



SCOPING STUDY: Collective Action Secretariat to Enhance Resilience among MFIs and MSMEs (CASTER)

PUBLIC LAUNCH WEBINAR

7 April 2021 | 9:00-11:00AM



Introduction to CASTER Scoping Study

RAPA LOPA
President, RestartME



Enables micro-entrepreneurs to bounce back after natural and man-made disasters in the form of **financing and business development grants** through its member MFIs

Spin-off of a post-Yolanda USAID-funded project called **Micro-Enterprise Disaster Assistance Fund for Resiliency Program (MIDAS)**

Calamity Assistance Fund: wholesale financing window for MFI partners who retail softer term loans to their micro-entrepreneur clients

Non-financial and Capacity Building: research, technical assistance, and stakeholder convening and management





A leading nonprofit consulting firm dedicated to **reimagining social change**

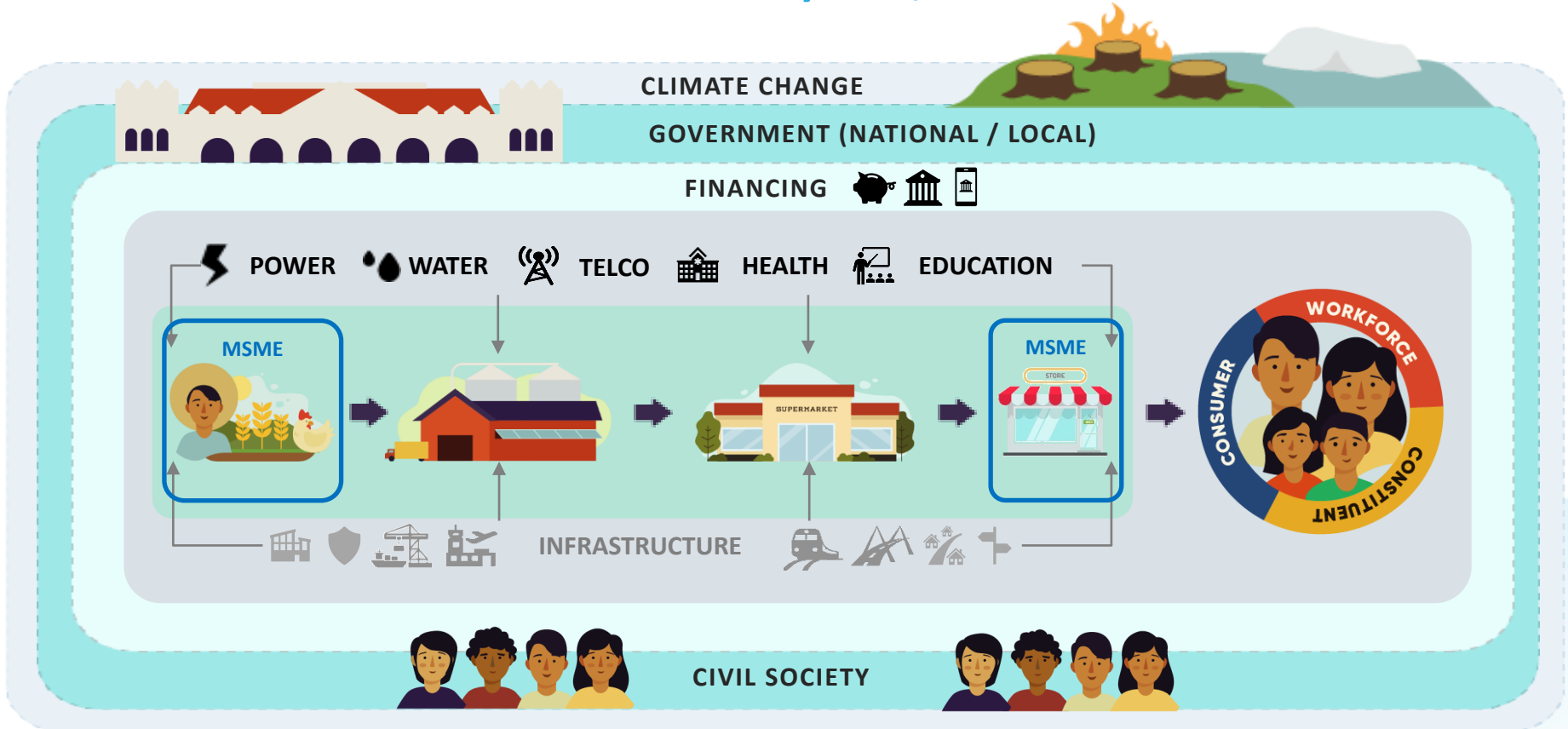
Consulting firm founded in 2000 by Harvard Business School Professor, Michael E. Porter and Mark R. Kramer

