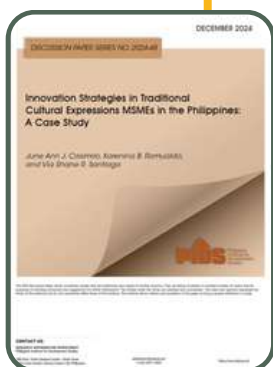




INNOVATION STRATEGIES IN TRADITIONAL CULTURAL EXPRESSIONS MSMEs IN THE PHILIPPINES: A CASE STUDY



This study investigates the innovation strategies of cultural micro, small, and medium enterprises (MSMEs) in Northern and Central Luzon, Philippines, operating within the domain of traditional cultural expressions, particularly traditional crafts and culinary crafts. These enterprises play a dual role in preserving cultural heritage and contributing to local economic development. As cultural and creative industries (CCIs) gain increasing recognition for their economic and social contributions, cultural MSMEs in developing regions face unique challenges. Through a qualitative case study approach involving nine MSMEs, the research explores innovations in products, processes, and business models. It also examines the motivations driving these innovations, barriers encountered, and opportunities for enhancing sustainability and competitiveness.

The research emphasizes the essential role of cultural MSMEs within the traditional cultural expressions domain and their contribution to the broader CCI ecosystem. It offers actionable insights for addressing structural barriers and leveraging opportunities to enhance the resilience and competitiveness of these enterprises. By empowering cultural MSMEs, the Philippines can preserve its rich cultural heritage while fostering economic growth and social development.

Published by the Philippine Institute for Development Studies, January 2025

WHAT'S NEW?

- Climate Change
- Finance Sector Development
- Information and Communications Technology
- State-Owned Enterprises
- Tourism
- Trade and Industry
- Value Chains
- Women-Owned Business Enterprises

RESEARCH GUIDES

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CLIMATE CHANGE

MITIGATING THE DATA GAP IN GREENHOUSE GAS EMISSIONS CALCULATION FOR SMALL AND MEDIUM-SIZED ENTERPRISES



This brief highlights the importance of greenhouse gas (GHG) emissions calculation for small and medium-sized enterprises and explores how technology can help address data gaps. It outlines the benefits and challenges of emissions calculation. Likewise, it examines key data requirements, such as emission factors (EFs), and reviews progress among members of the Association of Southeast Asian Nations in setting country-specific EFs. It suggests leveraging available technology to help bridge data gaps. It also provides recommendations from market practitioners on standardizing the GHG emissions calculation process to support enhanced climate-related disclosure.

Published by the Asian Development Bank, February 2025

FINANCE SECTOR DEVELOPMENT

THE TRANSFORMATIVE POWER OF INCLUSIVE BUSINESS: CASE STUDIES ON HOW COMMERCIALY VIABLE PROJECTS DRIVE DEVELOPMENT



This publication explores how inclusive business initiatives successfully integrate low-income segments into commercial markets. It highlights concepts, models, and strategies that drive economic growth and development, proving that business can thrive while creating positive social impact.

Featuring case studies on microfinance, consumer food products, housing finance, cashmere production, and health care in four Asian Development Bank developing member countries, the publication provides valuable insights for businesses, policymakers, and development practitioners seeking to create a more equitable and sustainable future.

Published by the Asian Development Bank, December 2024

UNINTENDED CONSEQUENCES OF BUSINESS DIGITALIZATION AMONG MSMEs DURING THE COVID-19 PANDEMIC: THE CASE OF THE PHILIPPINES



This paper investigates whether e-commerce use in the Philippines strengthened the performance of micro, small, and medium-sized enterprises (MSMEs) during the COVID-19 pandemic, and proposes policy actions. The findings show that internet or e-commerce use did not lead to better MSME outcomes during the strict lockdown in March 2020. However, by August 2020, the negative effects had lessened, and by March 2021 a positive impact had emerged. This delayed positive impact suggests that MSMEs need a certain level of maturity to effectively harness digital tools. The authors propose how policymakers could help enhance the resilience of MSMEs in the Philippines through digitalization, such as by establishing a regulatory framework to ensure fair competition for MSMEs on digital platforms. The paper complements a previous study on data from Indonesia.

