labor market and employment data: the Philippines has closed the gender gap in primary, secondary and tertiary education. In the Philippines women represent almost two fifths of the total labor force. The ratio of women participating in the labor market of all women 15 years old and over is almost one half (female LFPR). The proportion of women employed in the labor market (female employment rate 93.3 percent) is a little higher than that of men (male employment rate 92.6 percent). Consequently the unemployment rate is lower for women (6.7 percent) than of men (7.4 percent). In regional and international comparison the situation of Filipino women in the labor market is not that outstanding. No single statement would do justice to the complexity of women's and men's economic participation in the Philippines. The major findings will be discussed below.

Many factors influence women's and men's entry into the labor force and the nature of their participation in the national economy. There are economic factors such as

- economic growth or stagnation, the structure of the economy, employment intensity of sectors, and the organization of production
- labor market institutions and policies, such as laws and mechanisms that regulate wages, working conditions and job security, skills development programs, placement services and job promotion schemes and
- the education and skills of job seekers.

All these factors figure prominently and frequently on national employment policy agendas. But social and cultural factors also influence women's and men's entry into

labor markets as well as their employment options. The following factors are often ignored

- traditions, norms and intrahousehold decisions which govern the distribution of productive assets like land, education investments, paid work, unpaid work in the family farm or business, and unpaid care responsibilities inside the home between male and female, young and old, family members
- the fact that women traditionally devote more time to household maintenance and care for children, the elderly and the sick members of the family than men
- whether a household and an individual is poor, belongs to a particular ethnic group, has social connections or has access to information and
- stereotypes of female and male roles that influence education and training opportunities and choices, recruitment into jobs and career development.

In addition there is also the factor of geography and spatial change, which in a mega city like Metro Manila and its surrounding industrial areas influence employment opportunities and choices particularly for low income people.<sup>25</sup> There are sometimes enormous distances between the place of residence and the place of work. At the same time the infrastructure (roads, railways etc) and transportation connection for commuting are not well developed. The time and costs for commuting between the home and the place to work is sometimes six hours and more. The flexibilization of labor, including short periods of employment and contractual insecurity, low wages, age and gender restrictions, makes it difficult to decide on giving up perhaps a low cost home to move closer to a temporary place of work (Box 6). *“(T)he resultant dynamics may foster conflicts with other goals of families and individuals, specifically the goal of families to achieve stability in household relations and security through mutual dependence, and the goals of individuals to exercise power over their own lives and ensure their personal well-being.”* (Shatkin 2009: 405)

Poverty and income inequality remain severe problems in the Philippines. Almost one third of the population is living in poverty. It is assumed that paid work of any kind can be the path out of poverty. However, the incidence of poverty may affect women differently than men. Poor women are more likely to be in vulnerable employment – broadly defined as self employed or own account workers and contributing family workers (UNDP 2010: 6). About two fifths of the working men and two thirds of the working women can be considered to be in such vulnerable employment (Chapter 3.2.3).

In the Philippines, belonging to a specific social strata or class is likely to determine economic and professional opportunities more than gender. It appears to be relevant to look at both class and gender. Professional prospects of a well educated middle class woman can perhaps be considered to be similar to those of her male counterpart. There may be also the possibility of choosing freely not to take part in the labor market. But, remaining outside the labor market is not a choice for many poorer and less educated women.

Particularly older men are increasingly having difficulties in finding work in the formal and informal economy. Women – either as wage earner in a factory or private household even as OFW or through self employment – are sometimes the major

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<sup>25</sup> Shatkin 2009 on the geography of insecurity: spatial change and the flexibilization of labor in Metro Manila.

provider of a regular income. Hence the stereotype, that men are the sole breadwinner of Filipino families, is gradually eroding. The combination of Filipino women's relative autonomy in household decision making and export led industrialization has increased social acceptance and encouragement of women's economic participation including international migration.<sup>26</sup>

Moreover, there are regional differences. Gender gaps have been wider in rural areas. Several forces may be at work here, the nature of available jobs and cultural norms that limit women's mobility and involvement in trading and other activities that take them away from home (NCRFW 2004: 21). Also sometimes almost diametrically opposed observations can be made. For instance whereas the LFPR of Filipino women is less than 50 percent, in Catbalogan, Samar it is 80 percent. A study reveals that women employed or unemployed perceive that gender, age, civil status and earnings of their husband or extended family members are insignificant factors in seeking employment, rather it is their educational attainment, household status and expected salary (Gan 2008). The study even suggests that women are seeking self worth, fighting boredom.

As a result towards intensified competition for access to global markets, flexibilization of labor as well as gender and age restrictions have been observed (Chapter 3.3.1). In some industries, for instance garments, footwear, women producers and workers dominate the industry numerically. The farming out of parts of production to self employed or own account workers and micro and small scale subcontracting firms has reduced costs. Existing labor regulations such as minimum wages, sick or maternity leave as well as social security schemes and sometimes even taxation could thus be evaded. However, such a factor driven strategy may turn out as trap of low profit and low innovation competition. According to a joint study of the ILO / WTO 2009 on globalization and informal jobs in developing countries

*“Little is known about the microeconomics of informality and job dynamics, firm creation and growth. On the basis of existing evidence and original empirical analysis, the study nevertheless identifies four potential channels through which informal labour markets can affect trade and macroeconomic performance: (a) large informal economies may narrow the degree of export diversification; (b) they may limit firm size and hence productivity growth; (c) they may act as a poverty trap preventing successful reallocation of jobs within the formal economy; and (d) on the positive side, they may provide cheap intermediate goods and services that boost the competitiveness of formal firms in international markets.” (ILO / WTO 2009: 13)*

A sustainable medium to longer term development policy should therefore avoid a strategy that relies too much on cutting (labor) costs and evasion of regulation as well as taxation but rather seek its competitive advantage in quality and innovation.

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<sup>26</sup> ADB 2008b: 41. Paid work is important to women for income and because it can help them cultivate new capabilities and develop a greater sense of autonomy. When paid work takes place outside the home, it can bring women into contact with new people and ideas and break restrictive social conventions. Mobility broadens women's employment and life choices; while remittances, as a source of foreign exchange, contribute significantly to developing economies (UNDP 2010: 6).

## 4 MSME Development and Gender

*“Globalisation, the reorganisation of the value chain, increased competition, liberalisation of markets, demographic changes, the ever-growing demand for better skills and qualifications are some of the driving forces to which SMEs must be able to respond.*

*These are major challenges for SMEs today, particularly for the smallest, which have limited financial and human resources. SMEs more than any other need to be able to recruit personnel whose skills better match their needs and who will be more productive and capable of adapting, resulting in increased innovation and competitiveness.” (European Communities (EC) 2008: 3)*

### 4.1 Laws and Policies with regard to MSME Development and Gender Equality

*“Unquestioned attitudes shape laws, policies, public institutions and their operations, even those commonly viewed as ‘gender neutral’ that are designed to uphold equal citizenship. ... A seemingly ‘neutral’ entity also can function in a prejudicial way because of institutional blindness to distinct gender needs. Making institutions responsive to these needs would improve both functioning and delivery.” (UNDP 2010: Power, Voices and Rights: 2f)*

The Philippines has signed and ratified all major gender equality norms and conventions of the international community such as the

- 1 1979 Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)
- 2 Beijing Platform for Action was adopted by the 1995 Fourth World Conference on Women
- 3 2000 Millennium Declaration
- 4 ILO Decent Work Agenda for all Women and Men.

The gender equality provision is embedded in the country’s legal framework. The 1987 Philippine *Constitution* “recognizes the role of women in nation building and shall ensure the fundamental equality before the law of women and men.” This constitutional provision became the framework with which gender friendly laws have been pursued in the postMarcos era. As a result, the country passed numerous laws that sought to improve the status of women and address gender inequities for the past two decades. The most recent one is the 2009 Magna Carta of Women RA 9710 that was approved in August 2009. The Magna Carta of Women seeks to address the disadvantaged position of Filipino women by providing for a legal

#### **Box 8 The MAGNA CARTA of Women RA 9710 approved 14 August 2009**

With regard to private sector and economic participation specific provisions are:

Sec. 11. (f) *Private Sector* - The State shall take measures to encourage women leadership in the private sector in the form of incentives.

Sec. 22. *Right to Decent Work*. – The State shall progressively realize and ensure decent work standards for women that involve the creation of jobs of acceptable quality in conditions of freedom, security, and human dignity.....b) The State shall further ensure: ...(2) Support services that will enable women to balance their family obligation and work responsibilities, ...

Sec.23. *Right to Livelihood, Credit, Capital, and Technology* – The State shall ensure that women are provided with... (a) equal access to formal sources of credit and capital;...

Source: Magna Carta for Women RA 9710

**Box 9 Credit for Men and Women**

*“The proportion of SME loans in the overall credit portfolio of the banks promoted by the program has risen by at least 10 percent from an average of 43 percent” (December 2004).* The volume of SME loans to companies managed by women is developing at least in direct proportion to the overall volume of SME loans. Monitoring data obtained from the supported FAIRBANK and Rural Bank of Victorias show that since June 2007 the proportion of SME loans to the total credit portfolio has increased from an average of 22 percent to 45 percent as of August 2009. There has been an increase of 167 percent in the volume of the SME loan portfolio during the same period (from 94.8m PHP to 253.1m PHP). These SME loans maintain a high portfolio quality (Portfolio at Risk – PAR – of only 7.8 percent in August 2009). The volume of SME loans managed by women stand at 25 percent in August 2009, a slight decrease from 26 percent in August 2008. Interestingly, SME loans jointly managed by women and men rose from 37 percent to 43 percent during the same period. This indicates that both men and women have access to SME financing services of the partner banks although more individual SME loans go to men than to women.

Source: GTZ PSP SMEDSEP Program PPR, Nov 2010, with regard to Indicator No 3 Phase 2

framework that prohibits discrimination against women and spells out the rights and empowerment of all women, especially those in the marginalized sector. Most provisions in the Magna Carta of Women relate to the rights of women in the following areas: economic, political and even social. However, the Implementing Rules and Regulation IRR of the RA 9710 were released only in April 2010.

The active role of the women’s movement in the Philippines and key gender champions in the legislative branch have facilitated the passing of these laws. Notwithstanding these accomplishments, women still suffer from gender bias in the existing legal framework. This is based on the fact that while on the one hand there is substantive (*de jure*) equality, *de facto* equality still has to be met owing to weak enforcement of laws and lack of gender sensitivity of their implementers. Moreover, there are also laws that contradict each other making implementation problematic and disadvantageous to women. Finally, laws related to the definition of MSMEs are themselves inconsistent and in the process do not lend themselves to making women enjoy the full benefits that these laws are supposed to grant (Annex 7).

For instance, the Women in Nation Building Act or RA 7192 grants women equal capacity to act with men in terms of borrowing and obtaining loans, access to all government and private sector programs, access to credit, loans and material resources and the right to act as incorporators and enter into contracts. Whereas a study by the ADB shows that in the Philippines: “There is still some discrimination against women in laws pertaining to community property, conjugal partnership property, and custody over children, as the husband’s decision prevails in disagreements” (2002: 47). This is evident in the provision of the Family Code that provides for the joint ownership and management of property, while it mandates that, in cases of conflict or disagreement, the husband’s decision prevails. As such, the wife still has to go to court when she wants to contest her husband’s decision. This provision significantly affects women who wish to start up a business or expand their enterprises by procuring loans from banks using properties as collateral.

Indeed, while in RA 7192, women are already allowed to enter into contracts and loan agreements, the mindset of banks is that they still require the consent of the husband in big loans that require properties as collateral (ADB 2002, 75). Also, Filipino women who are using their maiden names because they are allowed by law also find it hard to

transact with banks or obtain loans because banks typically require them to present several documents and marriage certificates to prove that they are married and are merely using their maiden name. In the same vein, Article 2238 of the Philippine Civil Code<sup>27</sup> grants that in case of insolvency by the husband, the administration of the conjugal partnership or absolute community is transferred to the wife or a third person. In essence, this provision still presumes that the husband is the sole proprietor of the property and thus also violates the Family Code's provision of giving husband and wife the right of joint administration (ADB 2002: 76).<sup>28</sup>

The above findings are in contrast to the experience of the PSP SMEDSEP Program that was involved in SME credit (Box 9). It would be interesting to know, if the observed increase of loans jointly managed by women and men are the result of a genuine comanagement of husband and wife or if it is the result of the request of bank officials that they still require the consent of the husband.

Assistance to women in enterprises can also come in the form of childcare arrangements that help women cope with their reproductive roles so that they can engage better in their productive capacity in society. There is a law providing for daycare in every *barangay*, the smallest political unit in the country. Nonetheless, implementation of this law is patchy since local government units (LGUs) are faced with perennial budgetary constraints. There is also a requirement by law that mandates that all government agencies including LGUs and government owned and controlled corporations (GOCCs) have to allocate at least 5 percent of their budget for gender and development (GAD) programs and activities. This can be used for more program interventions to assist women in microenterprises at the local level. However, compliance is low especially on the part of LGU. There is also confusion among government agencies as to what constitutes the supposedly 5 percent allocation. Hopefully, the new law on Magna Carta of Women RA 9710 will ensure better compliance and more GAD programs both at the national and local levels that can actually include activities for enhancing women's role in microenterprise development. In the IRR for RA 9710 from April 2010 it spelled out in more detail who and how these provisions should be implemented.

Aside from family and social laws that are contradictory, there are inconsistencies in the provisions of laws on MSMEs while others suffer from weak implementation. A case in point is the 1995 RA 7882: An Act Providing Assistance to Women in Engaging in Micro and Cottage Business Enterprises. Its broad aim is to set aside at least 5 percent of funds of government financial institutions (GFI) to expand women's access to loans. Nonetheless, there are no known credit windows specifically designed for women borrowers that have been put up (ADB 2008b, p38) while loan availment is hampered by stringent requirements preventing many women from fully benefitting from the law (Pineda - Ofreneo 2006: 109). This is because it is not mandatory in the law for GFIs to report on their compliance. Also, the law provides that the daily inventory of the borrower should be PHP 25 000 and the total assets should not exceed PHP 50 000. This disqualifies women whose enterprises have more than PHP 50 000 in asset size who may wish to avail the loan. The definition of microenterprises is also inconsistent

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<sup>27</sup> It is said that the Civil Code of the Philippines passed in 1949 was drafted not only by an all male Civil Code Commission but was also highly influenced by the highly patriarchal Spanish Penal Code. In its proceedings, the reason for privileging the husband is that "tradition and experience show that, in very serious matters concerning family, it is usually the husband who makes the ultimate choices" (ADB 2008b: 14).

<sup>28</sup> Program Progress Report (PPR) Nov 2010, with regard to Indicator No 3 Phase 2.

with the PHP 150 000 ceiling defined under the 1997 Social Reform and Poverty Alleviation Act of 1997 RA 8425 and the 2002 Barangay Micro Business Enterprises Act RA 9178. Finally, the law is also too focused on credit only and neglects other forms of capability building such as financial literacy and entrepreneurship, needed for enterprises to grow and stay in business. These findings are in line with the poor assessment on access to finance of the Philippines by the Women's Economic Opportunity Report (EIU 2010: 86).

Indeed, the subsequent laws that have been passed and are specifically geared towards the development of enterprises have inconsistent definitions. They miss the intended target group by unduly granting benefits to those who are not supposed to be getting them. For instance, aside from the category of a cottage industry discussed above, there are existing laws that provide different definitions of a microenterprise. Under the RA 8425: 1997 Social Reform and Poverty Alleviation Act, a microenterprise is defined as "any economic enterprise with a capital of PHP 150 000.00 and below".<sup>29</sup> However, under the RA 9178, or the 2002 Barangay Micro Business Enterprise (BMBE) Law, it is defined as "*any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agroprocessing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (PHP 3 000 000.00)*". The same definition of a microenterprise is given in the newly approved RA 9501 or the Magna Carta of Micro Small and Medium Enterprises. The inconsistent definitions provide a very wide range of scope for microenterprises, which under these laws, range from PHP 150 000 to PHP 3 million. In effect, these laws also unduly benefit millionaires to have access to the provisions granted in the laws, specifically to tax and minimum wage exemptions under the BMBE Law. LGUs affected by the tax exemptions under this law may actually be reluctant to implement it due to potential revenue losses. Likewise, the definition also marginalizes very small enterprises that have a capitalization lower than PHP 150 000 and that are predominantly women led. Representation of women in business councils / organizations and the collection of sex disaggregated data are also not featured in these laws. Active representation and accurate sex disaggregated information are vital in designing a comprehensive program on gender responsive MSME development.

A recent assessment on the implementation of the gender and development (GAD) budget policy by the Senate Economic Planning Office (SEPO 2010) is discouraging. To ensure financial support in addressing gender inequality, RA 7192 mandated that a substantial portion of funds received through official development assistance (ODA) packages be set aside by government agencies for gender and development (GAD) concerns. Three years later, a GAD budget policy was adopted, whereby all government agencies, state colleges and universities (SUCs) and even the LGUs were required to set aside no less than 5 percent of their annual budgets to support

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<sup>29</sup> To make things even more complicated, the Social Reform and Poverty Alleviation Act (RA 8425) defined the informal sector officially as: "*poor individuals who operate businesses that are very small in scale and not registered with any national government agency, and to workers in such enterprises who sell their services in exchange for subsistence wages or other forms of compensation...*". In the IRR for the Magna Carta of Women (RA 9710) the following definitions is given: "*Workers in the Informal Economy refers to self employed, occasionally or personally hired, subcontracted, paid and unpaid family workers in household incorporated and unincorporated enterprises, including home workers, micro-entrepreneurs and producers, and operators of sari-sari stores and all other categories who suffer from violation of workers' rights.*"

programs and activities for women. It is expected that by institutionalizing gender mainstreaming and using these dedicated public funds, gender inequality in the country will be further narrowed down. Since 2006, the National Economic and Development Authority (NEDA) has been tracking and analyzing the gender responsiveness of ODA assisted programs and projects using the Harmonized Gender and Development Guidelines (HGDG). In its 2009 report, the agency noted that about 35 percent of the 18 donor agencies total ODA portfolio support projects were gender responsive and gender sensitive at the design stage (SEPO 2010: 4). The ODA funded projects in industry and services sector had the highest share (83 percent) of gender invisible projects, clearly indicating that the gender perspective is often left out in the implementation of such undertakings.

The country's legal situation in terms of family laws, women in enterprises and the laws on MSMEs affect women's active participation in enterprise development. The Philippines is well advanced in written legislation with regard to women and gender equality measures compared to other countries in the region. However, the various sets of laws are (1) partially contradictory, (2) inconsistent in their definitions, and there is (3) weak enforcement and (4) a lack of gender sensitivity of the implementers. Overall, the consequences of gaps in these laws as well as implementation issues hinder women from taking full advantage of law and policy reforms. As such, the legal situation needs to be improved to enhance and support gender responsive enterprise development.

#### **4.2 MSME Statistics**

*“...there is greater awareness of the importance of sex disaggregated analysis for policy formulation and monitoring. ... Data capturing women's economic participation are notably weak; ... Many indicators are relatively easy to measure in principle (for example gender wage differentials in formal employment), while others require more effort to define and measure (for example, gender differences in informal sector earnings and productivity). In sum a key challenge in promoting gender equality and women's economic empowerment is the poor quality and limited availability of sex disaggregated statistics.”* (World Bank 2006b: 15)

During the course of the consultancy mission, various datasets and reports were looked into, both at the national and international levels, in order to supplement previous desk research studies and to determine the state of sex disaggregated statistics within the framework of MSME development. At the national level, data from the Business Name Registration Database (BNRD) of DTI and two survey reports from the National Statistical Office (NSO), the Annual Survey of Philippine Business Industry (ASPBI) and the Informal Sector Survey (ISS), were analyzed in greater detail. Philippine data from the 2009 World Bank Enterprise Survey and the 2006 to 2007 Global Entrepreneurship Monitor (GEM) were also taken into account. Two datasets come out from PSP SMEDSEP documents, specifically those that are culled out from the recently concluded evaluation of the 2004 to 2010 Philippine SMED Plan as well as from the ongoing Philippine Cities Competitiveness Ranking Project (PCCRP) of the Asian Institute of Management (AIM).