Strategic advisor to foundations, corporations, and nonprofits on social change approaches, including being a pioneer in shared value and collective impact approaches

1000+ global consulting engagements completed to date; spanning strategy, evaluation, research, and implementation

Experience in working with **ecosystem stakeholders in the MSME and broader inclusive markets space**, including conducting sector research, thought leadership, ecosystem / firm level business model development and enabling systemic change

Resilient MSMEs = robust business ecosystem, sustainable economic dev't



Rapid assessment approach to determine post-pandemic challenges and opportunities, as well as potential Collective Impact solution areas

Focus of Scoping Study: MSME industry categories



Wholesale and retail trade

- Grocery / convenience store (gas station)
- Grocery / convenience store (no gas station)
- Market stalls
- Pharmacy
- Sari-sari stores
- Sidewalk vendors
- Specialty food (fruit / vegetables)
- Specialty food (meat)
- Specialty food (seafood)



Food services

- Bakery
- Carinderia
- Caterer
- Mobile food services
- Pastry shop
- Restaurant / bar
- Sidewalk food vendors

Methodology: industry consultations + secondary research / data, MSME FGDs and one-on-one interviews



Government



Development institutions



Academe



Banking, MFIs, fin-tech



Social media and e-commerce



FMCG



Wholesale / distribution



Telecommunications



Logistics



Latest COVID-19 reports, news and publications (ADB, UNDP, NEDA, DTI)

FGDs with MSME owners on SB1591 (“e-commerce Bill”)

One-on-one interview with public market vendors

One-on-one interview with pawnshop clients



Scan QR code or visit this link to download:





<https://tinyurl.com/CASTERscopingstudy>

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Post-COVID Recovery and Resilience Building Opportunities and Challenges

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Navigating the new normal with limited tools and capabilities to succeed

OPPORTUNITIES

Acceleration of e-commerce

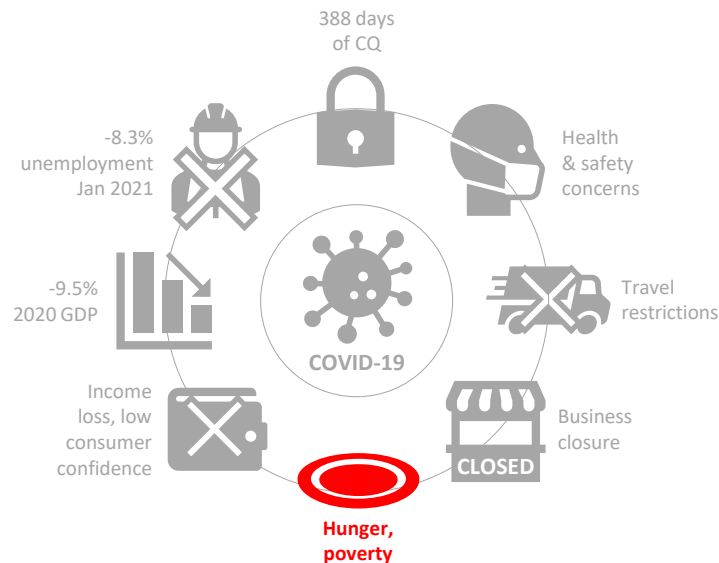
Response to lockdown
 ↑57% ave online basket
 97% to continue e-comm
 DTI: 82k online biz reg

Expansion of digital payments

Mobility restrictions
 SAP, financial assistance
 Waived InstaPay fees
 BSP: unified QR

Emerging Collective Impact initiatives

MSME e-communities
 SIKAP
 ReSTART
 Dagdag Puhunan



CHALLENGES

Slow consumer demand recovery

Loss of income
Loss of customers
Business closure

Inadequate access to financing

Conservative banks
Limited alternatives
Limited gov't assistance
Limited working capital