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READINESS FOR AI ADOPTION OF PHILIPPINE BUSINESS AND INDUSTRY: THE GOVERNMENT'S ROLE IN FOSTERING INNOVATION- AND AI-DRIVEN INDUSTRIAL DEVELOPMENT



This paper examines the current state of artificial intelligence (AI) adoption in Philippine businesses and industries, analyzing the barriers to adoption and evaluating the government's role in fostering AI-driven industrial development. The study identifies key barriers including limited digital infrastructure, low awareness of AI technologies, significant skills gaps, and insufficient funding opportunities. Drawing from economic theory and international case studies, the paper outlines three critical domains for government intervention: market facilitation, capability building, and ecosystem coordination. The research proposes policy recommendations focusing on infrastructure development, human capital development, regulatory frameworks, public-private partnerships, and ethical guidelines. These recommendations emphasize the need for coordinated action across government agencies, substantial investment in digital infrastructure and education, and the establishment of clear governance frameworks to ensure responsible AI adoption while fostering innovation and competitiveness in the Philippine business sector.

Published by the Philippine Institute for Development Studies, December 2024

STATE-OWNED ENTERPRISES

STATE-OWNED ENTERPRISE REFORM HANDBOOK



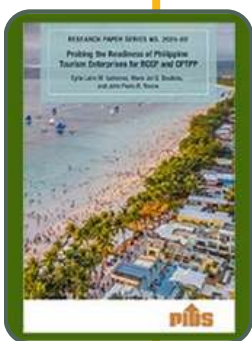
Designed to support the governance and performance of state-owned enterprises (SOEs) in Asia and the Pacific, this publication analyzes ways to professionalize and improve SOE oversight and management to ensure they underpin sustainable growth.

The publication provides practical guidance for improving the accountability and oversight of the SOEs that play a key role in sectors such as energy, finance, transportation, and water. Focused on policymakers, regulators, and SOE managers, it addresses restructuring, privatization's risks and benefits, ensuring competitive neutrality, widening access to finance, and improving the transparency and efficiency of the organizations that are central to the region's green transition.

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TOURISM

PROBING THE READINESS OF PHILIPPINE TOURISM ENTERPRISES FOR RCEP AND CPTPP

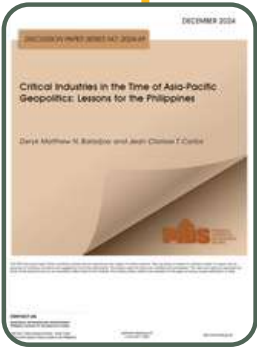


Amid various trade agreements that define trade rules and commitments for economies globally, the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have emerged as the largest and most forward-looking agreements. The combined impact of these agreements is expected to promote deeper integration of member economies, resulting in sustained economic growth. However, these agreements also present threats, such as increased inequality and stiffer competition for local industries. Given these opportunities and threats to member economies, it is crucial to examine the readiness of enterprises for liberalization, especially in less developed economies like the Philippines. This study focuses on the Philippine tourism industry, given its economic significance. It underscores the continuously expanding economic role of tourism, identifies opportunities and threats, and assesses the readiness of tourism enterprises for trade liberalization. The findings indicate that both trade agreements offer limited opportunities for tourism enterprises to participate in liberalization, as they are constrained by issues of mutual recognition and standardization of skills. These findings aim to evaluate the current status of tourism within the context of ongoing developments in the international economic environment.

Published by the Philippine Institute for Development Studies, February 2025

TRADE AND INDUSTRY

CRITICAL INDUSTRIES IN THE TIME OF ASIA-PACIFIC GEOPOLITICS: LESSONS FOR THE PHILIPPINES



This study examines the interplay between Asia-Pacific geopolitics and the Philippines' critical industries, focusing on telecommunications, energy, mining, and digital infrastructure. Utilizing a Philippine-centric lens, it explores how geopolitical tensions—particularly between the U.S. and China—affect industry-specific vulnerabilities and value chains. Drawing from qualitative data, including key informant interviews across APEC economies, the research highlights the strategic importance of multilateral cooperation, trade diversification, and policy harmonization within APEC. It integrates World-Systems theory to analyze the systemic impacts of geopolitical dynamics and proposes actionable strategies for bolstering industry resilience while aligning with regional and global development goals.