The abovementioned datasets and survey reports employ different methodologies and utilize dissimilar representative samples. As such, they are only able to show bits and pieces of the relationship between gender and MSME development. The data collected by these surveys differ from each other and cover a wide range of topics such as

access to finance, business participation rates, and motivations for starting a business and perceptions on the entrepreneurial environment, among others (see Table 3).

The findings in the previous section on laws and policies about arbitrary delineation, imprecise even contradictory definition and inappropriate categories apply also to statistics and data. Moreover, the datasets do not cover equally the different industry sectors. For example some datasets include the primary or extractive industry such as agriculture, fishery and mining while some do not.<sup>30</sup>

The 2008 Informal Sector Survey of NSO takes into account the primary sector such as agriculture, hunting, forestry, fishing, mining and quarrying as industry groups of informal sector operators.<sup>31</sup> This is not in line with international practice (ILO 2009a: 40f; ILO / WTO 2009: 39ff). The notion of the informal sector was originally coined for distinguishing economic activities outside agriculture and the modern formal sector. According to the ILO: *“The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned”* (ILO 2009a: 42), and *“The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.”* (ILO 2009a: 40)

The various datasets and survey reports may seem comprehensive at first glance. However, due to (1) the various methodologies employed, (2) the wide range of topics covered, (3) the differences in the observations when it comes to gender, and (4) the lack of information in subsector analysis and value addition, makes their applicability to gender sensitive planning inoperative (Annex 8).

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<sup>30</sup> This is the case of different datasets from 2006 MSMED Statistical Report. Examples are Table A: Distribution of Establishments by Industry and Firm Size and Table D. Number Of Employees By Industry And Firm Size <http://www.dti.gov.ph/dti/index.php?p=321>

<sup>31</sup> NSCB Resolution 2002 No. 15 - Attachment 1 defines the informal sector as follows: (1) *Conceptual Definition*: The informal sector consists of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned in order to earn a living. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production. It consists of household unincorporated enterprises that are market and nonmarket producers of goods as well as market producers of services. Labor relations, where they exist, are based on casual employment, kinship or personal and social relations rather than formal or contractual arrangements. (2) *Operational Definition*: For statistical purposes, the informal sector shall refer to household unincorporated enterprises which consist of both informal own account enterprises and enterprises of informal employers. Informal own account enterprises are household unincorporated enterprises owned and operated by own account workers, either alone or in partnership with members of the same or other households which may employ unpaid family workers as well as occasionally / seasonally hired workers but do not engage employees on a continuous basis. Enterprises of informal employers are household unincorporated enterprises owned and operated by own account workers, either alone or in partnership with members of the same or other households that employ one or more employees on a continuous basis. Particular cases that are excluded: corporations, quasicorporations, units with ten or more employees, corporate farms, commercial livestock raising, commercial fishing. NSCB Resolution 2002, <http://www.nscb.gov.ph/resolutions/2002/15.asp>  
Moreover, the informal sector is also defined by Social Reform and Poverty Alleviation Act (RA 8425) and the IRR of the 2009 Magna Carta of Women (RA 9710) (Chapter 4.1).

**Table 3 Summary of Methodologies and Observations from Various Data Sources**

Report/Dataset	Conducted by / on behalf of	Information / Topics	Methodology	Observations
2006 MSMED Statistical Report	BMSMED	number of establishments, sector distribution, geographical spread of MSMEs, employment, sales and census value added, export contribution of MSMEs	list of MSMEs drawn from the 2004 Updated List of Establishments (LE) from the National Statistics Office (NSO)	data on ownership of MSMEs is not sex disaggregated
2005 Annual Survey of Philippine Business and Industry - ASPBI	NSO	economic activity, employment, hours worked, compensation, revenue, subsidies received, costs, capital expenditure, fixed assets and inventories	survey; one stage stratified systematic sampling using the 2004 updated LE from NSO	respondents nor ownership of establishments surveyed are not sex disaggregated
Business Name Registration Database – BNRD	DTI	business name, business address, owner’s details, employee count, capitalization, type of business activity, description of product handled or service rendered	registration (passive); enterprises registering with DTI	54 percent of newly registered businesses are owned by women compared to the 46 percent male registrants (2009) 55 percent of newly registered businesses are owned by women; 53 percent of renewals are owned by women (Q1 2010)

Report/Dataset	Conducted by / on behalf of	Information / Topics	Methodology	Observations
2008 Informal Sector Survey - ISS	NSO	number and profile of household unincorporated enterprises owned and operated by own account workers	survey; stratified, multistage sampling design; reporting unit is the household, persons who reside in institutions and establishments are not covered by the survey.	66 percent of the total IS operators are male, and 34 percent are female primary sector (agriculture, hunting, forestry, fishery) is included, usually informal sector / economy refers to nonagriculture activities.
2006 to 2007 Global Entrepreneurship Monitor (GEM) – Philippine Report	Philippine Center for Entrepreneurship - PCE	business participation rates, industry distribution of enterprises, innovativeness and growth expectations, motivations for starting a business and perceptions on the entrepreneurial environment	the adult population survey, which included 2000 Filipinos aged 18 to 64 was a structured face to face interview of randomly selected respondents nationwide.	69 percent of nascent enterprises are owned by women 51 percent of new businesses are owned by women
2009 World Bank Enterprise Survey – Philippine Report	World Bank	firm characteristics, gender participation, access to finance, annual sales, costs of inputs/labor, workforce composition, bribery, licensing, infrastructure, trade, crime, competition, capacity utilization, land and permits, taxation, informality, business - government relations, innovation and technology and performance measures	firm level survey; representative sample; respondents are business owners or top managers	69.4 female participation of ownership in firms surveyed

Report/Dataset	Conducted by / on behalf of	Information / Topics	Methodology	Observations
Evaluation of the SMED Plan 2004 – 2010	GTZ PSP	respondents profile, perceptions on performance in terms of MSME growth, actions to find market and improve earnings, access to and use of credit and support services, the business enabling environment, awareness and impact of the SMED Plan	questionnaires, focus group discussions (FGDs) and Key Informant Interviews (KIIs)	58 percent of the respondents are female owners of MSMEs, which is observed to be stronger in the manufacturing sector and in larger enterprises
2009 Philippine Cities Competitiveness Ranking Project - PCCRP	Asian Institute of Management - AIM	profile of respondents, considerations in starting a business, membership in business organizations, participation in trade fairs, access to finance, awareness of and importance given to government mandated plans, importance of business support services	face to face interviews, aided by a structured questionnaire and visual aids	63 percent of the respondents are female, either as an owner or a manager, as compared to the 37 percent male respondents
Gender Mainstreaming in Private Sector Development	GTZ PSP	review of relevant literature, analysis of gender gaps and issues, profiles of gender responsive private sector promotion programs, list of relevant links and organizations	desk research	it has been established that a particular dataset is flawed as it lumps together major industries with subsector categories in determining the percentage of women owners of MSMEs.

#### 4.2.1 Of facts and figures: MSME

There are five major quantitative sources providing data on MSME: (1) 2006 statistical count on MSME established by the Bureau of Micro Small and Medium Enterprise Development (BMSMED) (2) DTI business name registration database, (3) World Bank Enterprise Surveys (4) Global Entrepreneurship Monitor (GEM) and (5) 2008 Informal Sector Survey. Though outdated and not disaggregated by sex, the dataset of the 2006 statistical count on MSME by BMSMED is still the most reliable statistical count that illustrates the important role microenterprises play in the economic development of the Philippines. In spite of these shortcomings of statistics and data available, a clearer picture of MSME in the Philippines can be obtained by triangulating different information.

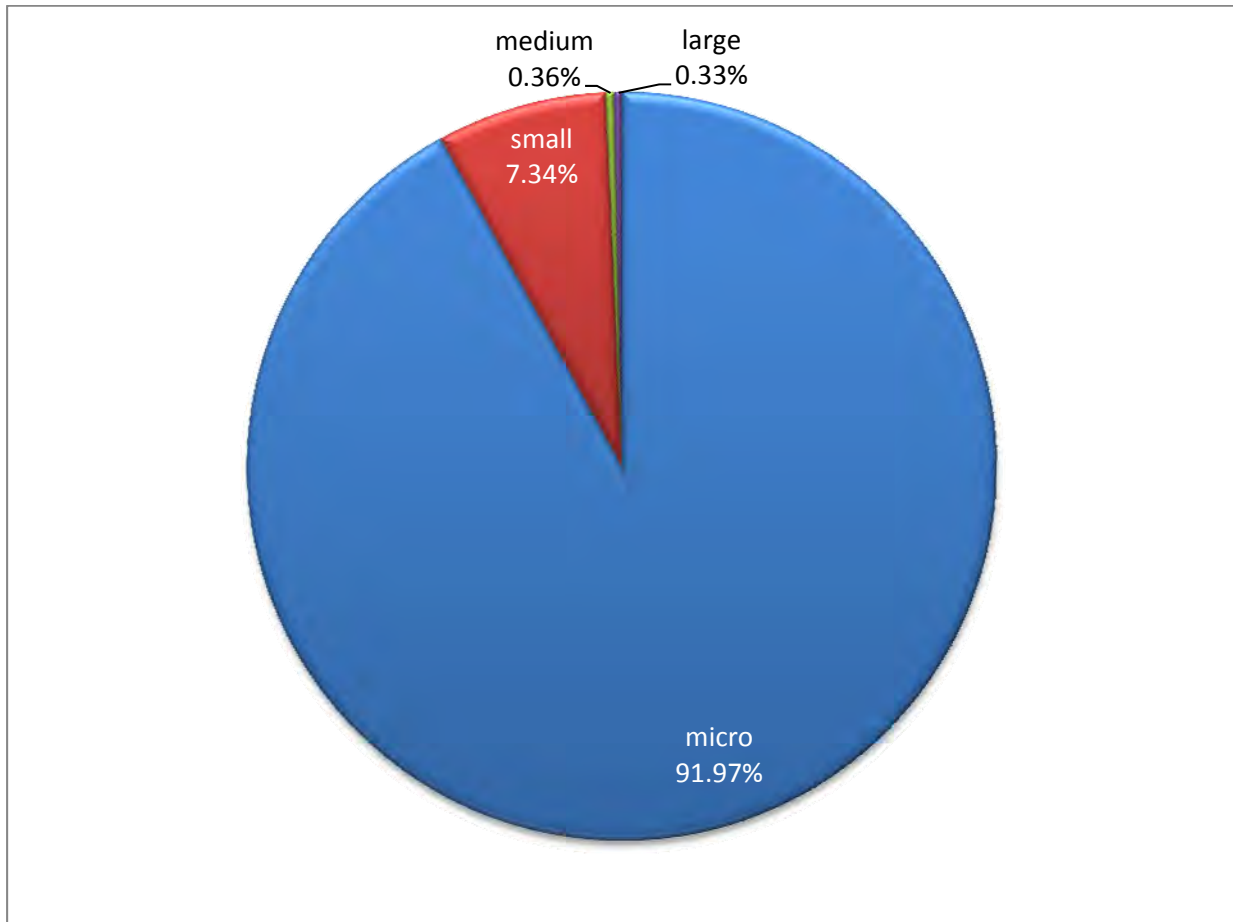


Figure 6 BMSMED 2006 MSME Statistical Count

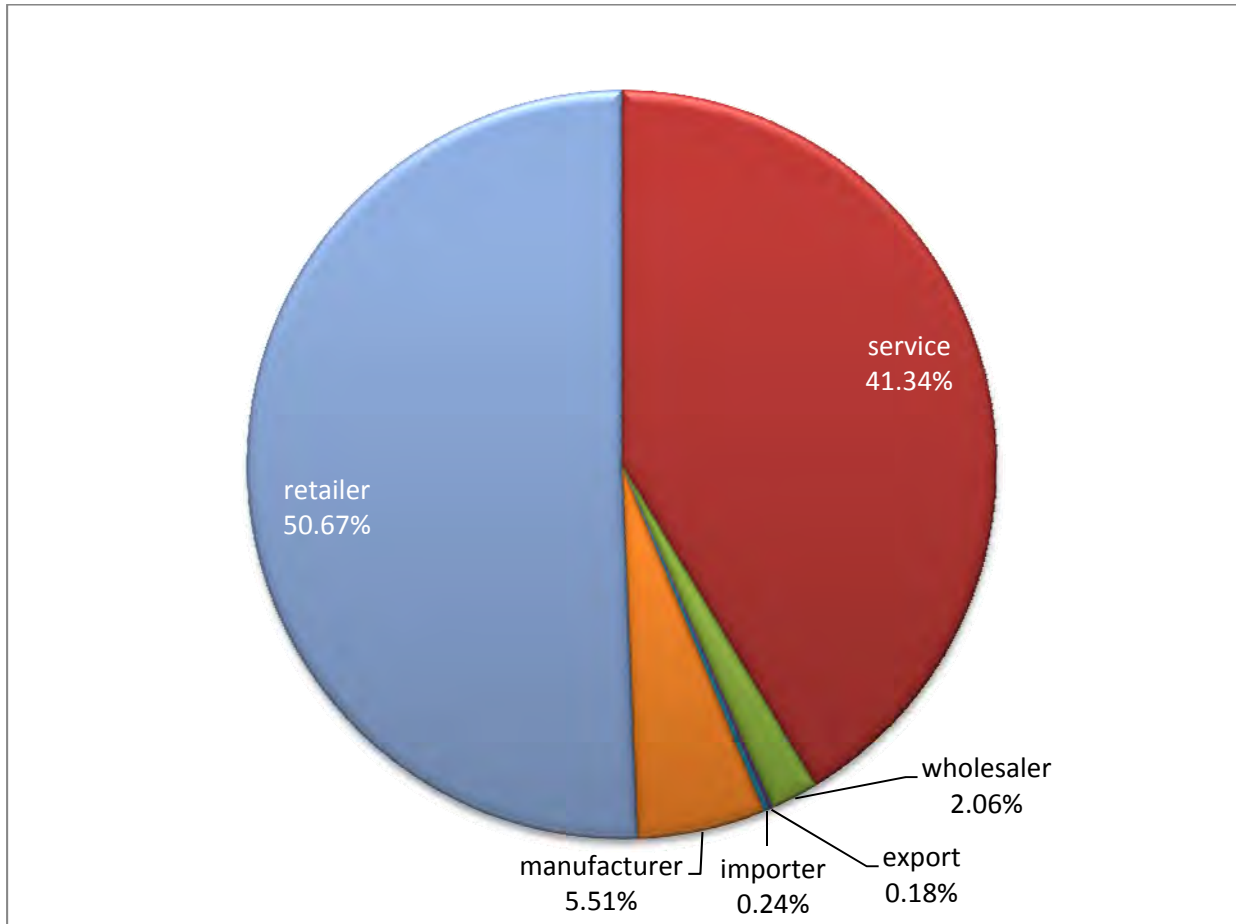
According to the latest statistical count by BMSMED (Figure 6), the number of operating business enterprises was at 783 065 in 2006, of which 92 percent are micro, 7.3 percent small, 0.4 percent medium and 0.3 percent large scale enterprises. So, MSMEs account for 99.7 percent of all enterprises in the Philippines. Almost 70 percent of the jobs generated are provided by MSMEs. At the same time, these establishments are said to have contributed around 30 percent of the total sales and census value added of the manufacturing industry in 1994.<sup>32</sup> MSMEs also account for 25 percent of the country's total exports revenue in 2006.<sup>33</sup> However, the ratio between the share of the Philippine MSMEs in numbers and jobs and its contribution

<sup>32</sup> According to the National Statistics Office (NSO) 1994 documents (<http://www.dti.gov.ph/dti/index.php?p=321>); there is no updated data available.

<sup>33</sup> <http://www.dti.gov.ph/dti/index.php?p=321> accessed on 26 April 2010

to GDP is actually quite unfavorable. MSMEs in industrialized economies achieve a much better ratio.<sup>34</sup>

The GEM Report 2006 - 2007 observed that globally the country has the least gender gap among business owners (55 percent male against 45 percent female). According to the sex disaggregated data from the 2009 DTI business name registration 54 percent of those who registered for a new business name are female while 46 percent are male.



**Figure 7 Q1 2010 DTI Female Business Name Registrants, By Type of Business Activity**

It is worth noting that there are considerable regional differences with regard to numbers and size of businesses, (sub) sector and ownership. According to the 2009 DTI BNRD there is a major concentration of business registrations in National Capital Region (NCR) followed by CALABARZON (Region 4A) and Central Luzon (Region 3). In all the three regions more than half of those registering a business are women. The Visayas (Western Region 6, Central Region 7 and Eastern Region 8), where the PSP SMEDSEP Program is active, belongs also to the regions with considerable registration activities of which the majority are women. For Q1 2010, the percentage of women registering new businesses and those renewing their business name, which is done every five years, were 55 percent and 53 percent, respectively.

In 2006 MSMEs were active in three major sectors: trade (56 percent), followed by services (27 percent) and in manufacturing (17 percent).<sup>35</sup> Of all the services, hotels

<sup>34</sup> For example in Germany, MSMEs constituted 99.7 percent of all enterprises, employed 70.5 percent of the workforce, contributed 37.5 percent of total sales and created 47.5 percent of the value addition in 2008, <http://www.ifm-bonn.org/index.php?utid=540&id=101> accessed on 8 June 2010

and restaurants constituted 52 percent, real estate / renting 24 percent as well as other services with 24 percent. MSMEs also account for 25 percent of the country's total exports revenue in 2006. For Q1 2010 (Figure 7), the new female business registrants are observed to be more active in retail activities (51 percent), whereas the new male business registrants are observed to be more inclined to start up service (49 percent) related business activities.<sup>36</sup>

In the manufacturing sector the top five subindustries in terms of MSME were the following: (1) manufacture of food products and beverages (47 percent), (2) manufacture of wearing apparel (13 percent), (3) manufacture of fabricated metal products except machinery and equipment, (11 percent) (4) manufacture and repair of furniture (6 percent), and (5) manufacture of nonmetallic mineral products (4 percent).<sup>37</sup> The World Bank Enterprise Survey reveals that women participate in ownerships (69.4 percent) across all sectors.<sup>38</sup> Moreover, the various data sources point to the fact that both male and female employees are equally represented in manufacturing.<sup>39</sup>

While DTI datasets reflect a more updated statistical picture as compared to the numbers generated by the other survey reports, they still do not capture the whole universe of operating enterprises in the Philippines. It only shows the number of new entrants in the business environment for the current year. It is also an accepted fact that not all operating enterprises, especially those located in the microenterprise sphere, register for a business name with DTI for reasons such as, they do not see (1) any incentive for formalizing their business, (2) any tangible benefit of formalization, and (3) avoidance of perceived hassles that formalization may bring about, among others.

Finally, women can be found in every firm size as entrepreneurs or as shareholders (2009 World Bank Enterprise Survey).