Barriers to digitalization

Weak internet
Inefficient logistics
Lack of identification
Internet fraud

Disruption of operations

Localized lockdowns
Limited last-mile logistics
Inability to pivot business

Lack of resilience, risk mgt tools

No resilience framework
Limited risk mgt tools
Limited biz insurance

Multi-layer concept of MSME digitalization

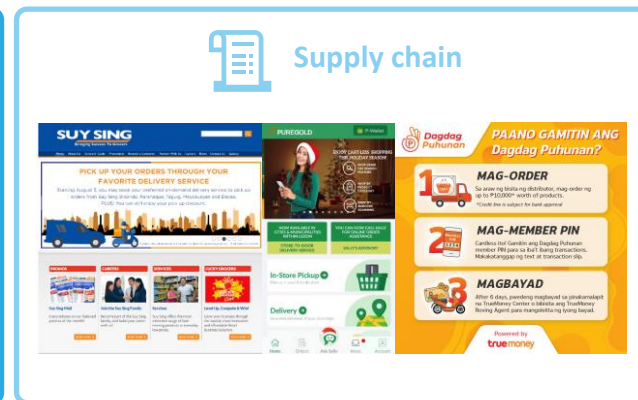
For MSMEs, being digital could mean any of these layers:

Marketing and trade

Payments

Supply chain

Online banking / credit

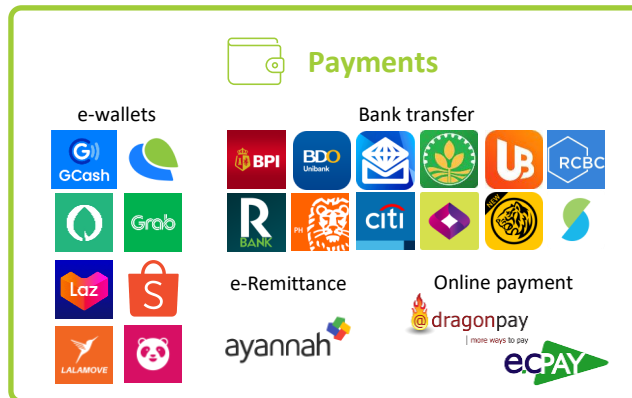


Digital readiness is driven by:




















Access to infrastructure
(hardware, internet, logistics)

Awareness of alternatives
(relative, peer, community)

Compelling business usage
(sales, financial, supply chain)



Accelerate digital adoption by addressing gaps at ecosystem and firm levels

	Access to infrastructure	Awareness of alternatives	Compelling business usage
ECOSYSTEM	<ul style="list-style-type: none">  Cybersecurity regulation  Digitalize last-mile supply chain  Simplified and assisted registration process to enlist in digital platforms  Improved internet connectivity in rural areas  Financing solution to enable access of affordable hardware / solution  Inter-operability of e-commerce and digital payment solutions 	<ul style="list-style-type: none">  Integrated e-commerce solution that includes affordable internet / connectivity, logistics and payments  Digital literacy / citizenship programs to introduce utilization of online platforms and solutions  Promotion of mechanisms and tools to ensure security and safety of online transactions 	<ul style="list-style-type: none">  Accessible and affordable payments solution (minimal transaction fees)  Creation of financial products that align with MSME needs  Adoption of standard unified QR code for payment transactions  Expansion of <i>sari-sari</i> store service to facilitate digital transactions  Establishment of credit history of unbanked to access financing
FIRM	<ul style="list-style-type: none">  Activation of access to hardware and online infrastructure 	<ul style="list-style-type: none">  Entrepreneurial skills / mindset to appreciate value of digitalization  Digital citizenship (security)  Business / national ID registration 	<ul style="list-style-type: none">  Adaptability of digital platforms for the specific type of product sold



Recommended Collective Impact Solution Themes

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Five key mutually reinforcing areas of collective impact to drive MSME recovery and resilience in the priority sectors



Supporting Pivot to Resilient, Sustainable Business Models

Enabling transition through upskilling and scale adoption of tools in the following areas:

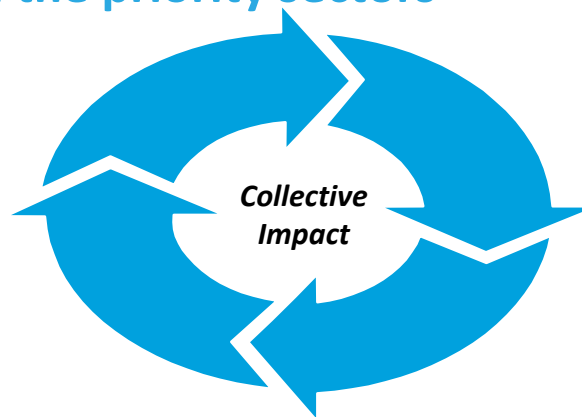
- Financial and operations management
- Entrepreneurship skills
- Risk management and resilience tools
- Peer to peer mentorship and learning community/ platform



Recovery and Resilience Financing Innovation

Catalyze development, pilot and scale adoption of recovery and resilience financing options

- Bridging loan program for recovery capital
- Business and inventory micro-insurance
- MSME resilience social impact bonds
- Adoption of P2B lending platforms
- Emergency fund for resilience



Resilient Supply Chain Innovation and Incubation

Incubate, pilot and support the adoption of cluster/ sector level supply chain resilience innovations/ solutions

- E.g., Common sourcing, cost pooling, resource pooling, flexibility and redundancy
- Enable scaling of the digitalization of last mile supply chain from wholesaler to sari-sari stores



Scaling up Digital Adoption

Understand barriers, drive awareness, and scale up of digital adoption for business:

- E-commerce and digital marketing
- Digital Payments for 1-2 key biz transactions
- Digital credit and banking services
- *Sari-sari* stores and *carinderias* as digital hubs