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OPERATIONAL CERTIFICATION PROCEDURES OF FREE TRADE AGREEMENTS IN ASIA: AN IN-DEPTH ANALYSIS FOR IMPLEMENTING TRADE FACILITATION REFORMS



This report delivers an in-depth analysis of operational certification procedures (OCPs) across a range of Asian free trade agreements (FTAs). It covers selected FTAs of the Association of Southeast Asian Nations (ASEAN) including the ASEAN Trade in Goods Agreement (ATIGA), ASEAN+1 agreements with dialogue partners, and the Regional Comprehensive Economic Partnership (RCEP), as well as other major FTAs such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and agreements with the European Union and the United States. By examining how variations in certification requirements affect trade facilitation, the report highlights opportunities for adopting best practices, such as the use of electronic certificates of origin and self-certification. It serves as a guide for policymakers and businesses in navigating the complexities of certification while outlining actionable reforms to enhance regional trade efficiency through streamlined, business-friendly OCPs.

Published by the Asian Development Bank, December 2024

VALUE CHAINS

THE ROLE OF SERVICES IN GLOBAL VALUE CHAINS: ASSESSING THE SERVICIFICATION OF PHILIPPINE MANUFACTURING INDUSTRIES



The emergence of global value chains (GVCs) in recent years has highlighted the increasing reliance of manufacturing industries on services. Manufacturing firms have intensively used service inputs, performed in-house service activities, and sold services embedded in or bundled with goods. Considered a services economy, the Philippines could leverage services to develop a competitive manufacturing sector and strengthen GVC integration. This study assessed the servicification of the Philippine manufacturing sector in the context of trade and GVCs. Using trade in value added data, evidence shows that the contribution of services to Philippine manufacturing exports has been on par with that of regional neighbors; however, Philippine manufacturing has had weak linkages with modern services, such as ICT and business services. Based on establishment surveys and censuses, Philippine manufacturing firms extensively use service inputs, but R&D activities and the sale of services have been less common. The relationship between servicification and export participation was estimated, revealing that the sale of industrial services, utilization of transport services, and employing R&D personnel were associated with a higher probability of exporting. Drawing from the empirical findings, there is a need to develop the country's modern services sectors and strengthen their linkages with manufacturing industries. Promoting R&D and innovation among firms could also enhance capabilities, making them competitive in entering export markets. Moreover, firms looking to export could benefit from potential reductions in transport and logistics costs brought about by the streamlining of transport regulations and procedures.

Published by the Philippine Institute for Development Studies, December 2024

WOMEN-OWNED BUSINESS ENTERPRISES

GENDER, MICROENTREPRENEURSHIP, HUMAN FLOURISHING: EXPLORING THE EXPERIENCES OF WOMEN SARI-SARI STORE OWNERS TOWARD INCLUSIVE GROWTH



This study primarily addresses the question: “How does women’s engagement in micro-enterprising facilitate their own and their communities’ human flourishing and empowerment?” More specifically, it examines the critical role of sari-sari stores in the socio-economic landscape of the Philippines, with a particular focus on their contributions to community development and women's flourishing and empowerment. While sari-sari store owners often face financial constraints, this research highlights a significant relationship between micro-entrepreneurship, human flourishing, and empowerment. Through the analysis of the Flourishing Index, Secured Flourishing Index measures, and the Empowerment Model, the findings reveal that women sari-sari store owners exhibit high levels of well-being, empowerment, optimism, and resilience, despite limited economic prosperity. The study further explores how sari-sari stores serve not only as micro-retail enterprises but also as platforms for fostering individual and social well-being. The owners demonstrate psychological and social empowerment through the ownership of sari-sari stores, while economic and political empowerment is still a work in progress. The results suggest that women, through the ownership of sari-sari stores, achieve individual well-being while also extending that well-being to their communities. Thus, this study offers a nuanced perspective on the significance of sari-sari stores, not just for the economic development of communities but also for the individual and social well-being of their women owners.

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