#### **4.2.2 Of facts and figures: informal economy**

There are different definitions (Chapter 4.1 and Chapter 4.2.1) of the informal sector applied. As a consequence different sources give different data about the size and relevance of the informal economy in the Philippines. Estimates range from

- 20 million informal workers contributing to 40 - 60 percent to GDP and make up about 70 percent of employment (ILAP 2006:1)
- 15.5 million workers or 49 percent of the total labor force work in the informal sector, Department of Labor and Employment (cited in ADB 2008b: 5)
- 10 454 million informal sector operators by the 2008 Informal Sector Survey (ISS) of NSO
- 6.3 million own account workers and unpaid family members worked in manufacturing, trade and repair, and transportation in 2007 according to the Bureau of Labor and Employment Statistics (BLES)<sup>40</sup>

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<sup>35</sup> Calculated according to BMSMED <http://www.dti.gov.ph/dti/index.php?p=321> accessed on 26 April 2010

<sup>36</sup> Annex 9, DTI OSC, Sex Disaggregated Business Name Registration, Q1 2010

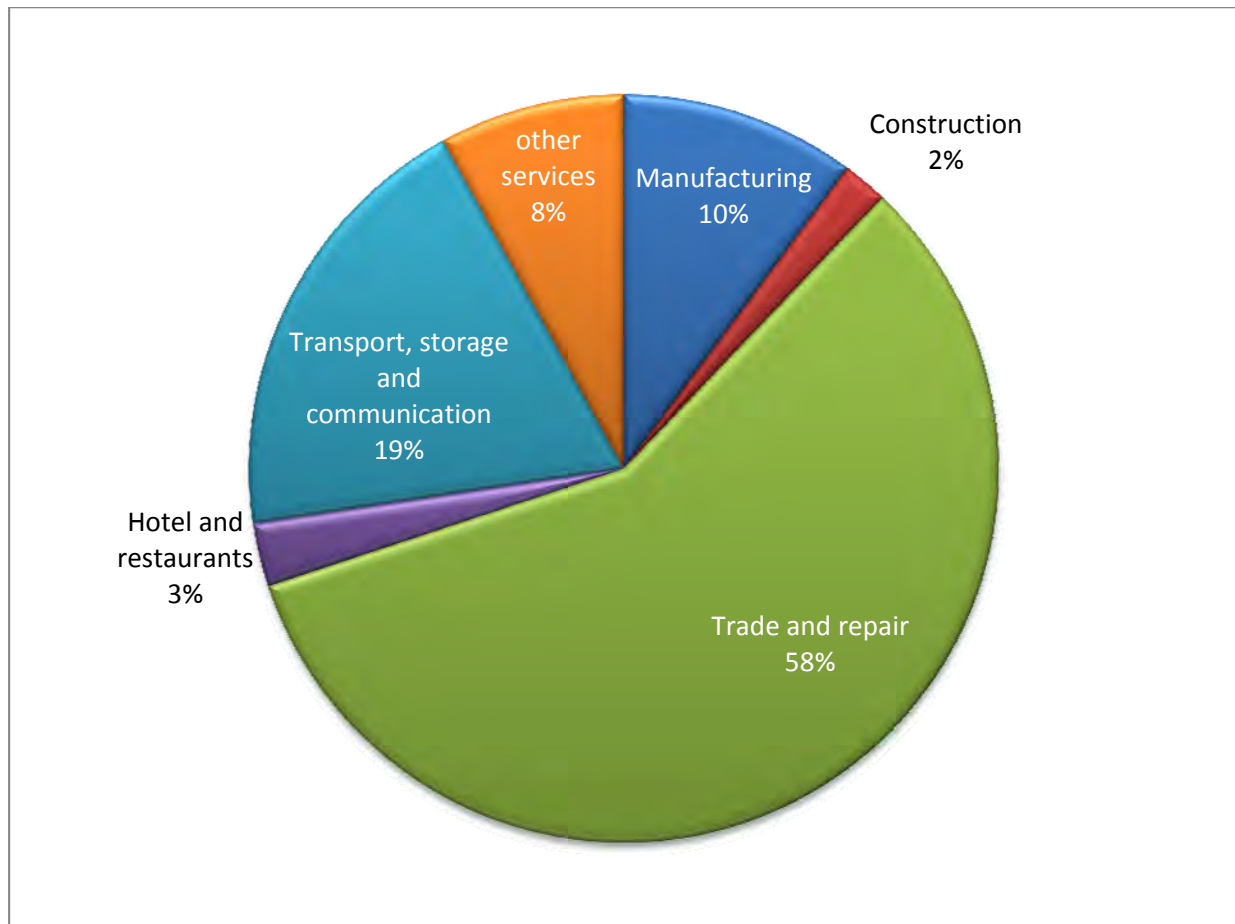
<sup>37</sup> Calculated according to BMSMED <http://www.dti.gov.ph/dti/index.php?p=321> accessed on 26 April 2010

<sup>38</sup> [www.enterprisesurveys.org](http://www.enterprisesurveys.org)

<sup>39</sup> <http://www.census.gov.ph/data/quickstat/genindex.html>

<sup>40</sup> Bureau of Labor and Employment Statistics 2007 cited in ADB 2008b: 35

- nine out of ten enterprises in the Philippines are microenterprises and operate in the informal, unregistered and unregulated segment of the economy (ADB 2008b: 35).



**Figure 8 Informal Sector According to Industry Group, 2008**  
Calculations based on the 2008 Informal Sector Survey by NSO

Obviously, there is no common understanding of what belongs to the informal sector or not (Chapter 4.1 and Chapter 4.2). Moreover, there is hardly any sex disaggregated data available. According to the 2008 Informal Sector Survey, 66 percent of the informal operators are male and 34 percent are female. However 48.4 percent or five million of the informal operators engage in agriculture, hunting, forestry or fishery - what can be attributed mostly to men. There is no sex disaggregated data available on the level of major industry groups.

For the purpose of this document, the primary sector is not significant, since the focus is on nonagriculture enterprises. According to an own calculation, illustrated by Figure 8, there are more than 5 million informal sector workers / operators in 2008. The majority (58 percent) is engaged in wholesale and retail trade as well as in repair. Another considerable group (19 percent) is engaged in transport, storage and communication. Almost 550 000 persons or 10 percent are involved in manufacturing.

According to ADB (2008b: 35): *“(t)he low income, low technology informal economy employs a larger number of workers than all modern industries.”* Most of these informal enterprises provide services or provisions exclusively to the local population. The example illustrates how these activities positively affect the formal economy:

These activities might not have much prospect for growth as such, however, they provide important goods and services, keep the costs of living low and contribute to the economic cycle of the community.

Also, there is a direct link between informal activities and export oriented parts of the economy. As was discussed already in Chapter 3.3.1 a considerable number of informal sector workers and enterprises have ties with export oriented small and medium sized enterprises under subcontracting arrangements (ADB 2008b: 35). Home workers typically produce garments, footwear, fashion accessories, toys and handicrafts for domestic and export markets (UNDP 2010: 62). This is also the case in the Philippines.

### 4.3 Other relevant Aspects of MSME Development

#### 4.3.1 Perceived shortcomings of MSME actors

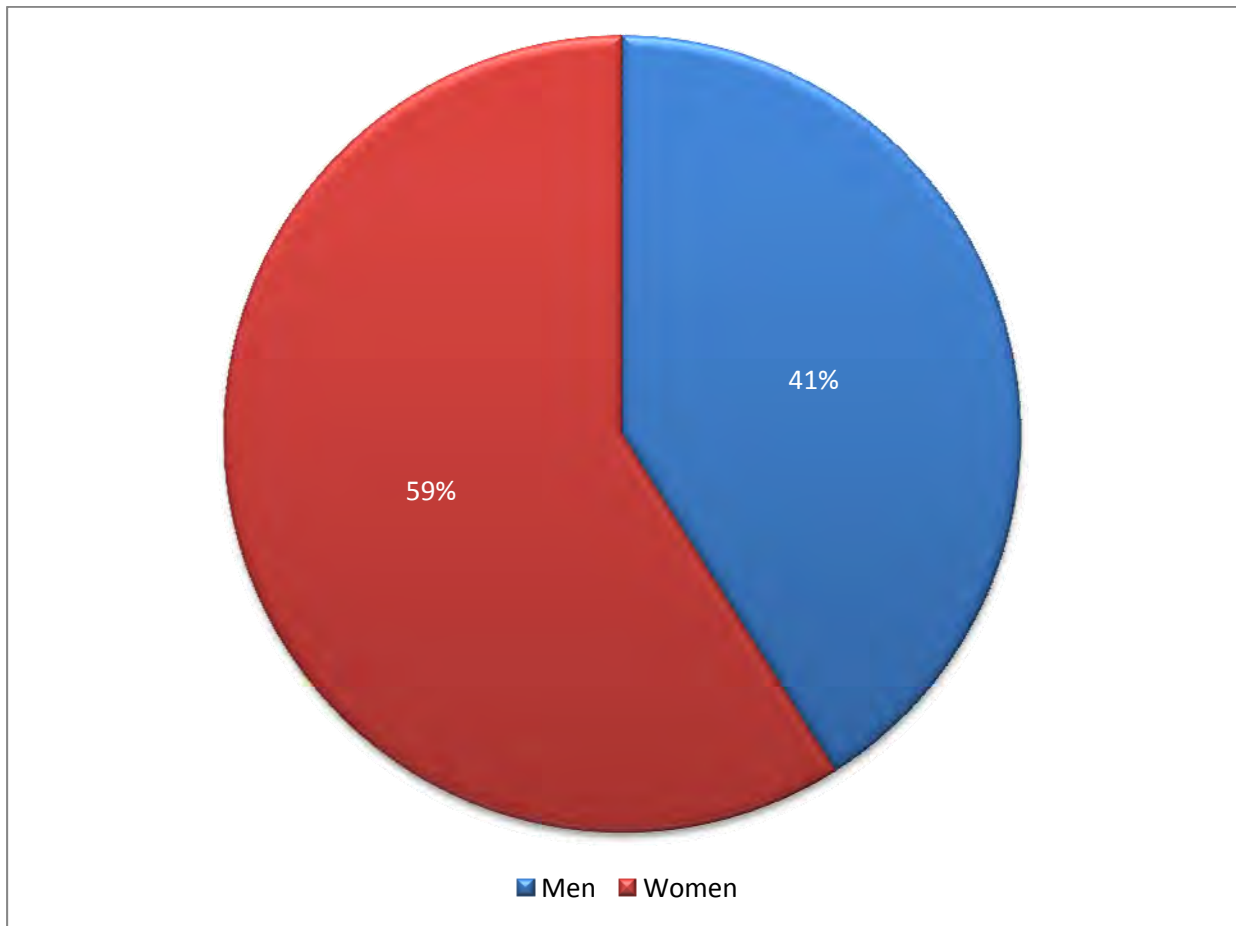
The Philippine Cities Competitiveness Ranking Project (PCCRP) is a research undertaking by the Asian Institute of Management (AIM) that measures competitiveness of selected Philippine cities and ranks them accordingly. The respondents for their survey component are owners, managers and key decision makers of MSMEs that have been in operation for at least two years and with active business licenses. Random sampling was done on business listings that were provided by the city governments. It did not favor any particular industry or sector. Their initial findings show the same strong female ownership and managerial profile among its respondents (63 percent) as observed in the SMED Plan Evaluation Report. However, most of these female respondents are found to be significantly higher in microenterprises at 66 percent, contrary to the observations of the SMED Plan Evaluation Report that places them at the helm of larger enterprises.<sup>41</sup> Their initial findings do not yet indicate the sectors or industries where women may be significantly involved.

#### **Box 10 Indirect Links between the Formal and Informal Economy**

*Food service entrepreneurs who run micro operations provide office, school, store or factory workers - who belong to the formal economy - with lunches and snacks at half or one third of the price of food available from building cafeterias or fastfood chains. The cheap food from jolli-jeeps (as they are called in Makati City) can be eaten out of plastic bags while standing in front of the food stand. It is cheap because overhead is kept low, the entrepreneur (usually a woman) does not draw a salary and the workers (overwhelmingly women) are paid low wages*

Source: ADB 2008b: 37, Box 3.4

<sup>41</sup> Asian Institute of Management, Presentation on Data Based Programming of Policies and Support for MSMEs, 30 March 2010.



**Figure 9 DTI Services to MSMEs 2009**

According to this survey most entrepreneurs (88 percent) in financing their business were relying on their own savings. This is in spite the fact that 71 percent of the respondents considered it important to have easy access to formal lending. With regard to BDS the provision of tax incentives was considered to be most relevant (for 60 percent very important, for 29 percent slightly important). Job fairs were considered by 50 percent as very important and by 26 as slightly important. Trainings of private sector employees were said to be very important (49 percent) and slightly important (30 percent). Assistance to product packaging was considered to be 42 percent very important and 30 percent slightly important. Assistance to product labeling was regarded by 41 percent as very important and 30 percent slightly important.

According to this AIM survey 2010 the following findings were of relevance

- access to formal lending institutions is still very low. A large part of financing requirement is still sourced from savings
- barriers to borrowing from formal financial institutions could include high interest rates, stringent requirements, and relative delay in processing of loans
- capital, strategic location, and demand for product / service are among the top considerations for starting a business but residence and family legacy greatly play a part in decisions to start a business. It appears that because of this, there is only general reluctance on the part of MSMEs to move even if moving costs were not an issue.
- since MSMEs are generally reluctant to move out of their comfort zones (literally), this exerts pressure on the LGU to create more opportunities for the MSMEs' growth within the city and poses a challenge for DTI and business

organizations to introduce programs that challenge the MSMEs to think beyond their current location

- while business organizations could play a greater role in changing the perspectives of the MSMEs, barriers to entry must first be addressed.

Unfortunately, the analysis of this survey throughout is not gender differentiated. So far nothing can be said if the constraints and requirements of men and women as business owners are different.

However, 2009 DTI data indicates that 59 percent of those who avail of BDS, which includes training and enterprise development, were female.<sup>42</sup> This is consistent with the overall observation, that women are keen to learn and to acquire new skills.

#### 4.3.2 Self organization of MSME actors

*“SME’s capacity to innovate and succeed depends on a complex palette of skills, networks and processes. To innovate, SME need more than ever to pool their resources, create networks and cooperate at local or branch level to establish effective policies to develop their human capita,”* – said EU Commissioner Vladimir Spidla during a forum for European SMEs (EC 2008: 4)

Strong interest groups and self help organizations of various actors (entrepreneurs, employers, workers) of the economy are considered to be part of a mature and competitive market economy. Transactions in advanced economies go beyond loyalties to the family, the clan or a region, interpersonal relations and mutual obligations (Fukuyama 1995).

According to the abovementioned survey conducted by AIM in 2010, only 17 percent of the respondents were members of a business organization, although 61 percent considered organizational affiliation as important.

In the Philippines, the business community is not monolithic. The Philippine Chamber of Commerce and Industry (PCCI) and its regional chapters and sector associations is probably the major business organization for MSMEs. However, the degree of organization among entrepreneurs is generally low in the Philippines. There seems to be also considerable regional differences. For instance, in Davao the MSME sector including women entrepreneurs is much better organized than elsewhere. According to an interview with a representative of PCCI, there are not many women entrepreneurs members and women are also not much present in the board and bodies of the Chambers. However, the consultancy team was not in a position to uncover the reasons for this, which could be manifold: (1) women are not addressed by the Chambers to become members; (2) women are not invited or elected into the governing bodies; (3) the Chambers do not address women’s business issues; (4) business women are overburdened by the multiple roles as entrepreneurs, mothers, housewives and wives and have other things to do, etc. In a civil society one would expect that women are not only represented but that they are also present in a private sector organization speaking up for themselves.

Besides the traditional chambers and sector associations are other enterprising associations. For instance there is a small Network for Enterprising Women (NEW),<sup>43</sup> an initiative of well educated middle class women with professional experience who

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<sup>42</sup> DTI OSC 2009 Sex Disaggregated Business Name Registration

<sup>43</sup> In the course of the consultancy mission there was there was a possibility to attend a networking meeting of NEW.

are either creating a business or have already started one. Their aim is to exchange experiences and ideas, networking among each other. They receive guidance and mentoring by a few experienced business persons. This indicates that women entrepreneurs are very well aware of the advantage of linking up with others and of seeking advice from knowledgeable persons.

Moreover, there is PATAMABA, the National Network of Workers in the Informal Sector.<sup>44</sup> PATAMABA has a membership of more than 17 000 self employed and subcontracting workers and has primarily a lobbying function for the home based and informal workers (Parilla). Among the immediate concerns are (1) to widen social security benefit packages, (2) a Magna Carta for Workers in the Informal Economy and (3) the ratification of the ILO Convention 177 on Home work. In addition some training to members is provided and the linking up of some producer groups with international fair trade organizations established.

To conclude, in the Philippines self organization of the various actors of the economy is not well advanced, particularly in the case for micro and small enterprises and for women owned businesses. However, the problem of micro and small enterprises is often the lack of information and bargaining power. The two examples of NEW and PATAMABA illustrate how women in business can jointly address difficult or precarious situations and issues.

#### **4.4 A Second Look at some MSME Myths**

Many different themes were touched in the previous major sections. Some points could be clarified, some others not. Some new questions came up. Some will not be answered within the framework of this consultancy work. Sometimes it is worthwhile to have a second look at some statements and particularly to look what is behind the crude facts. This will be done here, in concluding this section.

##### **4.4.1 Out of a great number, few will make it**

*“Tagumpay is not bound by poverty. Dreams of success are not only for the rich educated or privileged. ...Nothing compares to the drive and determination of a person who badly wants to beat poverty. A pile of trash, a handful of peanuts, a piece of tattered cloth or an alkansya filled with five peso coins can turn into a thriving business venture” (Joey Concepcion in The Philippine Star, 22 April 2010: B4).*

According to the Global Enterprise Monitor (GEM) Report 2006 – 2007: *“Four out of ten Filipinos, aged 18 to 64 are engaged in business, which approximates around 19 million (39.2 percent) of the whole country’s population.”* This implies that one half of the total labor force of 38.1 million persons would be engaged in some sort of entrepreneurial activity (Table 1, Chapter 3.2.1). The data includes farmers and other own account occupations of the extractive industries: agriculture, forestry, fishing and mining (GEM Report 2006 - 2007: 12). It is debatable on whether it makes sense to put the operators, for instance farmers, hunters, fisherfolks, into the same category as entrepreneurs in manufacturing, trade or services. Notwithstanding the problems of categories, the large number of enterprising people in the Philippines is definitely a great asset.

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<sup>44</sup> During the consultancy mission it was also possible to talk to a representative of PATAMABA and to watch a video produced by PATAMABA members Cruz 2006.

Moreover, the GEM Report finds that 54 percent of the businesses are motivated by necessity as against 37 percent of opportunity motivation. Unsurprisingly about half of the nascent businesses are founded with only PHP 10 000.00 or even less. A large proportion of these businesses are in activities with low entry barriers, remain small if not micro in scale. Six out of ten businesses report to not having any employees. Most (53 percent) of these businesses are consumer oriented, such as retail, restaurants and bars, lodging, and other services. These are typical activities in which women constitute the majority.

Whereas the Philippines ranks second globally in creating a business, when it comes to discontinuing a business it is ranked six. Financial (42 percent) and personal (29 percent) reasons were mostly cited as the cause for shutting down a business. Taking up a paid job is perceived as a sound alternative to having a business. Hence, these data do suggest that for many, entrepreneurial activities are only an interim solution because of lack of decent work opportunities and poverty. Moreover, it points to multiple occupations or diversified livelihoods: piecing together various sources of sustenance to make ends meet (UNDP 2010: 61). This is widespread in economies where one may not earn a living from a single job, where there is seasonal business and where unemployment in the absence of social security is not an option (Chapter 3.3.1).

The MSME sector in the Philippines is very heterogeneous, with individual units having different development prospects. The vast majority of enterprises are only micro in size and can be classified as belonging to the informal economy (Chapter 4.2.2) or vulnerable employment (Chapter 3.3.1). Particularly some of the women owned enterprises serve exclusively to supplement the household income (Box 7). One has to be aware that some of these enterprises are not beautiful. Some are quite ugly when it comes to income and working conditions. Quite a number of these enterprises will never grow in terms of employment generated, but they can improve their efficiency and profitability. Moreover, these enterprises are part of the industrial web and cater goods and services to the local population or may even feed into the export industry. However, one should not underestimate such business activities driven by necessity. The larger the number of enterprising people – men and women – the more chances are there that successful entrepreneurs will emerge. This is one of the main messages given by the initiative *GO NEGOSYO* of the Philippine Centre of Entrepreneurships (PCE).