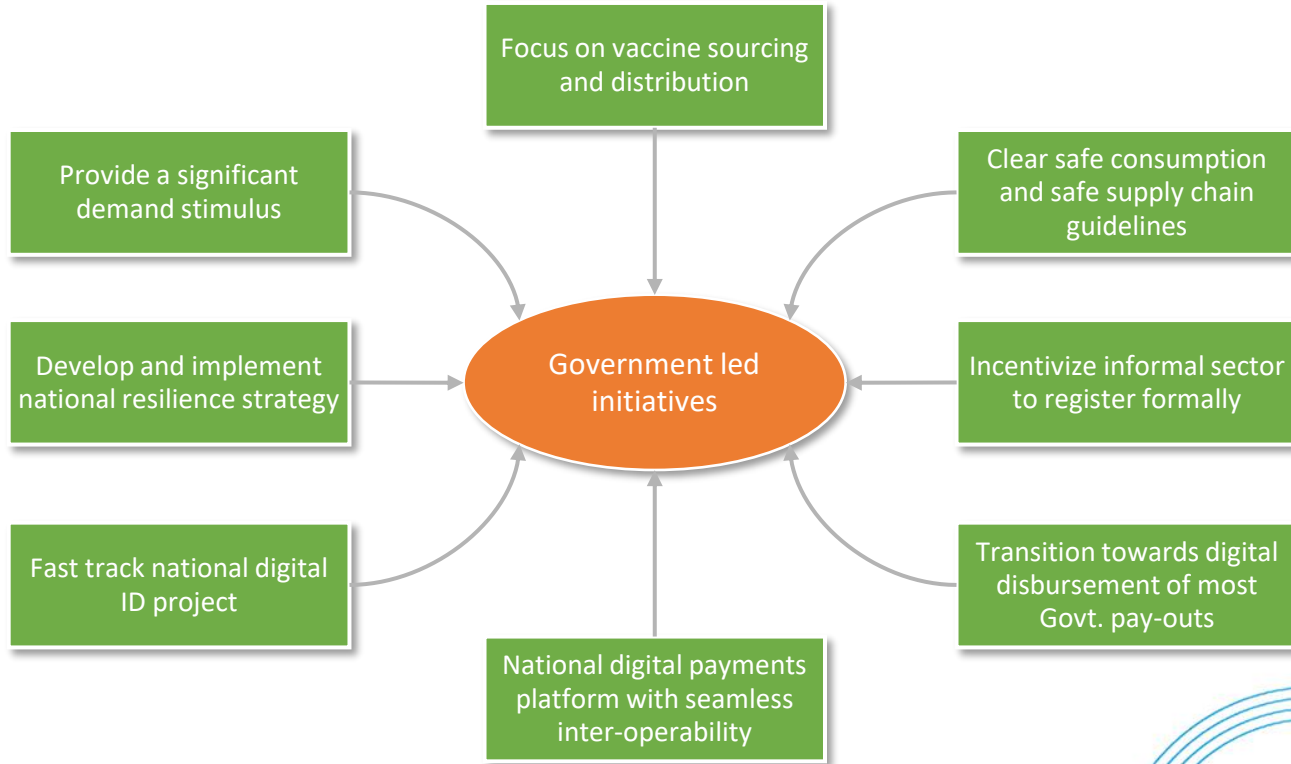


MSME Resilience Metrics, Scorecard and Tracking

Develop mechanisms to measure and track progress on MSME resilience

- MSME resilience metrics and scorecard development
- Ongoing resilience tracking survey/ reporting
- Socialized with and accepted by key stakeholders

Broader initiatives to be undertaken by the Government to enable recovery and resilience



Why do we need Collective Action to address these solution themes?

1

Large scale nature of the issues (and related opportunities)

- An estimated 800,000-1,000,000 sari-sari stores contributing to a significant portion of consumer goods sales
- Issues being faced by a significant proportion of the above population and at a nationwide level across regions and provinces

2

Complexity of the issues to be addressed (and related solutions)

- Each of these five solution theme areas have inter-related multi-dimensional issues to be addressed
- No one stakeholder has the capabilities or financial resources to single-handedly address all dimensions



Concerted, medium to long-term multi-stakeholder collective action is a more effective way address these solution themes as compared to individual stakeholders undertaking siloed efforts

What is in it for my organization? Why should we participate?

Stakeholders

Benefits from Participation

Non-profit organizations
working with MSMEs

- Enable them to **deliver social impact objectives** at scale

MSME industry associations

- Enable their stakeholders with **smooth recovery and to become more resilient**, delivering social and economic value

Other industry associations

- Enable their stakeholders to **(a) tap new business opportunities** and **(b) reduce risk by enabling MSMEs in their extended value chains** to recover and become more resilient

Private sector firms
*Banks, digital payment firms,
MFIs, insurance providers, FMCG,
telcos, e-commerce, social media
firms, MSME training providers*

- Tap future **business / revenue opportunities at scale** through growth in penetration, usage of products / services that meet MSMEs' recovery and resilience needs
- Improve position amongst MSMEs through **better user engagement and loyalty** by supporting MSMEs with **relevant products/ services in their highest moment of need**
- More **effective and efficient way** of tapping opportunities through **pooling resources and collaborative business models** through the collective impact approach
- Improve their **brand and reputation** by supporting MSMEs and delivering social impact

Government, development
institutions, international aid

- Meet **socio-economic impact objectives** in a more effective way through the **mobilization of multiple stakeholders** through collective impact

What role(s) can my organization play?



What does Collective Impact entail?

Structured, sustained multi-stakeholder action based on five key principles



Common Agenda

All participants share a **logical vision for change** that includes a **common understanding of the problem** and a **joint approach to solving the problem** through **agreed-upon actions**



Shared Measurement

All participants agree on how to measure and report on progress, with a **short list of common indicators** identified and used to drive learning and improvement



Mutually Reinforcing Actions

A diverse set of stakeholders, typically across sectors, **coordinate a set of differentiated activities** through a mutually reinforcing plan of action



Continuous Communication

All players engage in **frequent and structured** open communication to build trust, assure mutual objectives, and create common motivation



Backbone Support

An **independent, dedicated staff (with funding!)** guides the initiative's vision and strategy, supports aligned activities, establishes shared measurement practices, builds public will, advances policy and mobilizes resources

How should we go about operationalizing these solution themes? What are the next steps?

