

Department of Budget and Management  
Government Procurement Policy Board  
Technical Support Office

Republic of the Philippines

gppb-tso

Government Procurement Policy Board  
Technical Support Office

# MSME ACCESS TO PUBLIC PROCUREMENT IN THE PHILIPPINES

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***Expert Knowledge Sharing Forum on Enterprise Formalization***

# OUTLINE OF DISCUSSION

- Governing Principles of R.A. 9184
- Considerations given to MSMEs in the Philippines
- Eligibility Criteria for Business Registration
- 5 year statistics of contracts awarded to MSMEs

# GOVERNING PRINCIPLES OF R.A. 9184

**Transparency**

**Efficiency – Streamlined Procurement Process**

**Equity - Fairness**

**Competition**

**Accountability**

**Public Monitoring**

**Economy – Value for Money**

## MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

- Based on 2016 list of establishments of the Philippine Statistics Authority, 99.57% of all businesses are MSMEs.
- Promotion of MSMEs in government procurement can result to increase competition, leading to better value for money and increasing efficiencies of procuring entities.

## MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

- To uphold the principles of R.A. 9184, eligibility criteria on who may be able to participate in government procurement are identified under **Section 24**.
- Thus, any person or entity is allowed to join in any procurement activities of the government so long as he/she complies with the eligibility criteria set under the law.

# MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

- Eligible bidders may be sole proprietorships, partnerships, corporations or cooperatives which can be a micro, small, medium or large enterprise; or joint ventures.

# MSMEs IN THE PHILIPPINES

## REPUBLIC ACT NO. 9501 (“MAGNA CARTA FOR MSMEs”)

*“Recognizing that MSMEs have the **potential for more employment generation and economic growth** and therefore can help provide a self-sufficient industrial foundation for the country, it is hereby declared the policy of the State to **promote, support, strengthen and encourage the growth and development of MSMEs in all productive sectors of the economy particularly rural/agri-based enterprises**. To this end, the State shall recognize the specific needs of the MSMEs and shall undertake to promote entrepreneurship, support entrepreneurs, encourage the establishment of MSMEs and ensure their continuing viability and growth and thereby attain countryside industrialization”*

## MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

**SEC. 4. *Eligibility for Government Assistance.*** — To qualify for assistance, counseling, incentives and promotion under this Act, businesses falling under the above definition must be:

- a) **duly registered with the appropriate agencies as presently provided by law:** *Provided, That in the case of micro enterprises as defined herein, registration, with the office of the municipal or city treasurer shall be deemed sufficient compliance with this requirement;*
- b) **one hundred percent (100%) owned, capitalized by Filipino citizens,** whether single proprietorship or partnership. If the enterprise is a juridical entity, at least sixty percent (60%) of its capital or outstanding stocks must be owned by Filipino citizens;



## MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

- c) a **business activity within the major sectors of the economy**, namely: industry, trade, services, including the practice of one's profession, the operation of tourism-related establishments, and agri-business, which for purposes of this Act refers to any business activity involving the manufacturing, processing, and or production of agricultural produce; and
- d) it must **not be a branch, subsidiary or division of a large scale enterprise.**

## MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

However, this requirement shall not preclude MSMEs from accepting subcontracts and entering into franchise partnership with large enterprises or from joining in cooperative activities with other MSMEs.

Programs of the Small Business Corporation (SB Corporation) as provided in subsequent provisions of this Act shall be **exclusively delivered and directed to bonafide MSMEs.**

Any MSME, its directors, officers or agents, found to have committed fraud or misrepresentation for the purpose of availing the benefits under this Act shall be immediately disqualified as a beneficiary, without prejudice to any administrative, criminal or civil liability under existing laws.