#### **4.4.2 Women as business founders, men as CEOs**

*“...vertical and horizontal segregation have a two way relationship with gender stereotypes:*

- *There is vertical segregation (i.e. there are many more men in decision-making positions than women), therefore women are not suited to managing and men have better management and leadership skills;*
- *There is horizontal segregation, therefore women are not suited to performing the same jobs or tasks as men and men are not suited to doing the same jobs or tasks as women (e.g. there are more women than men nurses because women are naturally better suited for care work).*

*The fact that women do not have equal status in the labor market tends to reinforce these stereotypes, which have no foundation in reality, that is in women's or men's real abilities.”* (EC 2008: 17)

**Box 11 Taking the best of each**

Successful microentrepreneur Elibel Bautista's experience showcases that gender differences and making use of each other's different skills can be a factor of success. As the wife of a warehouse laborer and mother of four children, she decided to move into business to improve their quality of life. In a joint effort with her husband and with a startup loan, they were able to set up a crab fattening business. Their complementation of each other's skills proves to be the secret of their success: her husband brought in the art of crab fattening, while she would take care of financial matters. Together, they were able to move out of poverty by increasing their income and reinvesting it to expand their business. Their success has made them win entrepreneurship awards.

Source: *Concepcion 2009: 55 inspiring stories of Women Entrepreneurs, Philippine Center for Entrepreneurship, Mandaluyong City.*

The GEM Report reveals that nascent business owners<sup>45</sup> are more typically female in the Philippines with 69 percent and new business owners<sup>46</sup> at 51 percent. Established business owners<sup>47</sup> are still dominantly male (66 percent). The Report suggests that women are more predisposed to set up an enterprise, which makes the presence or absence of new businesses much gender related. It also points to the unique role that women play in starting up a business during the critical and fragile stage until such time that stability is achieved. The report suggests, that once the enterprise is stable the husband takes it over. Until recently this was also supported by data from the DTI business registration, which indicated that the majority of new business registrations were done by women, whereas in the renewing of the business registration, which is done every five years, the majority were men. The GEM Report suggests, that this affirms the traditional role of the men as breadwinner in the Filipino family, while women are considered only to go in business to augment the family income, usually pursued after marriage. These findings contradict the more general statements of the GEM Report on opportunities are equal to men and women and women entrepreneurship is socially acceptable.

These are very puzzling findings that were discussed in depth during the course of the consultancy mission. Firstly, there is the question, what type of business is it that can be founded by women and that can be easily passed on to men. Are there no specific skills, experiences or business acumen required? Or does it reflect a stereotype that does, however, not anymore reflect the reality: Newest data from DTI BNRD for Q1 2010 showed that women outnumber men. The share of women registering new businesses and those renewing their business name, which is done every five years, were 55 percent and 53 percent, respectively.

Moreover, it may be worthwhile to look behind these blunt figures. It may not be sufficient to look at the registered owner of an economic unit and whether it is men or women but rather to look at the household as an economic unit. *"Households employ a number of strategies to cope with economic insecurity, most notably having one or more family members open a small business such as a 'sari-sari' store (small stores*

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<sup>45</sup> Nascent business owners are individuals, aged 18 to 64, who have taken some action toward creating a new business in the past year. They also expect to own a share of the business they are starting and must not have paid wages or salaries for more than three months or not have paid any wages at all; GEM Report 2006 – 2007: 8.

<sup>46</sup> New business owners are individuals, aged 18 to 64, who own, at least in part, and manage a new business that have paid wages or salaries for more than three months but less than 42 months, GEM Report 2006 - 2007: 8.

<sup>47</sup> Established business owners are individuals, aged 18 to 64, who own, at least in part, and manage a business that has paid wages or salaries for more than 42 months; GEM Report 2006 - 2007: 8.

*that are ubiquitous throughout the Philippines that sell daily necessities like soap and cooking oil) in order to ensure a stable, although often quite marginal, source of income” (Shatkin 2009: 399). Even, when a woman founds a business, the husband may join in once it is stable and may be profitable enough to support the whole family. It does not necessarily follow that the woman becomes inactive. In the course of the consultancy mission it was repeatedly explained, that the wife may step back in order to comply with role expectations. The husband may become the front man (CEO) and take charge of the outside relations. However, his wife is standing behind, keeping the purse and managing the business from within the firm (UNDP 2010: 62). Additionally, official registration of a business in the husband’s name might as well have some practical reasons as long as there is a bias against women entrepreneurs by institution (Chapter 4.1). Perhaps, the introduction of the category of family enterprises might capture the reality much better, in which husband and wife act as comanagers of joint enterprise.*

#### **4.4.3 Gender, class and social norms**

*“Opinions that women cannot legitimately exercise power reveal the same stereotyped logic as opinions which hold that women cannot legitimately be employed in a fairly wide range of occupations.*

*These include views such as: ‘women have time constraints while men are always available’; or ‘women are less committed to work because of their family obligations...’*

*The stereotypes arise because we are ready to enter into a self-referential logic. The opinion which underpins the current division of occupations and professions is mechanically accepted and is not opened to discussion. The existing gender division of labor becomes the object of an almost fatalistic acceptance.” (EC 2008: 18)*

Women are typically found in activities that permits them to combine family responsibilities with income generating activities such as retail trade, food preparation or own account home based piecework (ADB 2008b: 36; UNDP 2010: 61f; also Chapter 3.4). Particularly younger women with small children tend to be present in enterprises that allow them to keep close to home. They want to be able to do at least part of their household work such as cooking or childcare, while running a business. Small shops and / or food stalls are preferred. There is also an ease of entry, not much skills and capital are required. There is a constant stream of income.

Women in their peak child rearing years (25 to 34 years old) frequently cite family time management (38 percent) as their single biggest obstacle (GEM Report: 23f).

#### **Box 12 Time constraints**

*“As a mother and/or wife, she completes her motherly duties first in the morning before she finds time to attend to the business.*

*By this time, it is already about 10:00 am on a normal day. She proceeds to the municipal hall, mindful that before lunch, she has to come back home. She gives enough lead time for her to cook lunch. Then she is released to do non household chores only by about 2:00 pm, but should be back home before 5:00 pm either to fetch a child in school, to do the marketing for dinner, to feed the hogs, to clean the house before everyone arrives, or just to prepare the dinner table.*

*With only about 4 to 5 hours a day to attend and follow up a business permit application, will she complete the transaction during the day? If not, how many more days will she return to the municipal hall?” (Bañez Sumagaysay 2009: 39)*

Interestingly, family time management as a major constraint to business activities was unusually high for Visayan women (53 percent against the national average of 28 percent). In contrast to that, Mindanao women appear to be least impeded by this factor or even any other factor. Actually, 83 percent of Mindanao women indicated that they are not seeing any hurdles in putting up their own business. In some region the impact of cultural norms on women's economic involvement seems to be more apparent than in others. Some allow women great mobility and involvement in a business whereas others do not (NCRFW 2004: 22f).

In an assessment of PSP SMEDSEP Program activities about the business permit and licensing system (BPLS) revealed that women have faced many time constraints, when applying for a business permit (Box 12). Business registration has to be done once every five years. One may really wonder if a business woman would not be able to organize her family responsibilities in such a way that she would have one day off to attend to her business permit. One could assume that a relative could take over some of the household chores. Food could be prepared in advance or bought at one of the many food stalls or the family members could reduce their comfort for one single day. Notwithstanding, the constraints women are encountering in trying to reconcile their economic role with their domestic role, the given example appears exaggerated. Hence, even those trying to understand the specific circumstances of women and being involved in economic empowerment have to be careful not to end up with stereotypes.

Besides the difference in age and region, class seems to be another determinant. Women in the lowest socioeconomic segments found greatest difficulty in balancing family time management with setting up a business: with 35 percent citing it as a problem as against the 28 percent of national average (GEM Report: 24). At least two reasons for this can be identified: (1) women of lower (poorer) classes cannot afford a housemaid or child minders and (2) the persistence of traditional role models and norms in the lower class. Class based difference may create ambiguous and vulnerable positions for women even as they realize new forums of work (Milgram 2010: 77).

Moreover, there is an increasing social divide particularly among the urban population. Worlds are increasingly apart. Women of upper class and wealthier background may have difficulties to see the problems and constraints of their own gender that are less privileged. *"In the Philippines, class may actually be a stronger determinant than gender for many of the issues concerning small and medium sized enterprises. Women owners and managers from the privileged classes may lack awareness and appreciation of the gender related challenges that face their less privileged female employees, such as multiple burdens in the productive and reproductive spheres which lead to absenteeism and lower productivity, sexual harassment, gender stereotyping, and possible inequity in pay scales."* (Engracia 2006 cited in ADB 2008b: 39)

Nevertheless, for those who have to find survival strategies in a megacity like Metro Manila, traditions and norms are luxuries that are increasingly dissolved. Households have to find coping strategies particularly in view of *"... the pervasive instability of work, and the difficulty of finding even short term contract labor; the preference of many employers for young women, and the age restrictions on many jobs; and the use of community-based labor as an alternative source of income and as a fallback in times of unemployment and underemployment"* (Shatki 2009: 4002). Moreover,

*“Philippine women have persistently engaged in small scale business by drawing on community values that support women’s parity within household and their right and access to extra household social, economic, and educational opportunities Although women more often assume the major role for domestic and childcare responsibilities, the Philippine customs of bilateral inheritance, primogeniture and women’s long standing positions as intra and extra household financial managers, enable them to pursue potential work and education option”* (Milgram 2010: 76). The available data in the earlier part of this paper clearly indicates that indeed women’s economic empowerment has taken place throughout society, although intra household or family relations are sometimes lagging somewhat behind.

## 5 Gender Mainstreaming in the new MSME Development Plan

*“Gender mainstreaming” refers to the strategy for making women’s as well as men’s concern and experience an integral part of the design, implementation, monitoring, and evaluation of policies and programs in all political, economic, and societal spheres so that women and men benefit equally and inequality is not perpetuated. It is the process of assessing the implications for women and men of any planning action, including legislation, policies, or programs in all areas and at all levels.” (Magna Carta of Women, RA 9710)*

Gender mainstreaming interventions in the Philippines are governed by three overarching frameworks, the Philippine Plan for Gender Responsive Development (PPGD), the Framework Plan for Women (FPW), which is supplemented by the Harmonized Gender and Development (HGAD) Guidelines for Project Development, Implementation, Monitoring and Evaluation and the Magna Carta of Women RA 9710 with its Implementing Rules and Regulation (IRR). These instruments ensure that the gender perspective is not only institutionalized but also incorporated in programs and projects of government, donor agencies and other institutions in various stages of the project cycle. It also provides for the budgeting of gender responsive activities.

The IRR RA 9710 stipulated an institutional mechanism *“Gender Mainstreaming as a Strategy for Implementing the Magna Carta of Women – Within two years from the adoption of these Rules and Regulations, and every six (6) years thereafter, the PCW shall review its gender mainstreaming strategy in consultation with key stakeholders and modify the program accordingly”* (IRR 9710 Section 37). However, in a recent evaluation of the GAD Budget policy (Chapter 4.1) it was pointed out that *“one of the challenges is increasing compliance to gender and development (GAD) budget policy and fully integrating GAD concerns in the planning and budgeting of the government”* (SEPO, March 2010: 1). The consultancy mission was tasked to come up with recommendations on *“How to firmly integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise Development (MSME) Plan 2010 – 2016?”*

There is a need to understand diversity. Gender mainstreaming is not about treating everyone in the same way or just counting the males from the females. Using the gender lens means looking for differences and similarities between women and men. *“Valuing differences means recognizing that women and men have different social*

### **Box 13 Counting the Males from the Females?**

In the course of the consultancy mission we had repeated discussions about what gender mainstreaming means and what purpose it has. A regional advisor said: “Everybody seems to be concerned about gender nowadays. It goes so far that project staff is counting the male from the female buffalos when reporting progress in rural development projects”.

This sounds absurd, but only on first sight. It depends very much on the purpose of such ‘sex disaggregation’ data collection. So one would have to ask for what purpose the buffalos are used. Is it for getting the milk? Then we need the female buffalo. Is it for plowing the field? Then we prefer the male buffalo. Is it for animal breeding? Then we need both. Or, is it for cooking a stew, like the ‘kare-kare’? Finally, it does not matter if we get the meat from a male or female buffalo.

So, gender mainstreaming is very much about looking at the specific circumstances and situation and what the contribution of men and women are, and recognizing the roles men and women play in business.

*roles and work in different social arenas and positions, and therefore have different experiences, values, and perspectives that benefit the business. At the same time, it means to be able to see and value their individual capacities and skills, beyond gender stereotypes.” (EC 2008: 5)*

A gender mainstreaming approach is suggested that takes into consideration not only women’s and men’s access to resources and opportunities but also the constraints they are facing and the potential they are bearing. In the following policy recommendations will be made, addressing different levels of interventions such as meta – society, macro - policy, meso - institutional and micro - enterprise level. Moreover, the different administrative levels as well as actors are taken into consideration wherever possible. The recommendations focus on strategy and less on fragmented and detailed measures and activities.

In this document themes and topics have been raised that go well beyond the narrow aspect of women entrepreneurs. In an attempt to understand the status and role of women in the Philippine economy the broader fields of employment and labor market as well as MSMEs while considering strategies for achieving competitiveness were looked at. After all, gender is considered to be a business and not just a women’s issue. Consequently, subjects were brought up that do not necessarily or not exclusively fall under the rule of the new MSME Development Plan or DTI. Nonetheless, it is felt that all relevant aspects that would allow the unfolding of women’s potential in business should be mentioned.

A plan for the development of MSME is expected to provide strategic guidance on how the economy can move to a higher stage of competitiveness, precisely from a factor driven economy – relying mainly on low labor costs and natural resources – to an efficiency driven and perhaps even the innovation driven economy (Chapter 2). Among the key factors for achieving the next stage are higher education and training and as well as a good functioning labor market. Gender equality will be pivotal to moving to a higher stage of development.

## **5.1 Gender is Smart Economics**

*“Better diversification of women and men in occupations and an enhanced gender balance in decision making in SMEs can bring competitive advantage, improve staff productivity and creativity, and attract more customers.” (EC 2008: 2)*

Existing evidence indicates that an optimization of women’s talents as entrepreneurs, labor force and as consumers will boost the competitiveness and business performance (EC 2008: 3), since women

- **are much of the talent** – Filipino women attain higher educational level than men (WEF 2009)
- **are entrepreneurial** – Filipino women own more than half of the registered businesses (GEM 2006 - 2007, DTI BNRD)
- **are an ingredient of profitability** – companies with higher gender balance in leadership outperform those with fewer on the top (Catalyst 2004; 2007, McKinsey 2007)
- constitute **two fifths of the total labor force** in the Philippines (NSO 2009)
- are **much of the market** – private consumption plays a central role in the Philippine economy, accounting for around 70 percent of total GDP. Women have

a major influence on consumer goods purchasing decisions. With socioeconomic changes involving the educational attainment, Filipina overseas workers and working mothers increasingly dispose of an income of their own (Euromonitor: Consumer Lifestyles Philippines accessed in April 2010).

The mission team also concluded that gender is a crosscutting topic. It is somewhat overarching to all the other themes proposed for the new MSME Development Plan.

- **Migration:** Women make up almost half of Overseas Filipino Workers (OFW). They gain valuable experiences abroad and earn foreign currency. They are receiving remittances from their spouses and family members abroad (OECD 2008: 55ff.).
- **Corporate Social Responsibility (CSR)** is not charity. It is supposed to go beyond compliance with labor and environmental laws and regulations. It should also take into consideration women's specific needs (OECD 2008: 69ff). One should also think of (female) consumers abroad who are increasingly critical to adverse social and environmental conditions of production (Milgram 2010: 76).
- **Climate Change** *"Gender is a significant aspect to be taken into account when considering actions both to adapt to and mitigate climate change. Climate change impacts are not only physical and economic, but also social and cultural. Because of gender differences in social and economic roles and responsibilities, the effects of climate change affect men and women in varied ways, and often women more severely. At the same time women generally advocate a wider set of action than men for addressing climate change."* (OECD 2008:73; Iso Rodenberg 2009)

## 5.2 Policy Recommendations

### 5.2.1 Some preconditions

*"Although, the effects of the global economic crisis in particular are high on current public policy agendas, this should not be seen as an excuse to delay gender equality; but rather, as an opportunity to promote long term progress and stability."* (UNDP 2010: 1)

There are some preconditions in ensuring that gender truly becomes an integrated of the MSME Development Plan and not only just an add on.

- A **clear vision** about the purpose of gender mainstreaming in the planning and implementation of the plan is required. For example competitiveness is enhanced through gender equality or equal opportunity is good economics. One has to be aware, that *"no single policy will be the magic bullet that ends gender discrimination"* (UNDP 2010: 4). Nevertheless, taking action to accomplish a gender balanced policy will require sustained courage and commitment from the leaders and implementers.
- Another important ingredient is the **involvement** of the all relevant departments and agencies at all levels as well as their staff, in order to draw from their experience and to build commitment. Instead of quick fix shopping list strategies the involvement should be long term, include local stakeholders coupled with political commitment.
- The planners and implementers involved should be **competent and confident** in the subject. If necessary, adequate training should be made available.

- For the pursuit of a gender mainstreaming, **resources** have to be made available. Provision for ensuring financial support to address gender inequality is already made by RA 7192 with the GAD budget. This is now reinforced by the IRR of the Magna Carta of Women.

### **5.2.2 Statistics and data collection**

The mission team identified a need for more sex disaggregated robust data collection on MSME that would be so relevant for gender sensitive planning and monitoring as well as for decision making. This is also provided for in the IRR of RA 9710 of the Magna Carta of Women. However, additionally also more qualitative data and studies are needed in order to understand, what is behind the figures. It is therefore recommended

- that the existing data from DTI on business name registration be processed in a manner to reflect sex disaggregated data on ownership, combining it with information on industry groups, sector, or subsector classification and MSME category, and if available, with value addition.
- to revise questionnaires and also interview designs – such as talking to both husband and wife if to see whether both of them are involved in the same business - as well the current practice of data interpretation taking into consideration the gender perspective.
- government agencies, such as DTI, BSP (Central Bank) in consultancy with the Philippine Commission on Women (PCW) should systematically collect sex disaggregated data on activities with regard to MSME development and promotion (for example, loan grants and trainings) and to combine the same with information on industry groups and value addition.
- adequate resources should be provided to allow this type of data collection and processing. It is not enough to just count the number of women or men participating in a particular activity. It is also necessary to substantiate their participation with a deeper reflection, in order to add value to it.

### **5.2.3 Macro level intervention – creating a gender responsive business environment**

*“...the report recognizes the often large gaps between laws on the books and actual practices: women do not always have access to the equality that formally should be theirs.” (World Bank 2010: Women, Business and the Law. 3)*

### ***Getting to a higher development stage and competitiveness***

- Hence, any sustainable medium to long term strategy for competitiveness should not rely on a factor driven strategy - for instance by cutting labor costs, escaping regulations - but rather on efficiency, quality and innovation. MSME development should be in line with current trends of sustainable development that addresses climate change, environment protection as well as social issues. This should be kept in mind when designing interventions for more dynamic MSMEs and for strengthening their linkages with livelihood activities.

### ***At the national level: an enabling business environment***

- It is recommended that DTI and its related departments and agencies should continue their effort to create an enabling business environment and **to make it gender responsive**. According to the findings of the World Bank's Doing Business Report, the Global Competitiveness Report of the WEF and the Women's Economic Opportunity Report of the EIU there is ample scope for improvement (Chapter 2). Every policy should be checked if it is really gender neutral or whether specific action will have to be taken for the equal benefit.<sup>48</sup> This would be facilitated, if representative of women's business groups would take part in the process of policy formulation or would at least be consulted in this process.
- The Philippine Commission on Women (PCW), the former National Commission on the Role of Filipino Women (NCRFW), is the primary policy making and coordinating body of the women and gender equality concerns under the Office of the President and has considerable expertise in gender responsive policy formulation. It is therefore recommended **to consult in all strategic policies matters with PCW**.