There are typically five key steps to operationalizing a Collective Impact initiative

1 Identifying the Backbone Organization

- **An independent organization** which guides the initiative's vision and strategy, support aligned activities, establishes shared measurement practices, conduct advocacy and mobilize resources

2 On-boarding Stakeholder Champions

- **On-board stakeholder champions**, i.e., the initial set of anchor stakeholders, who are willing to make a medium-term commitment to the initiative in the form of financial or other resources and capabilities
- **Secure initial funding** for the backbone organization to work with the stakeholder champions to develop the common agenda, shared metrics and key activities

3 Defining Common Agenda, Metrics and Activities

- **Develop the common agenda, shared metrics, key activities and milestones** which are aligned on by the stakeholder champions
- **Secure funding** for the initial phase of the initiative (e.g., for operationalizing key activities, supporting the backbone organization), usually for the first 1-2 years

4 Setting up the Governance and Operating Model

- **Establish governance and operating model** for the Collective Impact initiative (e.g., Steering Committee, Initiative Working Groups etc.)

5 Sustained Implementation, Monitoring & Evaluation

- Initiative participants, facilitated by the backbone organization, undertake **sustained implementation of key activities, with periodic monitoring and evaluation**
- **On-board additional stakeholders** over time



Scaling Up Digital Adoption

Step 1: Identifying the Backbone Organization

Potential Backbone Organizations

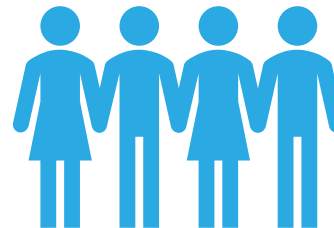
An **independent, dedicated staff (with funding!)** guides the initiative's vision and strategy, supports aligned activities, establishes shared measurement practices, builds public will, advances policy and mobilizes resources



Coalitions for MSME development



Industry associations



Civil society organizations



Non-profit and development organizations



Scaling Up Digital Adoption

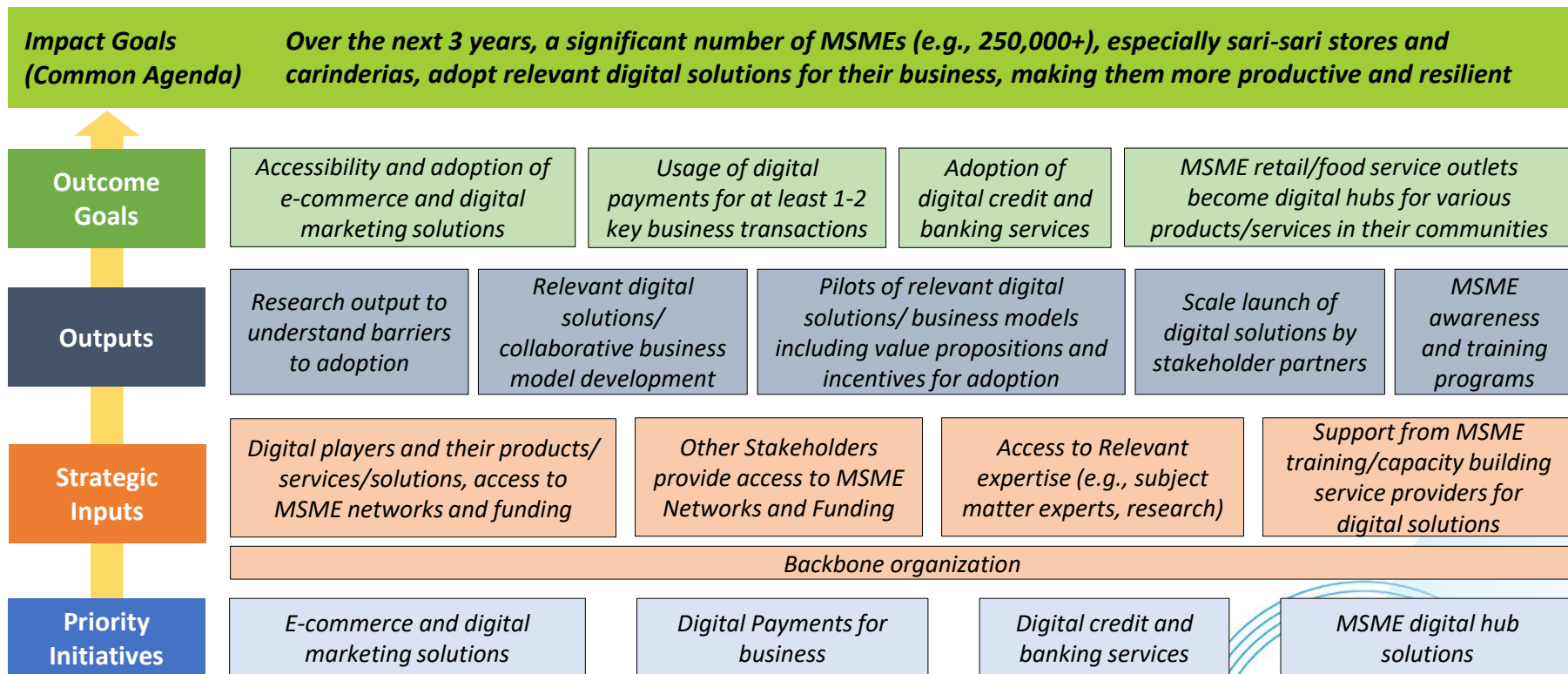
Step 2: On-boarding Committed Stakeholder Champions