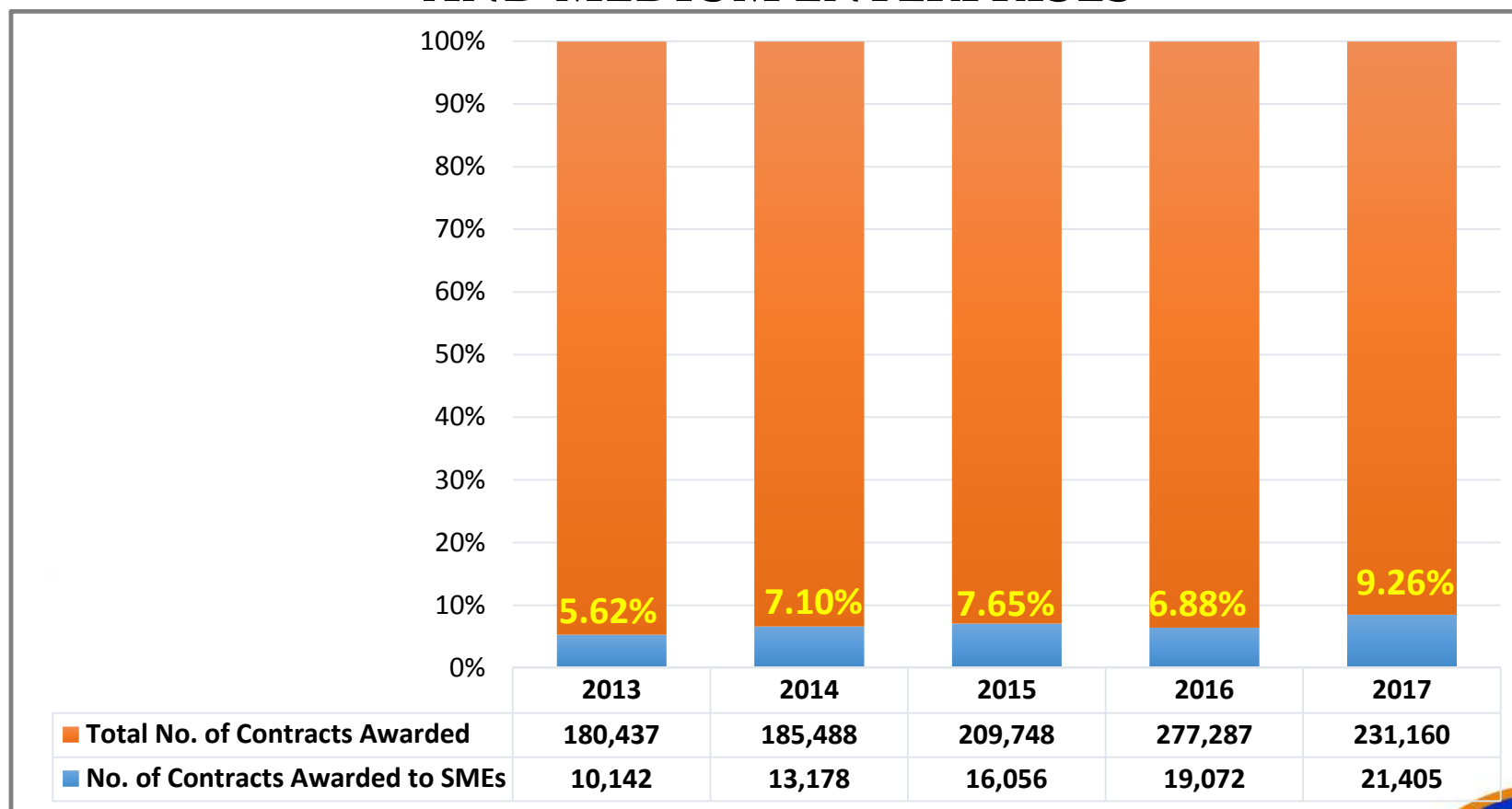
## **MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT**

**Eligible MSMEs shall be entitled to a share of at least ten percent (10%) of total procurement value of goods and services supplied to the Government, its bureaus, offices and agencies annually.**

**The Department of Budget and Management shall monitor the compliance of government agencies on the required procurement for MSMEs and submit its report to the MSMED Council on a semestral basis and to the Congress of the Philippines, through its appropriate committees on a yearly basis.**

# MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

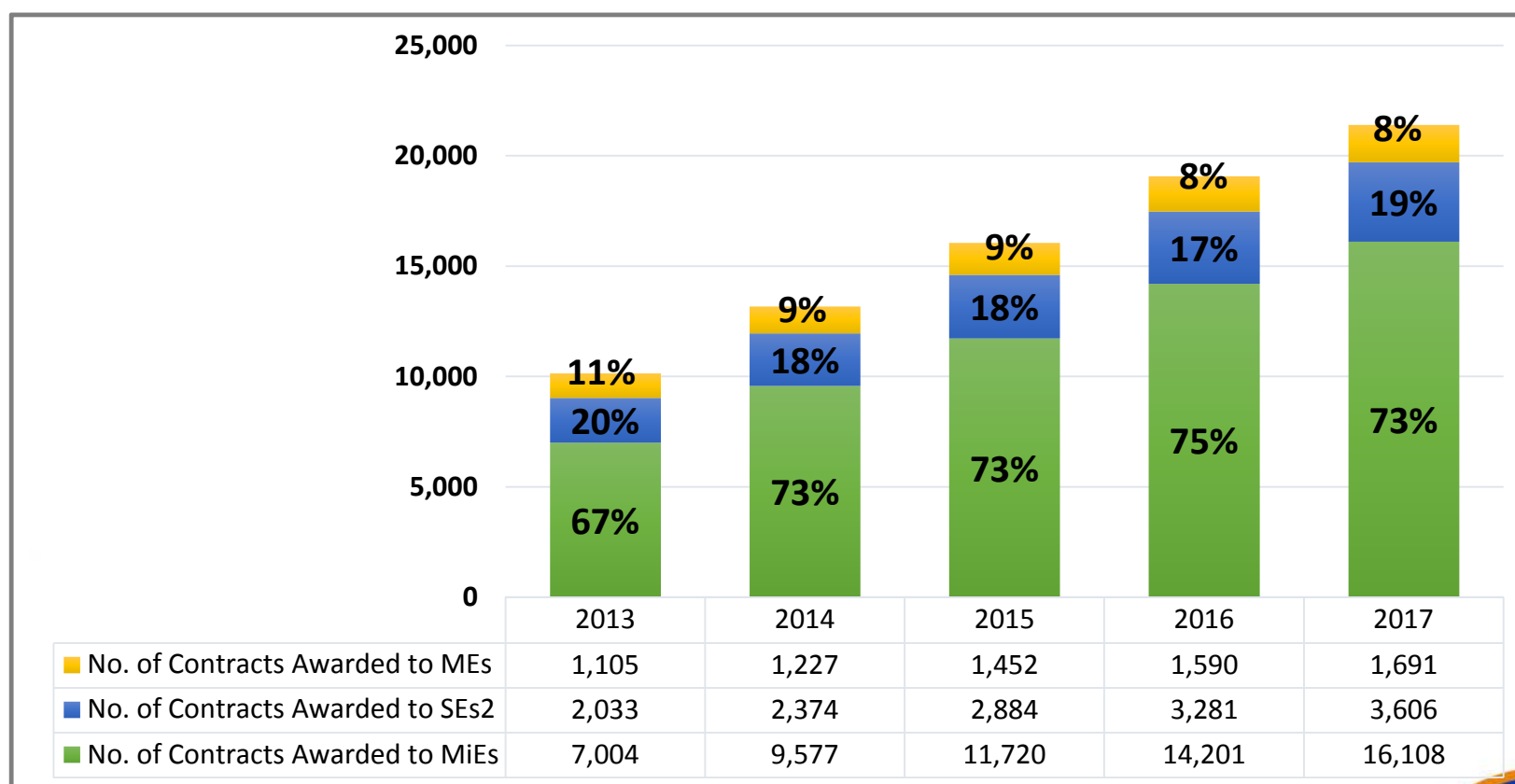
## NUMBER OF CONTRACTS AWARDED TO MICRO, SMALL AND MEDIUM ENTERPRISES



Source: PhilGEPS

# MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

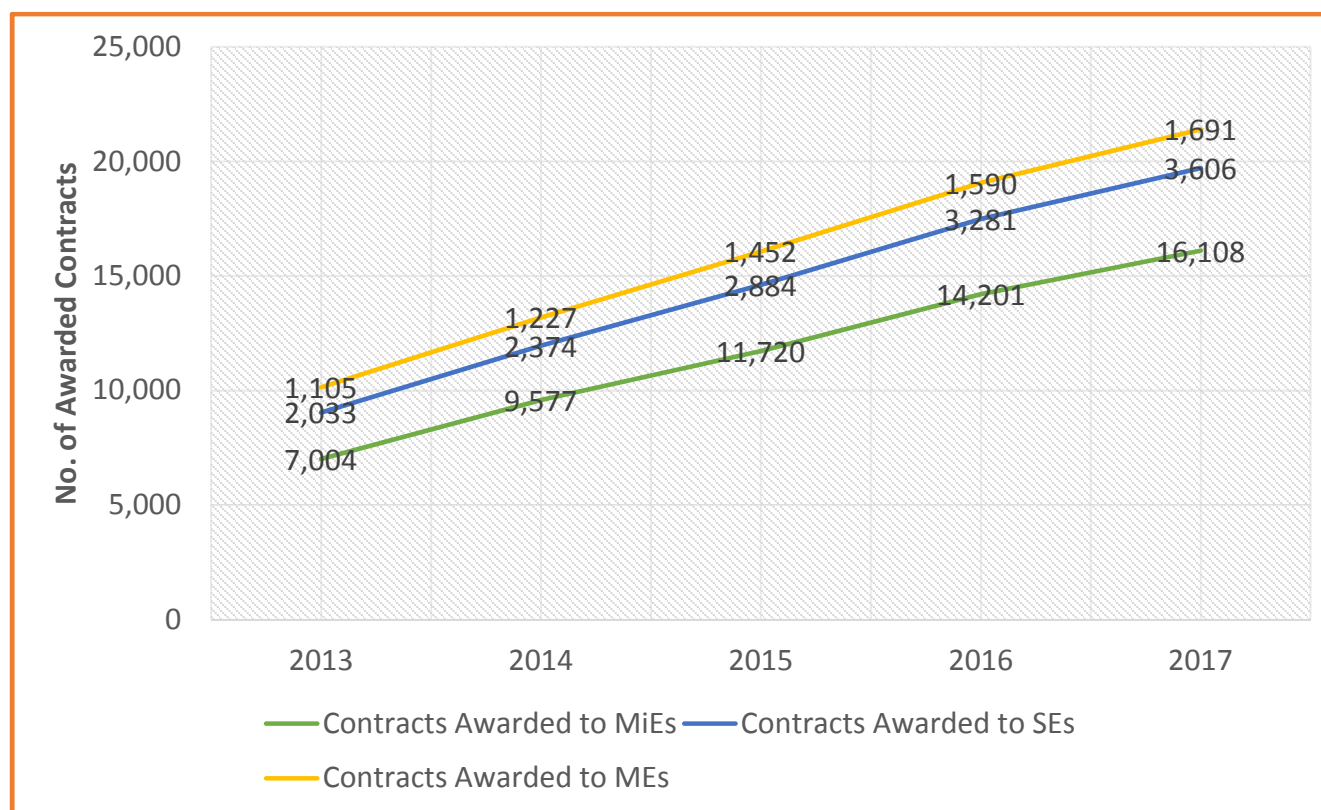
## ESTIMATED NUMBER OF CONTRACTS AWARDED *According to Amount of Capitalization*



Source: PhilGEPS

# SMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

## TREND OF NUMBER OF CONTRACTS AWARDED TO BIDDERS WITH CAPITALIZATION OF UP TO PHP3M (SMALL ENT.)



Source: PhilGEPS

## MSMEs' PARTICIPATION IN GOVERNMENT PROCUREMENT

How to increase MSME's participation in GP:

- Main Purpose of Government Procurement
- Stocktaking
- Effective Monitoring Mechanism
- Capacity Development/Support Program
- Access to Information
- Global Competitiveness

# THANK YOU!!

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