### ***Regional and local level: a conducive business environment***

- Moreover, it is crucial to get the **relevant stakeholders at the regional, provincial and local level involved and committed**. The process of Local and Regional Economic Development (LRED) contributes to shaping the immediate environment in which enterprises operate and where strategies for local and regional economic development are developed. It is important that the local actors truly understand the purpose and meaning of gender mainstreaming. Therefore, it would be important that representative of the women's business community and relevant NGOs take part in the LRED process in order to improve the response to gender issues and to women's practical and strategic needs. Good practice examples illustrating the benefit of such an involvement of local NGOs should be awarded and cited (SEPO 2010: 7).

### ***Harmonizing and effectively implementing laws and policies***

Notwithstanding a number of accomplishments, the mission discovered that women still suffer from gender bias in the existing legal framework. This is based on the fact that while on the one hand there is substantive (*de jure*) equality, *de facto* equality still has to be met owing to weak enforcement of laws and lack of gender sensitivity of their implementers. Moreover, there are also laws that contradict each other and thus make implementation problematic and disadvantageous to women. Finally, laws related to the definition of MSMEs are themselves inconsistent and in the process do not lend

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<sup>48</sup> For example Mayoux, Linda 2001: *Jobs, Gender and Small Enterprises: Getting the Policy Environment Right*.

themselves to making women enjoy the full benefits that these laws are supposed to grant. It is therefore recommended that

- The DTI can create a technical working group together with the PCW, the Senate and the House of Representatives' Committees on Women and Family Relations and Trade and Commerce to discuss the inconsistencies on these laws and recommend possible amendments. What is good with this strategy is that if the DTI already includes Congress in its discussions, there is already ownership at the outset. This hopefully will expedite the process of amendments.
- DTI can request the BSP (Central Bank) to draft memorandum orders encouraging banks to make it easier for women to transact loan arrangements with them, reminding them of the provisions of RA 7192 or the Women in Nation Building Act.
- DTI can advocate and support the passage of the Magna Carta of Informal Workers that seeks to grant social protection to informal workers who are predominantly women. Along with this, support the ratification by the Philippines of ILO Convention (No. 177) on Homework on which provides the minimum labor standards for home work.
- DTI, in cooperation with relevant institutions, can provide incentives for community based social protection mechanisms as well as community based and workplace based childcare arrangements.

#### **5.2.4 Meso level intervention – strengthening gender responsive support systems**

For making greater progress towards gender equality in MSME development: *“Institutions have to be right, attitudes have to be in tune so that institutions function as intended, and assessments have to be continuous to reveal gaps and monitor progress.”* (UNDP 2010: 4)

#### ***Making Institutions gender responsive and sensitive***

Institutions (LGUs, special government agencies, universities, NGOs, private BDS providers, banks, microfinance institutions, etc) are implementing the policies and are therefore responsible for the success of a gender responsive MSME strategy. A gender audit of all agencies and institutions involved in the MSME Development Plan would enhance this. Again, it is crucial that leaders and staff members of these institutions understand women’s role in business and work and are responsive to their specific practical and strategic needs. This should be enhanced by capacity development that addresses the gender issue. Actually, the new law on the Magna Carta of Women provides already the relevant institutional mechanism. The IRR of RA 9710 stipulates that

*“All agencies, offices, bureaus, SUCs, GOCCs, LGUs, and other government instrumentalities shall formulate their annual GAD Plans, Programs and Budgets within the context of their mandates.*

*Further: a. Following the conduct of a gender audit, gender analysis, and/or review of sex-disaggregated data, each agency or LGU shall develop its GAD Plans, Programs, and Budget in response to the gender gaps or issues faced by their women and men employees, as well as their clients and constituencies...*

*b. Where needed, temporary special measures shall be included in their plans. The agency or LGU is encouraged to consult with their employees and clients to ensure the relevance of their GAD Plans and Programs;*

*c. At least five percent (5 percent) of the total agency or LGU budget appropriations shall correspond to activities supporting GAD Plans and Programs...” (Rule IV. Section 37, A 1.)*

### **Gender responsive and sensitive business development services**

- *make use of existing knowledge products*

In the Philippines, there exists already a comprehensive set of promotional instruments and measures for MSME development that DTI and other relevant government agencies can make use of, such as VC development, cluster development, BDS as well as financial services and credit lines.

Knowledge products from projects with different donors are available and should be used, such as from the two Canadian funded projects (1) Private Enterprise Accelerated Resource Linkages II (PEARL2)<sup>49</sup> and (2) Gender Responsive Economic Action for the Transformation (GREAT) of Women<sup>50</sup> or the PSP SMEDSEP Program.<sup>51</sup> Good practice examples and toolkits, for instance on management training particularly for women, gender sensitive value chain or cluster development, are also available from international donors such as the ILO and UNIDO.<sup>52</sup> So it would not be necessarily a matter of developing new instruments, but rather to make sure that women and men equally have access to these measures.

- striving for gender equality should not result in dumping the principles of good practice for business support, such as market orientation, private sector involvement in service provision, fees for services, among others.<sup>53</sup>

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<sup>49</sup> <http://pearl2.net/>

<sup>50</sup> <http://www.ncrfw.gov.ph/index.php/gwp-description>

<sup>51</sup> <http://www.smedsep.ph/index.htm>

<sup>52</sup> [http://www.ilo.org/empent/Areasofwork/lang--en/WCMS\\_093870/index.htm](http://www.ilo.org/empent/Areasofwork/lang--en/WCMS_093870/index.htm) Examples from the ILO Women's Entrepreneurship Development – WED are: (1) Building Women Entrepreneur's Association, (2) Assessment Framework for Growth Oriented Women Entrepreneurs (GOWEs), (3) Gender Sensitive Value Chain Analysis (GSVCA) Guide and (4) GET Ahead for Women in Enterprise Training Package and Resource Kit. See also 'Mainstreaming gender in cluster development, better access to growth', from UNIDO & SDC.

<sup>53</sup> See International Donor Committee [www.enterprise-development.org](http://www.enterprise-development.org)

**Table 4 Examples of Adjusted Services**

<b>Pillars</b>	<b>Activities</b>
<b>Access to Finance</b>	<ul style="list-style-type: none"> <li>▪ advocate for the use of nontraditional forms of credit, such as risk based lending, giving women entrepreneurs more options where to source credit from</li> <li>▪ banks and other financing institutions should be encouraged to provide financial services and products (savings accounts, insurances etc) for women entrepreneurs so that they can become financially literate and build a 'credit history'</li> <li>▪ banks and other financing institutions should be encouraged to extend credit to women entrepreneurs</li> <li>▪ credit access should also be bundled together with programs on financial literacy and entrepreneurship, to ensure profitability and sustainability of the businesses.</li> </ul>
<b>Access to Markets</b>	<ul style="list-style-type: none"> <li>▪ women entrepreneurs' access to markets can be enhanced through an effective value chain promotion process</li> <li>▪ group based measures and the involvement of entrepreneurs from different levels of entrepreneurial operations can facilitate the establishment of networks within the sector. This includes the provision of an environment where women and men can network, make contacts, and learn from the experience of others</li> <li>▪ strengthen linkages between the more dynamic MSMEs and the livelihood enterprises.</li> </ul>
<b>Productivity and Efficiency</b>	<ul style="list-style-type: none"> <li>▪ support services focusing on productivity and efficiency can be enhanced by developing programs that are responsive to the specific needs of male and female entrepreneurs, or even that of family enterprises</li> <li>▪ programs should be flexible, such that it complements the schedule of a person juggling family responsibilities and businesses, and affordable.</li> </ul>

***Inducing social chance***

- it is usually in the poorer segment of society and often in rural areas where women are encountering the most problems such as multiple burdens and issues with the husband and the family. Therefore it is suggested to combine interventions by DTI and other relevant national agencies on economic empowerment with additional measures about social / family relations. Gender sensitivity trainings for women by women are not sufficient, the husbands or partner should be included as well as male trainers as role models. PCW, as the lead agency advocate on women's empowerment and gender equality can provide assistance to DTI in this regard.

***Consider the individual capacity of the enterprises***

- most enterprises are very small and will never grow in terms of employment generated. It would make little sense to apply the whole set of instruments to all types of enterprises. The MSME Development Plan has to offer sufficient flexibility for implementers to select the appropriate tools and instruments mix according to what enterprise segment will be addressed and what the local circumstances are.

**5.2.5 Micro level intervention – getting the private sector involved**

*“SME’s capacity to innovate and succeed depends on a complex palette of skills, networks and processes. To innovate, SME need more than ever to pool their resources, create networks and cooperate at local or branch level to*

*establish effective policies to develop their human capital,”* said EU Commissioner Vladimir Spidla during a forum for European SMEs (EC 2008: 4)

### ***The private sector as enhancer of gender equality***

- actually, the driver for MSME development should be the private sector itself as BDS provider, as business linkages, as interest groups or as membership organizations. Chambers, sector associations should therefore be encouraged to take up an active role in promoting gender fairness in enterprises, which can be part of a strategy of corporate social responsibilities or voluntary social standards. Good practice examples from PEARL2 gender fair programs can be used, encouraging on the one hand comanagement of husband and wife and on the other hand act as equal opportunity employer. Hence, gender equality should be built into the business model.
- voluntary private sector institutions such as the Philippine Business for Social Progress (PBSP),<sup>54</sup> including the CSR activities of enterprises as well as social enterprises<sup>55</sup> should be encouraged by the plan, by establishing business links with small and microenterprises. Such relations should not be built on charity but rather on business attitudes, creating win - win situation for both sides.
- finally, DTI and its related agency should also encourage the advocacy and supportive role of chambers, sector association and business networks. With the active participation of women entrepreneurs these business membership organizations should be encouraged and parity in the boards of these organizations aimed for. Mentoring programs – big sister - small sister, big brother – small brother – should be enhanced, giving promising nascent enterprises guidance in their first difficult years.

### **5.2.6 Meta level intervention – changing the mindset**

There is evidence that women’s economic empowerment has taken place throughout society. However, this does not seem to have resulted in a similar change of gender relations within the household / family. In some region the impact of cultural norms on women’s economic involvement seems to be more apparent than in others. Some allow women great mobility and involvement in a business whereas others do not. Poor women seem to face more problems in balancing their family responsibilities with running a business or being employed. Furthermore, class may be a stronger determinant than gender for many of the issues concerning MSME and employment of women. The less educated and poorer class women have fewer opportunities than man. Although society is changing fast, some stereotype role assignments or sociocultural barriers still persist. Therefore it is suggested to induce change in the mindset (gender role perception and attitudes towards entrepreneurship) by utilizing mass media and by involving recognized opinion leaders.

### ***Award programs***

- DTI together with its partners could expand its already existing award program to outstanding women led enterprises or enterprises successfully comanagement by husband and wife.

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<sup>54</sup> [www.pbsp.org.ph](http://www.pbsp.org.ph)

<sup>55</sup> Milgram 2010: about Artisan Multipurpose Cooperative (AMC) that manufactures innovative carrying bags, household furnishings accessories, and jewelry made from recycled plastic drink containers and colored paper that members collect. AMC has linked up with international Fair Trade Organizations.

### ***Making use of mass media***

- Role models of successful women are required illustrating that entrepreneurial success – even small ones – can be reconciled with being a good family mother and wife. However, solutions might have to be found to ease the multiple burdens of women. Moreover, role models of couples successfully comanaging their enterprise would be an additional asset. This could also be done with entertainment such as in *telenovelas* or soap operas and comics. This could be in line with what is already done by the Philippine Centre of Entrepreneurship (PCE) with its *GO NEGOSYO*<sup>56</sup> television program, seminars, blogs and publications of success stories of entrepreneurs.

### ***Involving recognized opinion leaders***

- Particularly at the local level, the involvement of local recognized opinion leaders could contribute much to promote entrepreneurship and the shift of gender roles.

### **5.3 To Conclude: Women are a Driving Force for Competitiveness**

Equal opportunities in education, political and economic participation are preconditions for maximizing men's and women's contribution to the economy (WEF 2009b). In the Philippines, where women attain higher educational levels than men, women are represented in politics and decision making positions at a reasonably higher rate than in other countries. More women start up businesses as compared to men. The stage is set to move the productivity levels of women to higher levels, not to the undue disadvantage of the men and their family structures.

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<sup>56</sup> <http://www.gonegosyo.net/>

# ANNEXES

## Annex 1 Glossary

Barangay	The smallest political subdivision, several of which comprise one city or municipality ( <a href="http://www.census.gov.ph">www.census.gov.ph</a> )
Class of Worker	Employed persons are classified according to seven categories: <ul style="list-style-type: none"><li>• <i>Worked for private household</i></li><li>• <i>Worked for private establishment</i></li><li>• <i>Worked for government/government cooperation</i></li><li>• <i>Self-employed</i></li><li>• <i>Employers</i></li><li>• <i>Worked with pay on own family-operated farm or business</i></li><li>• <i>Worked without pay on own family operated farm or business</i> (<a href="http://www.census.gov.ph">www.census.gov.ph</a>)</li></ul>
Decent Work	Decent work is productive work performed in conditions of freedom, equity, security and human dignity, to protections granted to employees on health and safety, hours of work, maternity protection, provisions enabling them to fulfill family responsibilities, or freedom from discrimination. (ILO)
Employed	All person aged 15 years and older that are during the reference period employed ( <a href="http://www.census.gov.ph">www.census.gov.ph</a> )
Employment rate	Ratio or proportion of employed persons (total, male, female, etc.) to those in labor force /economically active population  Can be for the total labor force or for a specific group, men, women, city, ethnicity, religion etc. ( <a href="http://www.census.gov.ph">www.census.gov.ph</a> )
Employment to Population Ratio	Proportion of employment to household population 15 years and older (DOLE)
Flexibility of labour	The flexibility of a labor market is determined by its ability to adapt quickly to new conditions. It occurs in several dimensions of a labor market, including adapting the quantity of labor by means of hiring and firing or recurring to temporary contracts (external flexibility) or by variation in working time, the way work is organized, and the adjustment of wages to respond to shocks and other developments (internal flexibility). Flexible forms of work and casualization, including fixed term and short term contracts, agency work, project work, multiple jobs, self employment and so on, are often associated with insecurity in access to, or coverage by, social security schemes, including pensions, health care and other forms of social assistance. In particular, flexibility is problematic when it takes the form of low-waged work with poor working conditions or is regarded as inevitably involving deregulation. In addition to low levels of security, flexibilized labor markets are also associated with less advantageous contractual / employer provided legal rights, benefits and working conditions. (ILO)

Gender	Has been defined as a concept that refers to the social differences, as opposed to the biological ones, between women and men that have been learned, are changeable over time and have wide variations both within and between cultures'. Neither women nor men, however, are homogeneous groups, as all individuals are also distinguished by their belonging to other social categories such as class, age, and ethnicity (ILO)
Gender Equality	<p>Refers to the equal rights, responsibilities, and opportunities of women and men and girls and boys.</p> <p>Equality does not mean that women and men will become the same but that women's and men's rights, responsibilities and opportunities will not depend on whether they are born male or female.</p> <p>Gender equality implies that the interests, needs, and priorities of both women and men are taken into consideration while recognizing the diversity of different groups of women and men.</p> <p>Equality between women and men is both a human rights issue and a precondition for sustainable people-centered development and decent work. (ILO)</p>
Gender Equity	Gender equity means fairness of treatment for women and men, according to their respective needs. This may include equal treatment or treatment that is different but which is considered equivalent in terms of rights, benefits, obligations and opportunities. Equity is a means, whereas equality is the goal (ILO)
Gender Mainstreaming	Gender mainstreaming is the process of assessing the implications for women and men of any planned action, including legislation, policies or programs, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programs in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality. (UN ECSOC 1997)
Gender Roles	Described as being 'socially constructed', which means that they are shaped by a multiplicity of social, economic, political, cultural and other factors, and will change with changes in these formative influences. For example, if many of the male adults in a society are absent for war or for work for a long period of time the roles of women will inevitably change. They will take on more responsibilities as household heads and as bread-winners, but whether these changes will be permanent or will receive social or legal validation also varies from circumstance to circumstance.

Gender responsive analysis	<p>Gender responsive analysis is a systematic tool to examine social and economic differences between women and men. It looks at their specific activities, conditions, needs, access to and control over resources, as well as their access to development benefits and decisionmaking. It studies these linkages and other factors in the larger social, economic, political and environmental context.</p> <p>Gender responsive analysis entails, first and foremost, collecting sex disaggregated data (that is, data broken down by sex) and gender responsive information about the concerned population. Gender responsive analysis is the first step in gender responsive planning to promote gender equality. Gender responsive analysis is not confined to identifying differences.</p> <p>More importantly, it recognizes the politics of gender relations and the adjustments needed to be undertaken by institutions to attain gender equality. It looks at the inequalities between women and men, asks why they exist, and suggests how the gap can be narrowed. (ILO)</p>
<a href="#">Geo-Political Subdivisions</a> (as of March 2010)	<p>17 Regions 80 Provinces 138 Cities 1,496 Municipalities 42,025 Barangays (Govt of Phil)</p>
Home work	<p>Home work refers to work carried out by a person, referred to as a homemaker, (a) in his or her home or in other premises of his or her choice, other than the workplace of the employer; (b) for remuneration; and (c) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions. (ILO No. 177 Convention on Home Work)</p>
Invisible underemployed	<p>Employed persons who work for 40 hours or more during the reference week and still want additional work (DOLE)</p>
Informal Economy	<p>The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.</p> <p>Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or their activities are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance, because it is inappropriate, burdensome, or imposes excessive costs. (ILO)</p>

Informal employment	<p>Informal employment comprises the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households, during a given reference period. It includes the following types of jobs:</p> <ul style="list-style-type: none"> <li>(a) own-account workers employed in their own informal sector enterprises;</li> <li>(b) employers employed in their own informal sector enterprises;</li> <li>(c) contributing family workers, irrespective of whether they work in formal or informal sector enterprises;</li> <li>(d) members of informal producers' cooperatives;</li> <li>(e) employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households; where they exist, employees holding formal jobs in informal sector enterprises should be excluded from informal employment;</li> <li>(f) own-account workers engaged in the production of goods exclusively for own final use by their household, if considered employed. (ILO)</li> </ul>
Informal sector	<p>The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production and on a small scale. Labor relations – where they exist – are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. (ILO)</p>
Labor Force or Economically Active Population	<p>Population aged 15 years and over who either employed or unemployed (<a href="http://www.census.gov.ph">www.census.gov.ph</a>)</p>
Labor Force Participation Rate (LFPR)	<p>Ratio of persons that participate in the labour market/ are economically active to all persons of working age (persons 15 years and over); (<a href="http://www.census.gov.ph">www.census.gov.ph</a>) can be for the total labor force or for a specific group, men, women, city, ethnicity, religion etc.</p>

Labor Market	<p>The labor market is the arena in which jobs and workers are matched, or where labor is exchanged for wages or payment in kind, whereas the labor force comprises the supply of workers to that market. Strictly speaking, the labor market is the context in which the labor force is constituted – the sea in which the labor force swims, so to speak. But the labor force is necessarily shaped by trends in the labor market (such as globalization and the informalization of labor).</p> <p>The labor market and its institutions are not neutral, but reflect power relations in the economy and society at large. Changes in the labor market are therefore gendered and produce changes in the gender structure of the labor force, for instance in occupational segregation, women and men’s relative participation in employment, and so on. (ILO)</p>
Own account worker	<p>An own-account worker is a person who, working on his own account or with one or a few partners, holds a self-employment job, and has not engaged on a continuous basis any employees. Note, however, that during the reference period an own-account worker may have engaged one or more employees on a short-term and non-continuous basis without being thereby classifiable as an employer. (ILO)</p>
Self Employed Job	<p>A self employment job is a job where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of the profits). The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise. (ILO)</p>
Sex disaggregated data	<p>Collection and use of quantitative and qualitative data by sex (that is, not gender) is critical as a basis for gender-responsive research, analysis, strategic planning, implementation, monitoring and evaluation of programs and projects.</p> <p>The use of these data reveals and clarifies gender-related issues in areas such as access to and control over resources, division of labour, violence, mobility and decision-making (ILO)</p>