<u>Stakeholders</u>	<u>Potential Role(s)</u>	<u>Benefits</u>	
Industry associations, non-profit organizations, civil society organizations		<ul style="list-style-type: none"> • Backbone organization • Collective Impact advocacy, monitoring and evaluation 	<ul style="list-style-type: none"> • Meet impact objectives at scale
MSME training providers, non-profit organizations, other private sector players		<ul style="list-style-type: none"> • Participant and support with delivery of on-ground training / outreach / adoption • Other expert/ advisory/ advocacy support 	<ul style="list-style-type: none"> • Business expansion opportunity • Create social impact at scale • Improved efficiency of engagements with MSME partners
Technology companies e.g., telcos, social media, e-commerce, online delivery, fintech / digital payments		<ul style="list-style-type: none"> • Funder of initiative • Jointly develop collaborative business and go-to-market models (e.g., with financial institutions) for win-win product / service delivery at scale • Support outreach of digital products / services to the MSMEs (e.g., in their extended value chain) 	<ul style="list-style-type: none"> • Business opportunity • Improve position amongst MSME segment through better engagement • More effective an efficient collaborative go-to-market models • Enhanced brand and reputation through social impact
Banks, MFIs, insurance providers		<ul style="list-style-type: none"> • Funder of initiative • Access to MSME networks for outreach • Jointly develop collaborative business and go-to-market models for win-win product/ service delivery at scale 	<ul style="list-style-type: none"> • Meet MSME recovery and resilience objectives at scale through a more effective way by mobilization of stakeholders
Government, development institutions, international aid		<ul style="list-style-type: none"> • Funder of initiative • Regulatory support, endorsement and propagation of digital products and services • Participant and support with delivery of on-ground training / outreach / adoption 	<ul style="list-style-type: none"> • Meet MSME recovery and resilience objectives at scale through a more effective way by mobilization of stakeholders