Smart Economics	<p>The term <b>smart economics</b> was coined by through the World Bank Group’s Gender Action Plan 2007-10 that was launched in 2006 in order to advance shared growth, women’s economic empowerment and to accelerate the implementation of Millennium Development Goal 3. At the core of the concept stands the idea that economic development and growth can be spurred by improving gender equality within economic activities, therefore measures to enhance gender equality can be considered smart economics. According to the GAP, women’s lack of economic empowerment not only imperils growth and poverty reduction, but also has a host of other negative impacts, including less favorable education and health outcomes for children etc.</p> <p>The Action Plan proposes important and much needed reforms that seek to increase women’s access to financial services and to secure women’s right to inherit and own land. Introducing legislation to promote women’s employment, “socializing” the cost of maternity leave, and providing quality day care services and reducing childcare costs are also measures proposed by the Plan. (World Bank)</p>
Unemployed	Person in the labor market who had no work during the reference period( <a href="http://www.census.gov.ph">www.census.gov.ph</a> )
Unemployment Rate	Proportion of unemployed persons of the labor force ( <a href="http://www.census.gov.ph">www.census.gov.ph</a> )
underemployed’	are employed persons who desire to have additional hours of work in their present job or in additional job ( <a href="http://www.census.gov.ph">www.census.gov.ph</a> )
Visible underemployed	Employed persons who work for less than 40 hours during the reference week and still want additional work (DOLE)
Vulnerable employment	Sum of self employed (own account workers) and unpaid family workers as proportion of total employment (DOLE)
Women’s empowerment	Women’s empowerment is the process by which women become aware of gender-based unequal power relationships and acquire a greater voice in which to speak out against the inequality found in the home, workplace, and community. It involves women taking control over their lives: setting their own agendas, gaining skills, solving problems, and developing self-reliance. (ILO)
Working poor	Employed person living in a household whose members are estimated to be below the national poverty threshold (DOLE)
Working poverty rate	Proportion of working poor to total employment. (DOLE)

## Annex 2 2009 WEF Global Gender Gap Report (Philippines)

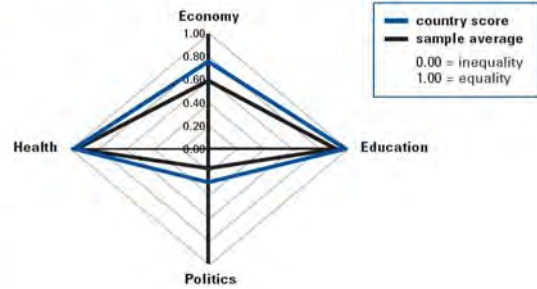
# Philippines

Rank Score (0.000 = inequality, 1.000 = equality)

<b>Gender Gap Index 2009</b> (out of 134 countries)	<b>9</b>	<b>0.758</b>
Gender Gap Index 2008 (out of 130 countries)	6	0.757
Gender Gap Index 2007 (out of 128 countries)	6	0.763
Gender Gap Index 2006 (out of 115 countries)	6	0.752

### Key Indicators

Total population (millions)	87.89
Population growth (%)	1.87
GDP (US\$ billions)	106.78
GDP (PPP) per capita	3,217
Mean age of marriage for women (years)	24
Fertility rate (births per woman)	3.30
Year women received right to vote	1937
Overall population sex ratio (male/female)	1.00



### Gender Gap Subindexes

	Rank	Score	Sample average	Female	Male	Female-to-male ratio
<b>Economic Participation and Opportunity</b> <b>11</b> <b>0.760</b> <b>0.594</b>						
Labour force participation	97	0.62	0.69	51	82	0.62
Wage equality for similar work (survey)	22	0.74	0.66	—	—	0.74
Estimated earned income (PPP US\$)	48	0.61	0.52	2,394	3,899	0.61
Legislators, senior officials, and managers	1	1.00	0.30	57	43	1.33
Professional and technical workers	1	1.00	0.84	63	37	1.70
<b>Educational Attainment</b> <b>1</b> <b>1.000</b> <b>0.930</b>						
Literacy rate	1	1.00	0.87	94	93	1.00
Enrolment in primary education	1	1.00	0.97	92	90	1.02
Enrolment in secondary education	1	1.00	0.92	67	56	1.20
Enrolment in tertiary education	1	1.00	0.87	32	25	1.24
<b>Health and Survival</b> <b>1</b> <b>0.980</b> <b>0.960</b>						
Sex ratio at birth (female/male)	1	0.94	0.93	—	—	0.94
Healthy life expectancy	1	1.06	1.04	62	57	1.09
<b>Political Empowerment</b> <b>19</b> <b>0.291</b> <b>0.169</b>						
Women in parliament	53	0.26	0.22	21	80	0.26
Women in ministerial positions	99	0.10	0.17	9	91	0.10
Years with female head of state (last 50)	6	0.42	0.14	15	35	0.42

### Additional Data

#### Maternity and Childbearing

Births attended by skilled health staff (%)	60
Contraceptive prevalence, married women (%)	51
Infant mortality rate (per 1,000 live births)	24
Length of paid maternity leave	60 days
Maternity leave benefits (% of wages paid)	100
Provider of maternity coverage	Employers pay directly to employees and are reimbursed by the social security system
Maternal mortality ratio per 100,000 live births	230
Adolescent fertility rate (births per 1,000 women aged 15–19)	55

#### Education and Training

Female teachers, primary education (%)	87
Female teachers, secondary education (%)	76
Female teachers, tertiary education (%)	56

#### Employment and Earnings

Female adult unemployment rate (%)	5.97
Male adult unemployment rate (%)	6.42
Women in non-agricultural paid labour (% of total labour force)	42
Ability of women to rise to enterprise leadership*	5.67

#### Basic Rights and Social Institutions\*\*

Paternal versus maternal authority	0.10
Female genital mutilation	0.00
Polygamy	0.00
Existence of legislation punishing acts of violence against women	0.17

\*Survey data, responses on a 1-to-7 scale (1 = worst score, 7 = best score)  
 \*\*Data on a 0-to-1 scale (1 = worst score, 0 = best score)

## Annex 3 2010 EUI Women's Economic Opportunity (Philippines)

### Philippines

	Score	Rank
<b>OVERALL SCORE</b>	<b>50.4</b>	<b>63</b>
<b>LABOUR POLICY AND PRACTICE</b>	<b>59.3</b>	<b>37</b>
<b>LABOUR POLICY</b>	<b>74.3</b>	<b>=30</b>
Legal restrictions on job types	100.0	=1
Differential retirement age	100.0	=1
Non-discrimination, ILO Convention 111, Policy	71.4	=30
Maternity and paternity leave and provision	57.1	=51
Equal pay; ILO Convention 100, Policy	42.9	=55
<b>LABOUR PRACTICE</b>	<b>44.4</b>	<b>39</b>
De facto discrimination at work	94.1	5
Equal pay; ILO Convention 100, Practice	33.3	=32
Access to childcare	33.3	=42
Non-discrimination, ILO Convention 111, Practice	16.7	=60

	Score	Rank
<b>ACCESS TO FINANCE</b>	<b>19.5</b>	<b>88</b>
Private sector credit	50.0	=41
Women's access to finance programmes	25.0	=66
Building credit histories	3.1	85
Delivering financial services	0.0	=47

	Score	Rank
<b>EDUCATION AND TRAINING</b>	<b>57.1</b>	<b>62</b>
Literacy rate, women	92.2	50
SME support/development training	60.0	=40
Primary and secondary education, women	46.6	82
Tertiary education, women	29.6	67

	Score	Rank
<b>WOMEN'S LEGAL AND SOCIAL STATUS</b>	<b>74.5</b>	<b>76</b>
Addressing violence against women	100.0	=1
Freedom of movement, women	100.0	=1
CEDAW ratification	100.0	=1
Adolescent fertility rate	72.3	76
Property ownership rights	0.0	=106

	Score	Rank
<b>GENERAL BUSINESS ENVIRONMENT</b>	<b>32.5</b>	<b>83</b>
Regulatory quality	43.4	67
Mobile telephone subscribers	35.4	70
Infrastructure risk	30.8	=74
Starting a business	20.5	104



## Annex 4 2010 World Bank Doing Business Report (Philippines)

<b>PHILIPPINES</b>		East Asia & Pacific	GNI per capita (US\$)	1,886	
Ease of doing business (rank)	144	Lower middle income	Population (m)	90.3	
<b>Starting a business</b> (rank)	162	<b>Registering property</b> (rank)	102	<b>Trading across borders</b> (rank)	68
Procedures (number)	15	Procedures (number)	8	Documents to export (number)	8
Time (days)	52	Time (days)	33	Time to export (days)	16
Cost (% of income per capita)	28.2	Cost (% of property value)	4.3	Cost to export (US\$ per container)	816
Minimum capital (% of income per capita)	5.5			Documents to import (number)	8
		✓ <b>Getting credit</b> (rank)	127	Time to import (days)	16
<b>Dealing with construction permits</b> (rank)	111	Strength of legal rights index (0-10)	3	Cost to import (US\$ per container)	819
Procedures (number)	24	Depth of credit information index (0-6)	3		
Time (days)	203	Public registry coverage (% of adults)	0.0	<b>Enforcing contracts</b> (rank)	118
Cost (% of income per capita)	81.7	Private bureau coverage (% of adults)	6.1	Procedures (number)	37
				Time (days)	842
<b>Employing workers</b> (rank)	115	<b>Protecting investors</b> (rank)	132	Cost (% of claim)	26.0
Difficulty of hiring index (0-100)	56	Extent of disclosure index (0-10)	2		
Rigidity of hours index (0-100)	0	Extent of director liability index (0-10)	2	✓ <b>Closing a business</b> (rank)	153
Difficulty of redundancy index (0-100)	30	Ease of shareholder suits index (0-10)	8	Time (years)	5.7
Rigidity of employment index (0-100)	29	Strength of investor protection index (0-10)	4.0	Cost (% of estate)	38
Redundancy cost (weeks of salary)	91			Recovery rate (cents on the dollar)	4.4
		✓ <b>Paying taxes</b> (rank)	135		
		Payments (number per year)	47		
		Time (hours per year)	195		
		Total tax rate (% of profit)	49.4		

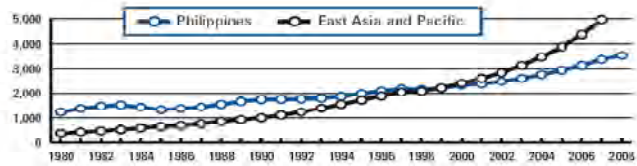
# Annex 5 WEF Global Competitiveness Report 2009-2010 (Philippines)

## Philippines

### Key indicators

Population (millions), 2008	89.7
GDP (US\$ billions), 2008	168.6
GDP per capita (US\$), 2008	1,866.0
GDP (PPP) as share (%) of world total, 2008	0.46

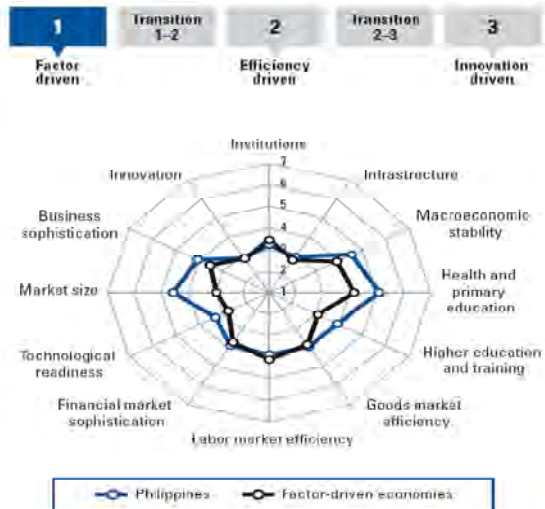
GDP (PPP int'l \$) per capita, 1980-2008



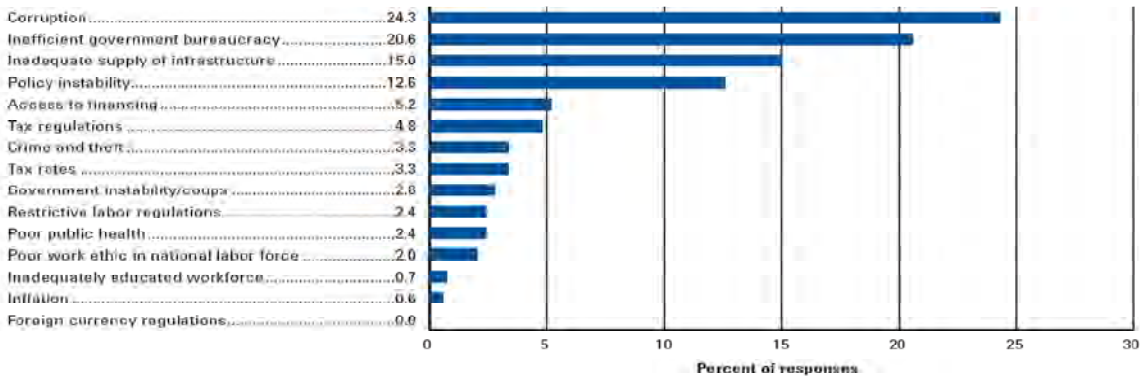
### Global Competitiveness Index

	Rank (out of 133)	Score (1-7)
<b>GCI 2009-2010</b>	<b>87</b>	<b>3.9</b>
GCI 2008-2009 (out of 134)	71	4.1
GCI 2007-2008 (out of 131)	71	4.0
<b>Basic requirements</b>	<b>95</b>	<b>3.9</b>
1st pillar: Institutions	113	3.2
2nd pillar: Infrastructure	98	2.9
3rd pillar: Macroeconomic stability	76	4.5
4th pillar: Health and primary education	93	5.1
<b>Efficiency enhancers</b>	<b>78</b>	<b>3.9</b>
5th pillar: Higher education and training	68	3.9
6th pillar: Goods market efficiency	95	3.9
7th pillar: Labor market efficiency	113	3.9
8th pillar: Financial market sophistication	93	3.8
9th pillar: Technological readiness	84	3.3
10th pillar: Market size	35	4.6
<b>Innovation and sophistication factors</b>	<b>74</b>	<b>3.4</b>
11th pillar: Business sophistication	65	4.1
12th pillar: Innovation	99	2.8

### Stage of development



### The most problematic factors for doing business



Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country/economy and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

## The Global Competitiveness Index in detail

■ Competitive Advantage ■ Competitive Disadvantage

INDICATOR	RANK/133
<b>1st pillar: Institutions</b>	
1.01 Property rights	97
1.02 Intellectual property protection	98
1.03 Diversion of public funds	122
1.04 Public trust of politicians	130
1.05 Judicial independence	94
1.06 Favoritism in decisions of government officials	128
1.07 Wastefulness of government spending	119
1.08 Burden of government regulation	113
1.09 Efficiency of legal framework in settling disputes	123
1.10 Efficiency of legal framework in challenging regs	109
1.11 Transparency of government policymaking	104
1.12 Business costs of terrorism	124
1.13 Business costs of crime and violence	96
1.14 Organized crime	102
1.15 Reliability of police services	101
1.16 Ethical behavior of firms	116
1.17 Strength of auditing and reporting standards	61
1.18 Efficacy of corporate boards	62
1.19 Protection of minority shareholders' interests	77
<b>2nd pillar: Infrastructure</b>	
2.01 Quality of overall infrastructure	98
2.02 Quality of roads	104
2.03 Quality of railroad infrastructure	92
2.04 Quality of port infrastructure	112
2.05 Quality of air transport infrastructure	100
2.06 Available seat kilometers*	28
2.07 Quality of electricity supply	87
2.08 Telephone lines*	102
<b>3rd pillar: Macroeconomic stability</b>	
3.01 Government surplus/deficit*	60
3.02 National savings rate*	83
3.03 Inflation*	79
3.04 Interest rate spread*	47
3.05 Government debt*	101
<b>4th pillar: Health and primary education</b>	
4.01 Business impact of malaria	101
4.02 Malaria incidence*	90
4.03 Business impact of tuberculosis	109
4.04 Tuberculosis incidence*	113
4.05 Business impact of HIV/AIDS	69
4.06 HIV prevalence*	1
4.07 Infant mortality*	82
4.08 Life expectancy*	80
4.09 Quality of primary education	78
4.10 Primary enrollment*	81
4.11 Education expenditure*	118
<b>5th pillar: Higher education and training</b>	
5.01 Secondary enrollment*	83
5.02 Tertiary enrollment*	74
5.03 Quality of the educational system	50
5.04 Quality of math and science education	94
5.05 Quality of management schools	39
5.06 Internet access in schools	66
5.07 Local availability of research and training services	83
5.08 Extent of staff training	38

INDICATOR	RANK/133
<b>6th pillar: Goods market efficiency</b>	
6.01 Intensity of local competition	81
6.02 Extent of market dominance	108
6.03 Effectiveness of anti-monopoly policy	87
6.04 Extent and effect of taxation	68
6.05 Total tax rate*	93
6.06 No. of procedures required to start a business*	120
6.07 Time required to start a business*	113
6.08 Agricultural policy costs	97
6.09 Prevalence of trade barriers	98
6.10 Tariff barriers*	50
6.11 Prevalence of foreign ownership	102
6.12 Business impact of rules on FDI	97
6.13 Burden of customs procedures	117
6.14 Degree of customer orientation	35
6.15 Buyer sophistication	73
<b>7th pillar: Labor market efficiency</b>	
7.01 Cooperation in labor-employer relations	65
7.02 Flexibility of wage determination	96
7.03 Rigidity of employment*	68
7.04 Hiring and firing practices	110
7.05 Firing costs*	109
7.06 Pay and productivity	74
7.07 Reliance on professional management	48
7.08 Brain drain	104
7.09 Female participation in labor force*	99
<b>8th pillar: Financial market sophistication</b>	
8.01 Financial market sophistication	71
8.02 Financing through local equity market	54
8.03 Ease of access to loans	88
8.04 Venture capital availability	87
8.05 Restriction on capital flows	68
8.06 Strength of investor protection*	100
8.07 Soundness of banks	58
8.08 Regulation of securities exchanges	77
8.09 Legal rights index*	98
<b>9th pillar: Technological readiness</b>	
9.01 Availability of latest technologies	57
9.02 Firm-level technology absorption	54
9.03 Laws relating to ICT	71
9.04 FDI and technology transfer	72
9.05 Mobile telephone subscriptions*	83
9.06 Internet users*	106
9.07 Personal computers*	71
9.08 Broadband Internet subscribers*	89
<b>10th pillar: Market size</b>	
10.01 Domestic market size index*	31
10.02 Foreign market size index*	41
<b>11th pillar: Business sophistication</b>	
11.01 Local supplier quantity	75
11.02 Local supplier quality	77
11.03 State of cluster development	59
11.04 Nature of competitive advantage	59
11.05 Value chain breadth	61
11.06 Control of international distribution	64
11.07 Production process sophistication	83
11.08 Extent of marketing	58
11.09 Willingness to delegate authority	37
<b>12th pillar: Innovation</b>	
12.01 Capacity for innovation	70
12.02 Quality of scientific research institutions	102
12.03 Company spending on R&D	61
12.04 University-industry collaboration in R&D	89
12.05 Gov't procurement of advanced tech products	119
12.06 Availability of scientists and engineers	95
12.07 Utility patents*	78

\* Hard data

Note: For further details and explanation, please refer to the section "How to Read the Country/Economy Profiles" at the beginning of this chapter.

**Annex 6 Philippine Data on Labor Force and Employment in International Comparison  
(Related to Chapter 3)**

**Labor Force Participation Rate**

	<b>Philippines October 2009</b>	<b>South East Asia and the Pacific 2007</b>	<b>East Asia 2007</b>	<b>World 2008 estimates</b>
<b>Women</b>	49.30%	59.10%	67.10%	52.60%
<b>Men</b>	78.80%	82.80%	81.40%	77.50%

**Employment Rate**

	<b>Philippines October 2009</b>	<b>Southeast Asia and the Pacific 2007</b>	<b>East Asia 2007</b>	<b>World 2008 estimates</b>
<b>Women</b>	93.30%	94%	94%	93.70%
<b>Men</b>	92.60%	94.70%	95.50%	84.10%

**Unemployment Rate**

	<b>Philippines October 2009</b>	<b>Southeast Asia and the Pacific 2008</b>	<b>East Asia 2008</b>	<b>World 2008 estimates</b>
women	6.70%	6%	6%	6.30%
men	7.40%	5.30%	4.50%	5.90%

**Vulnerable Employment Rate**

	<b>Philippines October 2009</b>	<b>Southeast Asia and the Pacific 2007</b>	<b>East Asia 2007</b>	<b>World 2007 estimates</b>	
Women	15%	66.20%	61.40%	52.70%	50.6
Men		58.90%	51.50%	48.90%	

**Adult Employment to Population Ratio**

	<b>Philippines October 2009</b>	<b>Southeast Asia and the Pacific 2007</b>	<b>East Asia 2007</b>	<b>World 2007 estimates</b>	
Women	59.40%	58.7	51	53.1	66.6
men		87.6	82.5	80.3	

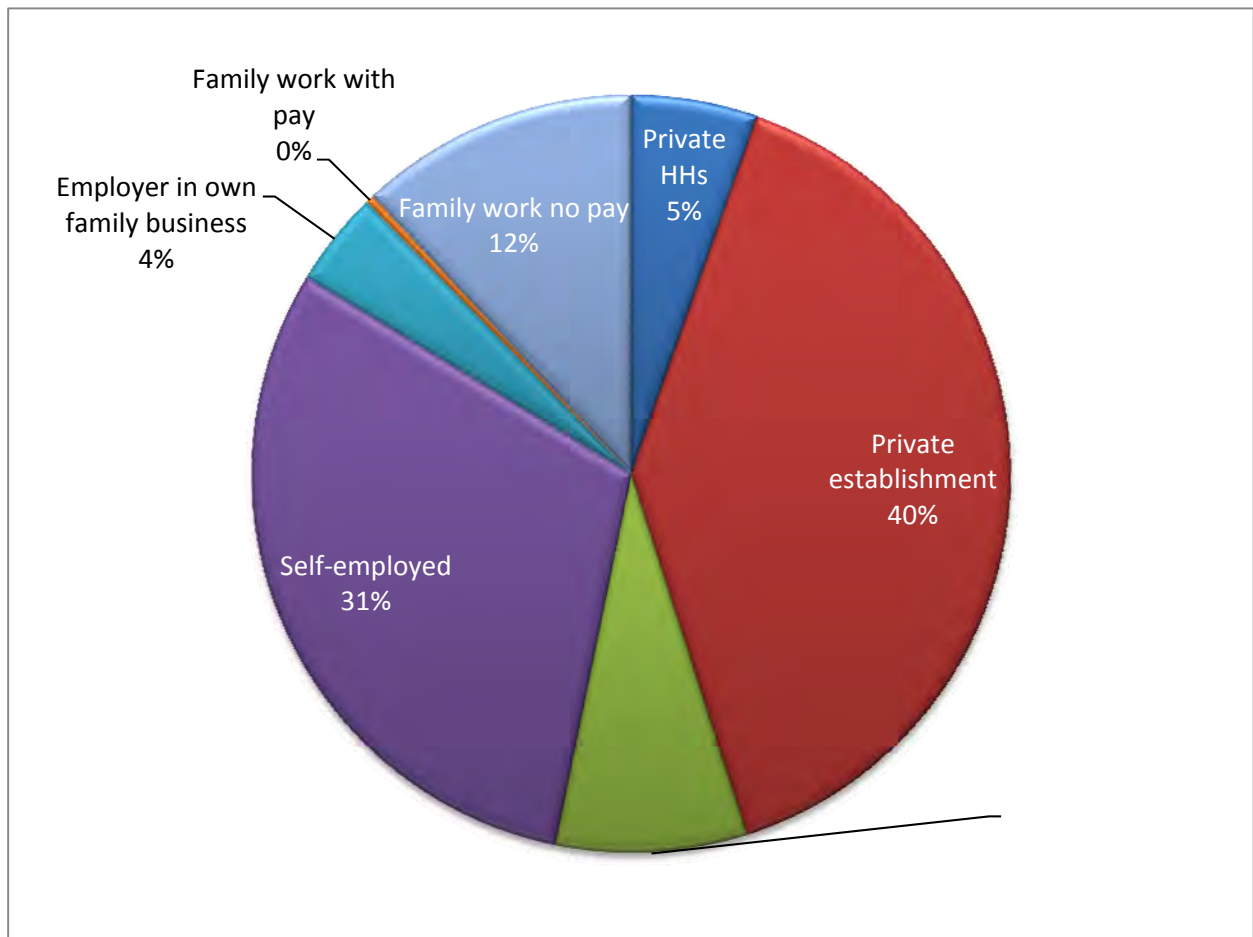
**Sources:** ILO 2009 Global Employment Trends  
ILO 2008 Global Employment Trends  
NSBC Fact Sheet 2010 / DOLE

**Annex**

**Total Employment by Class of Filipino Workers, October 2009**

<b>Private HHs</b>	1 910
<b>Private establishment</b>	14 077
<b>Gov'ment/Gov'ment corporation</b>	2 891
<b>Self-employed</b>	10 812
<b>Employer in own family business</b>	1 435
<b>Family work with pay</b>	126
<b>Family work no pay</b>	4 226

Source: DOLE Table 7



Source: DOLE Table 7

**Annex 7 Relevant Laws for MSME and Gender Equality  
(Related to Chapter 4)**

Compiled by Jean Franco, May 2010

LEGAL SITUATION	SALIENT PROVISIONS	COMMENTS
<b>1987 Philippine Constitution</b>	“The State recognizes the role of women in nation-building and shall ensure the fundamental equality before the law of women and men.” (Article II, Section 14)	This has become the framework from which gender-friendly laws have been pursued
<b>Family Code of the Philippines</b>	Spouses have joint responsibility to support the family. (Article 70)	
<b>Republic Act 7192: Women in Nation Building Act</b>	<p><b>Equality in capacity to act (Section 5)</b></p> <ul style="list-style-type: none"> <li>• capacity to borrow &amp; obtain loans</li> <li>• equal access to all government and private sector programs granting credit, loans and nonmaterial resources</li> <li>• equal rights to act as incorporators and enter into contracts</li> <li>• equal rights for married women and men to apply for passports, secure visas and other travel docs without the need to secure consent of spouses</li> </ul> <p><b>Equal membership in social, civic clubs and other organizations (Section 6)</b></p> <p><b>Voluntary social security coverage (Section 8)</b></p> <p><b>Resource Allocation:</b> "a substantial portion of ODA funds (five percent) shall be set aside and utilized by the agencies concerned to support programs and activities for women</p>	<p><b>However:</b> in decision making, e.g., administration &amp; enjoyment of conjugal properties, “... <b>husband’s decision shall prevail in case of disagreement.</b>” (Family Code, Articles 96, 124, 211 &amp; 225)</p> <p><b>However:</b> banks still require the consent of the husband in big loans that require properties as collateral (ADB 2002: 75). Also, Filipino women using their maiden names find it hard to transact with banks or obtain loans because banks typically require them to present several documents and marriage certificate to prove that indeed, she is married and is merely using her maiden name.</p> <p><b>Article 2238 of the Philippines’ Civil Code</b> grants that in case of insolvency by the husband, the administration of the conjugal partnership or absolute community is transferred to the wife or a third person. In essence, this provision still presumes that the husband is the sole proprietor of the property and thus also violates the Family Code’s provision of giving husband and wife the right of joint administration (ADB 2002: 76).</p>

LEGAL SITUATION	SALIENT PROVISIONS	COMMENTS
<p><b>Republic Act 6972: Barangay-Level Total Development and Protection of Children Act</b></p>	<p>Seeks to establish day-care centers in all barangays (villages) in the Philippines</p>	<p>Implementation is weak. LGUs face budgetary constraints in enforcing this law. A UNICEF study in 2000 estimates that only 70 percent of LGUs have day care centers.</p>
<p><b>Republic Act 7882: An Act Providing Assistance to Women in Engaging in Micro and Cottage Business Enterprises (1995)</b></p>	<p>Provides assistance to women to avail of loans for micro and cottage business enterprises</p>	<p>The daily inventory of the borrower should be PHP 25 000 and the total assets should not exceed PHP 50 000. This disqualifies women whose enterprises have more than PHP 50 000 in asset size.</p> <p>How does this differ with the PHP 150 000 ceiling under the Social Reform and Poverty Alleviation Law and the definition of a micro-enterprise under Barangay Micro Business Enterprises Law and the Magna Carta of MSMEs?</p> <p>The law is also too focused only on credit and not in other forms of capability building needed for enterprises to grow.</p> <p>Monitoring and compliance of GFIs is weak because reporting is not mandatory in the law. (UPCWS 2006: 108-110)</p>

LEGAL SITUATION	SALIENT PROVISIONS	COMMENTS
<p><b>Republic Act 8425: Social Reform and Poverty Alleviation Act of 1997</b></p>	<p>Micro enterprise development was adopted as one of the mechanisms for poverty alleviation</p> <p>Under this law, micro enterprise is defined as any economic enterprise with a capital of PHP 150 000 and below. This is however subject to change by the Department of Trade and Industry according to prevailing rates.</p> <p>Microfinance services for the poor is a flagship program under this law. The Peoples' Credit and Finance Corporation is tasked to implement this by mobilizing resources for the poor and providing them access to credit. The PCFC is a government owned and controlled corporation.</p> <p>Women are identified as one of the eight disadvantaged basic sectors under this law.</p>	<p>The definition of microenterprise in this law runs counter to the definition</p>
<p><b>Republic Act 9178: Barangay Micro Business Enterprises Act of 2002</b></p>	<p><b>Barangay Micro Business Enterprise</b> is defined under this law as any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agroprocessing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (PHP 3 000 000.00)</p> <p>Local government units (LGUs) are encouraged to establish a One-Stop-business Registration Center to handle the efficient registration and processing of permits/licenses of BMBEs. Likewise, LGUs shall make a periodic evaluation of the BMBE's financial status for monitoring and reporting purposes</p> <p>The BMBEs shall be exempt from the coverage of the Minimum Wage Law: <i>Provided, That all employees covered under this Act shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits.</i></p>	<p>The definition of BMBE allows millionaires to be tax exempt and to be covered by the exemption to the minimum wage law provided by the law.</p> <p>Tax exemption is not based on asset size; hence it might discourage LGUs and the national government to implement the law.</p> <p>No provision compelling LGUs to collect sex disaggregated data.</p> <p>(UPCWS 2002: 114-116)</p>

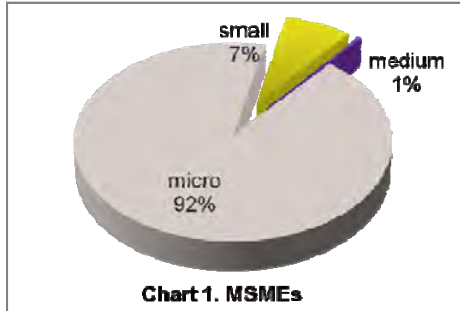
LEGAL SITUATION	SALIENT PROVISIONS	COMMENTS									
<b>Republic Act 9501: Magna Carta for Micro, Small and Medium Enterprises</b>	<p>Amends previous law on SMEs and includes micro businesses</p> <p>Provides more incentives for MSMEs in terms of loan availment, credit, among others.</p> <p>Creates the MSMED Council</p> <p>Mandates the DTI to craft the MSMED Plan</p> <p>Defines MSMEs “as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:</p> <table border="1" data-bbox="495 624 1305 842"> <tr> <td>micro:</td> <td>not more than</td> <td>PHP 3 000 000.00</td> </tr> <tr> <td>small:</td> <td>PHP 3 000 001.00 -</td> <td>PHP 15 000 000.00</td> </tr> <tr> <td>medium</td> <td>PHP 15 000 001.00 -</td> <td>PHP 100 000 000.00</td> </tr> </table>	micro:	not more than	PHP 3 000 000.00	small:	PHP 3 000 001.00 -	PHP 15 000 000.00	medium	PHP 15 000 001.00 -	PHP 100 000 000.00	<p>The wide range of scope of definitions is problematic</p> <p>The definition of micro allows millionaires to benefit from the law</p> <p>Most micro businesses are informal</p> <p>Women should be represented in the MSMED Council</p>
micro:	not more than	PHP 3 000 000.00									
small:	PHP 3 000 001.00 -	PHP 15 000 000.00									
medium	PHP 15 000 001.00 -	PHP 100 000 000.00									
<b>Annual General Appropriations Act: Gender and Development Budget Policy</b>	<p>Mandates that all government agencies including local government units and government owned and controlled corporations shall allocate at least five percent of their budget for gender and development programs and activities</p>	<p>Compliance is low especially on the part of local government units</p> <p>There is confusion among government agencies as to what constitutes the supposedly five percent allocation.</p>									
<b>Republic Act 9710: Magna Carta of Women of 2009</b>	<p>This is a comprehensive women’s human rights legislation that not only eliminates discrimination against women but also empowers them in the pursuit of opportunities as active participants in national development. It enables the implementation of the CEDAW’s nondiscrimination principle at the country level.</p>	<p>Can be used as a guide in furthering laws and policies on entrepreneurship at the local level</p>									

## Annex 8 Gender and MSME statistics (Related to Chapter 4)

by Rhodora May Raras

26 June 2010

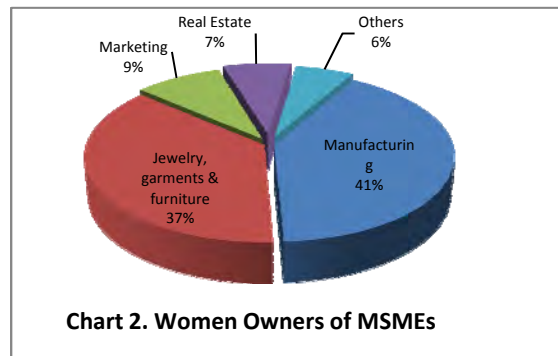
The 2006 statistical count of MSMEs in the Philippines, as established by the Bureau of Micro Small and Medium Enterprise Development (BMSMED), puts the number of operating business enterprises at 783 065, of which 99.7 percent or 780 469 are micro, small, and medium enterprises. The large enterprises account for the remaining



0.3 percent. Of the total number of MSMEs, 92 percent (720 191) are micro enterprises, 7.3 percent (57 439) are small enterprises, and 0.4 percent (2 839) are medium enterprises (see Chart 1). Majority of the MSMEs in 2006 were mostly active in the following subsectors: wholesale and retail trade with 391 215 business establishments, manufacturing with 116 361 and hotel and restaurant with 97 926 establishments. During this period, the top five sub

industries in the manufacturing sector in terms of MSME establishments were the following: (i) manufacture of food products and beverages, (ii) manufacture of wearing apparel, (iii) manufacture of fabricated metal products except machinery and equipment, (iv) manufacture and repair of furniture, and (v) manufacture of nonmetallic mineral products. Almost 70 percent of the jobs are provided by MSMEs. At the same time, these establishments are said to contribute around 30 percent to the total sales and census value added of the manufacturing industry. MSMEs also account for 25 percent of the country's total exports revenue in 2006.<sup>57</sup> Though outdated and not disaggregated by sex, this dataset is still the most reliable statistical count that illustrates the important role MSMEs, and especially microenterprises play in the economic development of the Philippines.

In an effort to determine the role and the extent of the economic participation of women in MSMEs, previous desk research studies on gender mainstreaming and private sector development were done by PSP SMEDSEP. One of the reports cited a study done by the Women's Business Council of the Philippines (WBCP) in 1997 that placed majority of the women owners of MSMEs in the manufacturing industry at 41 percent, as well as in the jewelry, garments, and furniture sector at 37 percent (see Chart 2)<sup>58</sup>. During the course of the consultancy mission, it has been established that this particular dataset is flawed as it lumps together major industries with subsector categories in determining the percentage of women owners of MSMEs.



Other datasets and reports were looked into, both at the national and international fronts, in order to supplement previous desk research studies and to determine the state of sex disaggregated statistics within the framework of MSME development. Two of these datasets come out from PSP SMEDSEP Program related documents,

<sup>57</sup> <http://www.dti.gov.ph/dti/index.php?p=321> accessed April 26 2010

<sup>58</sup> Gender Mainstreaming and Private Sector Development, GTZ PSP, 2009

specifically those that are culled out from the recently concluded evaluation exercise of the 2004 to 2010 Philippine SMED Plan, and from the ongoing Philippine Cities Competitiveness Ranking Project (PCCRP) of the Asian Institute of Management (AIM). At the national level, data from the Business Name Registration Database (BNRD) of the Department of Trade and Industry (DTI), and two survey reports from the National Statistical Office (NSO), the Annual Survey of Philippine Business Industry (ASPBI) and the Informal Sector Survey (ISS), were looked into. Philippine data from the 2009 World Bank Enterprise Survey and the 2006 to 2007 Global Entrepreneurship Monitor were also taken into account.

The abovementioned datasets and survey reports employ different methodologies, and utilize dissimilar representative samples and as such, they are only able to show bits and pieces of the relationship between gender and MSME development. Even the data collected by these surveys differ from each other and covers a wide range of topics, such as access to finance, business participation rates, and motivations for starting a business and perceptions on the entrepreneurial environment, among others (see Table 6).