Scaling Up Digital Adoption

Step 3: Defining the Common Agenda, Shared Metrics and Key Activities

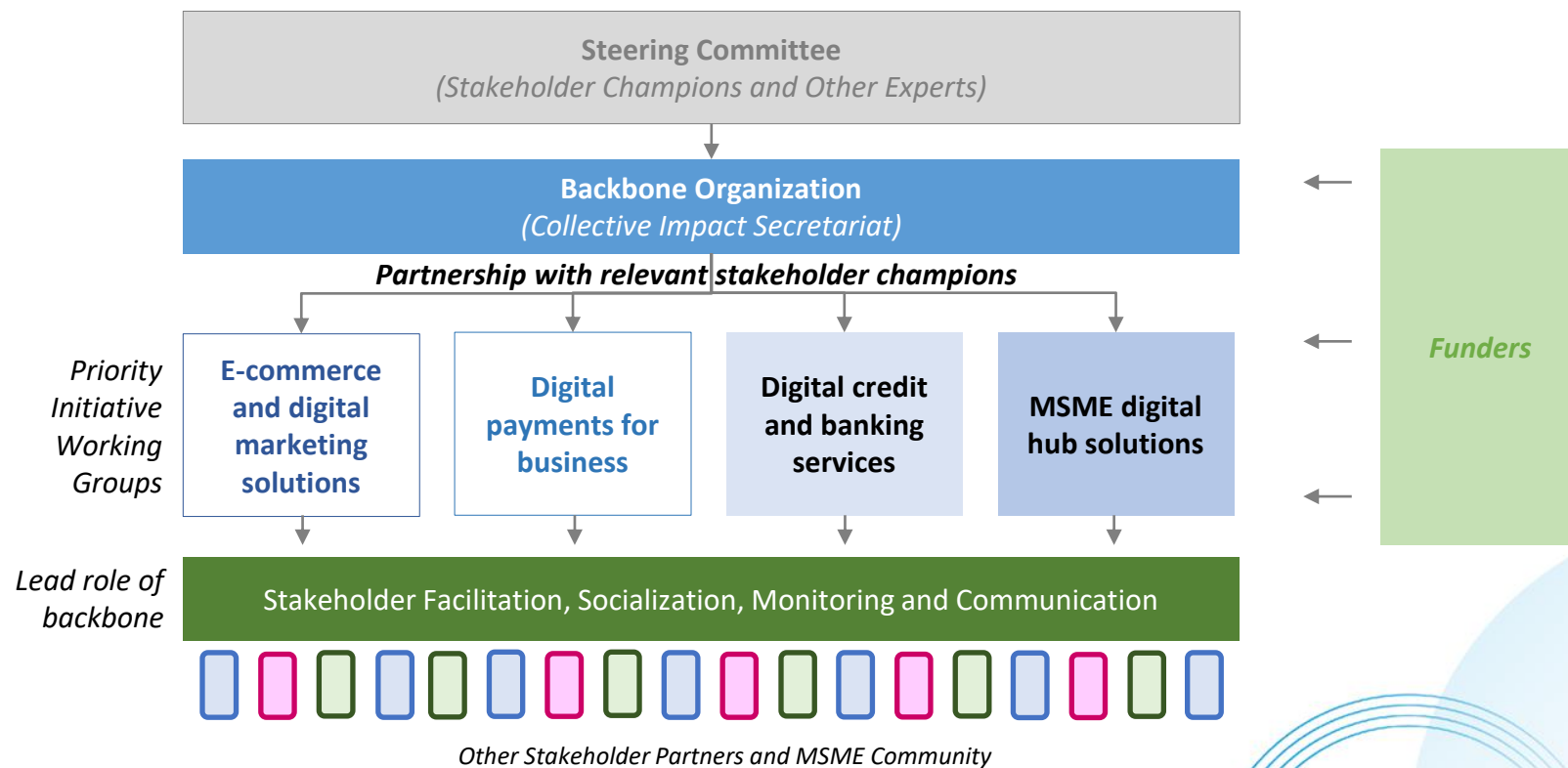
Hypothesized Impact Goals and Logical Framework





Scaling Up Digital Adoption

Step 4: Setting up the Collective Impact Governance / Operating Model





Scaling Up Digital Adoption

Step 5: Sustained Implementation, Monitoring and Evaluation

Organize for impact

~3-4 months

Step 1:

- *Identify the backbone organization to manage the Collective Action initiative*

Step 2:

- *On-board stakeholder champions, i.e., the initial set of anchor stakeholders, who are willing to make a medium-term commitment to the initiative*
- *Secure initial funding for the backbone organization to work with the stakeholder champions to develop the common agenda, metrics and activities*

Step 3:

- *Develop the common agenda, shared metrics, key activities and milestones which are aligned on by the stakeholder champions*
- *Secure funding for the initial phase of the initiative (e.g., for operationalizing key activities, supporting the backbone organization), usually for 1-2 years*

Step 4:

- *Establish governance and operating model for the Collective Impact initiative (e.g., Steering Committee, Initiative Working Groups etc.)*

Sustained, Committed Implementation

Measure, Learn and Adapt

~1-2 years (for initial set of activities)

Step 5:

- **Priority initiative working groups to guide implementation of activities** related to their initiative
- Backbone to facilitate ongoing **research, monitoring, evaluation** to track progress, **convene the working groups, share learnings and make adjustments** to the implementation blueprint
- **Periodic review with the Steering Committee** to report progress, update strategy, governance mechanisms and add new activities/ onboarding of additional stakeholders
- **Ongoing communications, reporting to stakeholders and community** to celebrate successes, build momentum, as well as highlight failures and learnings