**Table 5 Summary of Information from Datasets and Survey Reports**

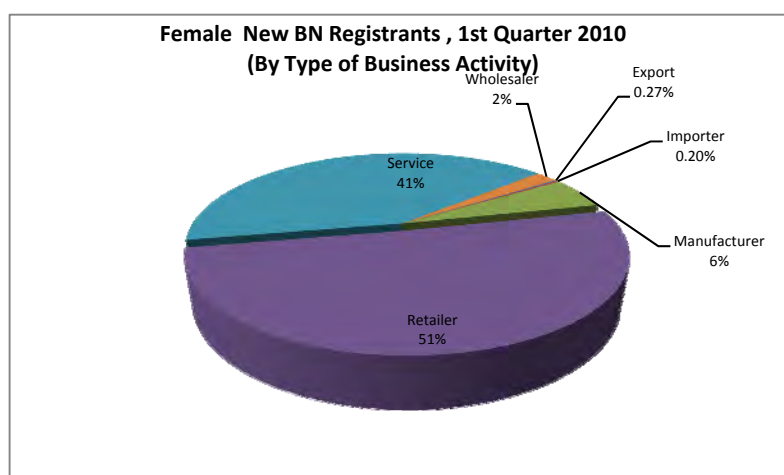
<b>Report/Dataset</b>	<b>Conducted by / on behalf of</b>	<b>Information / Topics</b>
SMED Plan Evaluation	DTI and GTZ	Respondents profile, perceptions on performance in terms of MSME growth, actions to find market and improve earnings, access to and use of credit and support services, the business enabling environment, awareness and impact of the SMED Plan
Philippine Cities Competitiveness Ranking Project – Survey Component – PCCRP	AIM	Profile of respondents, considerations in starting a business, membership in business organizations, participation in trade fairs, access to finance, awareness of and importance given to government-mandated plans, importance of business support services
Gender Mainstreaming in Private Sector Development	PSP SMEDSEP	Review of relevant literature, analysis of gender gaps and issues, profiles of gender responsive private sector promotion programs, list of relevant links and organizations
Business Name Registration Database - BNRD	DTI	Business name, business address, owner's details, employee count, capitalization, type of business activity, description of product handled or service rendered <sup>59</sup>
MSME Statistics	BMSMED	Number of establishments, sectoral distribution, geographical spread of MSMEs, employment, sales and census value added, export contribution of MSMEs
Annual Survey of Business and Industry - ASPBI	NSO	Economic activity, employment, hours worked, compensation, revenue, subsidies received, costs, capital expenditure, fixed assets and inventories
Informal Sector Survey	NSO	Number and profile of household unincorporated enterprises owned and operated by own account workers

<sup>59</sup> DTI BTRCP Form No. 16A, 2008 Edition

Report/Dataset	Conducted by / on behalf of	Information / Topics
Global Entrepreneurship Monitor - GEM	PCE	Business participation rates, industry distribution of enterprises, innovativeness and growth expectations, motivations for starting a business and perceptions on the entrepreneurial environment
World Bank Enterprise Survey	World Bank	firm characteristics, gender participation, access to finance, annual sales, costs of inputs/labor, workforce composition, bribery, licensing, infrastructure, trade, crime, competition, capacity utilization, land and permits, taxation, informality, business-government relations, innovation and technology, and performance measures

The SMED Plan Evaluation was a recent joint undertaking of DTI and GTZ to find out what the 2004 to 2010 SMED Plan has achieved with regard to intended outcomes and impact, and to document the learnings in the conduct of SMED Plan processes and in the application of various methodologies in the Visayas and the whole country. The research methodology included focused group discussions (FGDs), key informant interviews (KIIs) as well as questionnaire based surveys. The sample was purposely directed at manufacturing and service MSMEs, majority of which were microenterprises, and representing largely the sectors addressed in the SMED Plan. Results from this undertaking reveals that, among its respondents, female ownership is higher at 58 percent as compared to its male counterparts, and is observed to be particularly stronger in the manufacturing sector and in the relative larger enterprises. In this particular case, it was observed that among its respondents, the majority of the female owned manufacturing enterprises are mostly active in the food processing industry although they can be found in other sectors as well, such as furniture manufacturing, shoemaking and the iron works industry.<sup>60</sup>

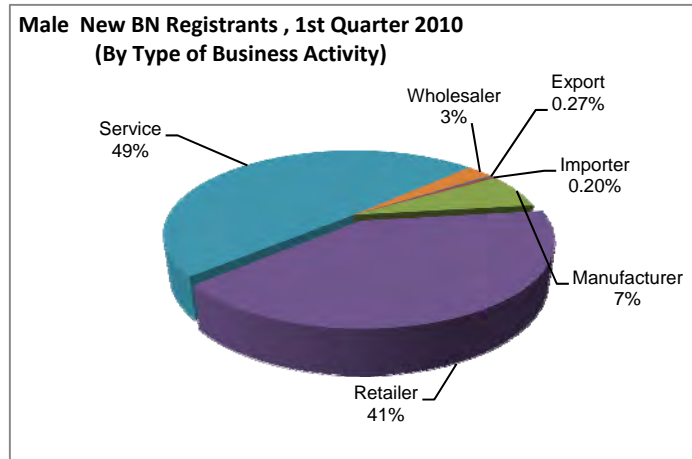
The Philippine Cities Competitiveness Ranking Project (PCCRP) is a research undertaking by the Asian Institute of Management that measures competitiveness of selected Philippine cities and ranks them accordingly. The respondents for their survey component are owners, managers and key decision makers of MSMEs that have been in operation for at least two years and with active business licenses. Random sampling was done on business listings that were provided by the city governments, and did not favor any particular industry or sector. Their initial findings show the same strong female ownership and managerial profile among its respondents (63 percent) as observed in the SMED Plan Evaluation Report. However, most of these female respondents are found to be significantly higher in microenterprises at 66 percent, contrary to



<sup>60</sup> DTI and GTZ, Evaluation of the SMED Plan 2004 – 2010, 31 March 2010

the observations of the SMED Plan Evaluation which places them at the helm of larger enterprises.<sup>61</sup> Their initial findings do not yet indicate the sectors or industries where women may be significantly involved.

Sex disaggregated data from the DTI business name registration reveals that for 2009, 54 percent of those who registered for a new business name are female, while 46 percent are male. Their data also indicated that for 2009, 60 percent of those who avail of their services for MSMEs, which includes training and enterprise development, were female<sup>62</sup>. For the first quarter of 2010, the percentage of women registering new businesses and those renewing their business name, which is done every five years, were 55 percent and 53 percent, respectively. For the same period, the new female business registrants are observed to be more active in retail activities, whereas the new male business registrants are observed to be more inclined to start up service related business activities.<sup>63</sup>



While these datasets from DTI reflect a more updated statistical picture as compared to the numbers generated by the other survey reports, they still do not capture the whole universe of operating enterprises in the Philippines, as it only shows the number of new entrants in the business environment for the current year. It is also an accepted fact that not all operating enterprises, especially those located in the microenterprise sphere, register for a business name with DTI for reasons such as, they do not see (i) any incentive for formalizing their business, (ii) any tangible benefit of formalization, and (iii) avoidance of perceived hassles that formalization may bring about, among others. And while this particular dataset has proven to be invaluable in providing a more accurate picture of those who register their businesses, it does not provide any other information such as value addition, or in what MSME categories these new business registrants belong in.

The Annual Survey of Philippine Business and Industry (ASPBI) is a nationwide undertaking which aims to provide data on the structure and level of economic activity in the country. The sample establishments for the 2005 ASPBI were drawn from the 2004 Updated List of Establishments (ULE). The 2004 ULE is a merged list of establishments from various national government agencies and local government units<sup>64</sup>. NSO defines an establishment as an economic unit under a single ownership or control engaged in one or predominantly one kind of economic activity at a single fixed location. While the survey results show a quantitative portrait of the sectoral structures and trends on national and regional levels, it does not reflect sex disaggregated ownership profiles of the surveyed establishments. Instead, the survey captures data on the establishments' employee count, disaggregating them by sex and by the industry they are located in. In the 2005 ASPBI, total employment across all

<sup>61</sup> Asian Institute of Management, Presentation on Data Based Programming of Policies and Support for MSMEs, 30 March 2010

<sup>62</sup> DTI OSC, Sex Disaggregated Business Name Registration, 2009

<sup>63</sup> DTI OSC, Sex Disaggregated Business Name Registration, First Quarter 2010

<sup>64</sup> 2005 ASPBI Documentation

industries was recorded at 2.7 million, of which 57 percent are male employees and 43 percent are female employees. It is worth noting that in the manufacturing industry, which is usually perceived as a male dominated industry, both male and female employees are equally represented<sup>65</sup>.

Results from the 2008 Informal Sector Survey shows that of the 10 454 000 informal sector operators, 66 percent are male and 34 percent are female Informal sector (IS) operators in the Philippines are those that are either self employed without any paid employee or an employer in own family operated farm or business. Of the 10.5 million IS operators, 41.3 percent are engaged in agriculture, hunting and forestry, 29.6 percent are in wholesale and retail trade, and 10 percent are active in the transport, storage and communications industry.<sup>66</sup> This dataset is taken into account in view of the fact that not all business enterprises operating register their businesses with DTI or any other government agency. Data from this particular survey is disaggregated by sex and by major industry groups but not processed to the extent that one would be able to indicate where the women and the men are located.

The World Bank Enterprise Surveys provide a comprehensive company level data in emerging markets and developing economies. The surveys collect information about the business environment, how it is perceived by individual firms, how it changes over time, and about the various constraints to firm performance and growth<sup>67</sup>. The gender portion of the 2009 country survey of the Philippines reveals that the percentage of firms that has female participation in ownership is 69.4 percent. At the same time, the survey notes that the percentage of fulltime female workers is 39 percent while the percentage of female permanent fulltime nonproduction workers is 17 percent. Aside from the ownership and employee profiles, no other gender related information can be gleaned from the enterprise survey.

The Global Entrepreneurship Monitor (GEM) is an annual, international research study that measures, compares and contrasts levels of entrepreneurial activity across participating countries<sup>68</sup>. In their 2006 edition, they included the Philippines in their listing of countries to be surveyed along with 41 other countries. The national team responsible for the collection and compilation of data was headed by the Philippine Center for Entrepreneurship (PCE). Results from this survey reveal that nascent business owners<sup>69</sup> are more typically female in the Philippines at 69 percent and new business owners<sup>70</sup> at 51 percent, which is also reflected in the data from the DTI business name registration. However, this trend is not true for established business owners<sup>71</sup> who are still dominantly male (66 percent). It was also observed that globally, the country has the least gender gap among business owners (55 percent male against 45 percent female).

The report infers that this gender gap reflects the unique role that women play in starting up a business during the critical and fragile stage until such time that stability

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<sup>65</sup> <http://www.census.gov.ph/data/quickstat/genindex.html>

<sup>66</sup> Informal sector operators counted at 10.5 million, National Statistics Office, 04 January 2009

<sup>67</sup> [www.enterprisesurveys.org](http://www.enterprisesurveys.org)

<sup>68</sup> [www.gemconsortium.org](http://www.gemconsortium.org)

<sup>69</sup> Nascent Business Owners are individuals, aged 18 to 64, who have taken some action toward creating a new business in the past year. They also expect to own a share of the business they are starting and must not have paid wages or salaries for more than three months or not have paid any wages at all.

<sup>70</sup> New Business Owners are individuals, aged 18 to 64, who own, at least in part, and manage a new business that have paid wages or salaries for more than three months but less than 42 months.

<sup>71</sup> Established Business Owners are individuals, aged 18 to 64, who own, at least in part, and manage a business that has paid wages or salaries for more than 42 months.

is achieved and the husband takes it over. According to the report, such findings affirms the traditional view of the man as the breadwinner in the Filipino family, while women are seen to go into business only to augment family income, usually pursued after marriage. According to them, this is corroborated by results which reflect that there is only a small incidence of single females going into business. These gender profiles suggest that women tend to be relied upon to start a business while the husband may still be tied up in a regular job, until the business has stabilized for the husband to take on fulltime involvement.

The report goes on to delve further into issues affecting women entrepreneurship, which women have identified to be family time management. According to the report, this is most pronounced in the case of new businesses, where 26 percent of business women surveyed cited this factor as a hindrance. The more mature women find this to be less of an obstacle, and while women in their peak childrearing years (25 to 34 years old) cite this constraint the most (38 percent), the proportion who see this factor as getting in the way of business drops off to 19 percent for women aged 45 to 54 years old and further down to only 13 percent for those 55 years old and older. Other factors (issues with husband, perceived gender discrimination, health related concerns) have minimal roles in impeding business activities by women. Interestingly, the report notes that family time management as a constraint to business activities was unusually high for Visayan women (53 percent, against the national average of 28 percent). In direct contrast, Mindanao women appeared least impeded by this factor on their business activities. An overwhelming 83 percent of Mindanao women actually indicated seeing no hurdles in putting up their own businesses. The report also observes that women in the lowest socioeconomic segments found greatest difficulty in balancing family time management with setting up a business, with 35 percent citing it as a problem (against the 28 percent national average).

As the adult population survey was supplemented by interviews of selected professionals and entrepreneurs, they echoed some of the findings in the survey component. These professionals and entrepreneurs agree with the fact that women entrepreneurship was omnipresent in the Philippines. They also agreed that opportunities were equal for men and women and that women entrepreneurship was socially acceptable, mentioning that gender equality and the tradition that women supplement the family income were one of the most contributing factors to entrepreneurship. However, while they say that while there are no social barriers to women engaging in businesses, the social services available to them to continue work or their venture even after starting a family was generally insufficient. While the GEM Report provides invaluable insights on the profile of a typical Filipino entrepreneur and women entrepreneurship in the Philippines, information with regard to the value addition is still lacking. This is understandable as the GEM framework focuses only in measuring differences in the level of entrepreneurial activities, uncovering factors determining the level of entrepreneurial activity, and identifying policies that may enhance the level of entrepreneurial activity in the countries that they survey. There are also contradictory findings within the report where it is mentioned that opportunities for business are equal for both men and women and that gender equality is perceived to be a contributing factor to entrepreneurship, however, it also states that it is an accepted practice for women to start up businesses and pass it on to their husbands who takes it on fulltime once the business has stabilized. This reveals that equal opportunities for both men and women exist, only as far as their family income allows. Once family income is seen to increase, both women and men take on their traditional role assignment, men as the breadwinner and women as the caregiver of the family.

While these various datasets and survey reports may seem comprehensive at first glance, the various methodologies employed and wide range of topics covered, the differences in the observations when it comes to gender (see Table 2), and the lack of information in subsector analysis and value addition, makes their usability for gender sensitive planning ineffectual.

It is recommended that the existing data from DTI on business name registration be processed in a manner to reflect sex disaggregated data on ownership, combining it with information on industry groups, sector, or subsector classification, and MSME category, and if available, with value addition. Government agencies should systematically collect sex disaggregated data on activities with regard to MSME development and promotion (for example, loan grants and trainings) and to combine the same with information on industry groups and value addition. Adequate resources should be provided to allow this type of data collection and processing. It is not enough to just count the number of women or men participating in a particular activity; it is also necessary to substantiate their participation with a deeper reflection, in order to add value to it.

**Table 6 Summary of Methodologies and Observations from Data Sources**

Source	Methodology	Observations
Evaluation of the SMED Plan 2004 – 2010	Questionnaires, Focused Group Discussions (FGDs) and Key Informant Interviews (KIIs)	58 percent of the respondents are female owners of MSMEs, which is observed to be stronger in the manufacturing sector and in relatively larger enterprises
2009 Philippine Cities Competitiveness Ranking Project	Face to face interviews, aided by a structured questionnaire and visual aids	63 percent of the respondents are female, either as an owner or a manager, as compared to the 37 percent male respondents
Gender Mainstreaming in Private Sector Development	Desk Research	The percentage of MSME women owners: 41 percent in manufacturing; 37 percent in jewelry, garments and furniture, 9 percent in marketing, 7 percent in real estate and 6 percent in other subsector industries.
DTI Business Name Registration	Registration (passive); Enterprises registering with DTI	54 percent of newly registered businesses are owned by women, as compared to the 46 percent male registrants (2009) 55 percent of newly registered businesses are owned by women; 53 percent of renewals are owned by women (1 <sup>st</sup> quarter 2010)
2006 BSMED Statistical Report	List of MSMEs drawn from the 2004 Updated List of Establishments (LE) from the National Statistics Office	Ownership of MSMEs are not sex disaggregated
2005 Annual Survey of	Survey; one stage stratified	Respondents nor ownership of

Philippine Business and Industry	systematic sampling using the 2004 updated LE from NSO	establishments surveyed are not sex disaggregated
2008 Informal Sector Survey	Survey; stratified, multistage sampling design; reporting unit is the household, persons who reside in institutions and establishments are not covered by the survey.	66 percent of the total IS operators are male, and 34 percent are female
2006 to 2007 Global Entrepreneurship Monitor – Philippine Report	The adult population survey, which included 2,000 Filipinos aged 18 to 64 was a structured face-to-face interview of randomly selected respondents nationwide.	69 percent of nascent enterprises are owned by women 51 percent of new businesses are owned by women
2009 World Bank Enterprise Survey – Philippine Report	Firm level survey ; Representative sample; respondents are business owners or top managers	69.4 female participation of ownership in firms surveyed

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- Asian Institute of Management, Presentation on Data Based Programming of Policies and Support for MSMEs, 30 March 2010
- World Bank Enterprise Survey, Philippine Country Notes 2009
- DTI Office of Special Concerns (OSC), DTI sex disaggregated data 2009
- <http://www.gemconsortium.org>
- <http://www.census.gov.ph/>
- <http://www.dti.gov.ph/dti/>

## Annex 9 Q1 2010 DTI Business Name Registration

Summary of New BN by Type of Business Activity, Q1 2010				
Type of Business Activity	Female BN	Percent (F)	Male BN	Percent (M)
Export	128	0.18	131	0.23
Importer	170	0.24	270	0.48
Manufacturer	3 896	5.51	3 843	6.78
Retailer	35 818	50.66	22 961	40.48
Service	29 229	41.34	27 976	49.32
Wholesaler	1 455	2.06	1 538	2.71
Total	70 696	100.00	56 719	100.00

## Annex 10 Terms of Reference

### Terms of References

#### **How to firmly integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise Development (MSME) Plan 2010 – 2016**

#### **Background**

The Philippine Government, through its Department of Trade and Industry (DTI), has asked for German assistance in mapping out the “National Strategy for the Development of Micro, Small and Medium Enterprises” (MSME) for the period of 2011 to 2016, following the general elections in May 2010. This inquiry represents a follow-up on their request for evaluation of the 2004 to 2010 MSME Development Plan. The evaluation was supported by GTZ and is in its final stage: the report has been written up, preliminary results were presented to DTI mid-December 2009 and will be completed by the end of January 2010.

This is a unique chance, a window of opportunity, to influence the new plan in the direction of gender concerns and MSME development. Therefore, GTZ’s Private Sector Promotion Programme asked the Programme Promoting Gender Equality and Women’s Rights to support this process. The project would be in line with the BMZ Gender Action Plan 2009-2012 and its measures to improve the framework for private sector development<sup>72</sup> with a thematic focus on the economic empowerment of women.

#### **Project Description**

A consultancy is proposed to summarize the Philippine situation with regard to the role and status of women and men in MSME development, as substantial knowledge has already been produced. The consultancy will then process the information with a strong focus on gender as smart economics and competitive advantage of the Philippines, especially the MSME sector. The results of this consultancy will be a policy paper that will provide important inputs for drafting a new MSME Plan for the years to come.

The consultancy aims at

- summarizing the Philippine situation with regard to gender concerns and MSME development,
- coming up with recommendations on how gender as smart economics and competitive advantage in the Philippines can be incorporated in the 2011 – 2016 MSME Development Plan, and
- discussing this policy paper with DTI and other important stakeholders.

The **international consultant** will be teamed up with a national consultant. The international consultant will be the team leader and steer the consultancy process. The consultants will:

- review existing reports and documents on the future MSME Plan as well as the process of drafting and summarize the important;
- establish/analyze women’s status, role and opportunities in MSME development in the Philippines

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<sup>72</sup> BMZ Development Policy Action Plan on Gender 2009 – 2012, page 14.

- elaborate recommendations how to integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise Development Plan or Strategy;
- identify the major information gaps on women entrepreneurs and propose, discuss and agree on a detailed consultancy design and respective phases with the rest of the consultancy team and with the major stakeholders;
- propose, discuss and agree on the optimal approach and mix of methods of information gathering and processing with the rest of the consultancy team and with the major stakeholders;
- ensure the quality of the consultancy results and convincing recommendations in the form of a policy paper;
- ensure a high quality presentation of the consultancy results to the stakeholders;
- facilitate an intensive deliberation of the results with the DTI decision makers and other important stakeholders leading to joint conclusions and recommendations.

The consultants shall deliver the following outputs

- Consultancy process plus timeline
- Policy paper
- Documentation and a short summary (½ -1 page) of the consultancy process

### **Implementation structure**

An international consultant will be in charge of conceptualizing the consultancy process, leading the consultancy team, compiling the policy paper and steering the discussion process of the findings with DTI and other stakeholders. These stakeholders are national line agencies (which also have programmes to support MSMEs) such as the Department of Labor, the Department of Science and Technology, the National and Provincial SMED Development Councils, the chambers and associations as well as the National Commission on Women and women's organizations.

The integration of recommendations into the MSME plan and of the implementation of the plan will be monitored and an assessment will be carried out at conclusion of the German contribution to private sector promotion in August 2012 by the Private Sector Promotion Programme.

### **Team Composition**

One international consultant, one national consultant, and the Gender Focal Person in the PSP SMEDSEP Team: Sam Raras

### **Timeframe**

The consultancy will span from April to May 2010.

## Annex 11 List of Resource Persons

### Consultancy Mission on “How to firmly integrate gender concerns as a competitive advantage into the upcoming Philippine Micro, Small and Medium Enterprise Development (MSMED) Plan 2010 – 2016” in Manila, 12 to 29 April 2010

Name	Institution / Organization	Contact Details
Mr Cornelis Bouman	GTZ Philippines Gender Focal Person	cornelis.bouman@gtz.de
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<b>Name</b>	<b>Institution / Organization</b>	<b>Contact Details</b>
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Ms Ella Oplas	Philippine Commission on Women (PCW former NCRFW)	greatwomenpmo@gmail.com
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Mr. Felix Tonog	Business Support Manager Enterprise Development Group Philippine Business for Social Progress	fatnog@pbsp.org.ph
Ms Luvy Villanueva	Executive Director, PCW GREAT Women Project	greatwomenpmo@gmail.com

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