Building Climate and Disaster Resilience of MSMEs

May 14, 2019 Annual General Meeting
MALLS
- 9.5 Million sqm Gross Floor Area
- 72 malls in the Philippines
- 7 malls in China
- Foot traffic 4.2 Million

OFFICES
- 11 Office Buildings
- 622,611 sqm total Gross Floor Area

RESIDENCES
- 63 Residential Projects
- Over 122,000 Residential Units

HOTELS & CONVENTION
- 6 Hotels
- 1,510 rooms
- 4 Convention Centers
- 3 Trade Halls
PHILIPPINE DISASTER PROFILE

• **1975 – 2016**
  • More than 50% of world’s intense natural disaster occurred in the Asia Pacific Region
  • Average of 20 cyclone typhoons per year
  • Philippines **ranked 3rd at most risk to natural disasters** (World Risk Index Report 2017)
  • Philippines **ranked 2nd most affected by the impacts of weather related loss events** (Germanwatch 2014 Global Climate Risk Index)

Latest update
Over 10,000* earthquakes across the Philippine Islands since the 70’s

7 “Deadliest”**

- Moro Gulf 1976 8.0
- Laoag 1983 6.5
- Luzon 1990 7.7
- Mindoro 1994 7.1
- Central/South Mindanao 2002 7.5
- Visayas 2012 6.7
- Bohol 2013 7.2

* USGS ComCat Earthquake Catalog
PHILIPPINES’ DISTRIBUTION OF ESTABLISHMENTS
BY ENTERPRISE SIZE

17% SMEs from

MSME CLASSIFICATION

<table>
<thead>
<tr>
<th>ENTERPRISE</th>
<th>CATEGORY</th>
<th>By Asset Size</th>
<th>By Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Up to Php 3M</td>
<td>1-9</td>
<td></td>
</tr>
<tr>
<td>Small</td>
<td>Php 3M-Php 15M</td>
<td>10-99</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>Php 15M – Php 100M</td>
<td>100-199</td>
<td></td>
</tr>
</tbody>
</table>

924,721 total establishments

Source: dti PHILIPPINE

[Image of a pyramid]
SUPPLY CHAIN

Five (5) drivers of supply chain

- Production
- Transportation
- Inventory
- Location
- Information

Source: De La Salle University (DLSU), 2016

17% SMEs from

<table>
<thead>
<tr>
<th>SM PRIME</th>
<th>SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT (TENANTS)</td>
<td>6,000</td>
</tr>
<tr>
<td>DIRECT (SUPPLIERS)</td>
<td>2,000</td>
</tr>
<tr>
<td>INDIRECT (SM STORE, SUPERMARKETS &amp; OTHERS)</td>
<td>8,000</td>
</tr>
<tr>
<td>TOTAL (SMEs: 32%, Large Businesses: 68%)</td>
<td>16,000</td>
</tr>
</tbody>
</table>
TOWARDS A RESILIENT SMEs

Private Sector collaboration

Capacity Building

Public-Private Partnership
CAPACITY BUILDING WORKSHOPS FOR SMEs
RESILIENT SUPPLY CHAIN FRAMEWORK

<table>
<thead>
<tr>
<th>Governance</th>
<th>Market Presence</th>
<th>Adaptability</th>
<th>Partnerships</th>
<th>Check and Balance</th>
</tr>
</thead>
</table>

MSME CHALLENGES

- Access to finance
- Access to market
- Impacts of climate change and ease of undertaking disaster recovery
- Business environment and cost of doing business
- Productivity and efficiency
- Awareness and implementation of national and international standards

Source: dti
CRITICAL ROLES OF SMEs

- Employment generation
- Economic development in rural and far flung areas
- Contribution to exports
- Equitable distribution of income and wealth
- Valuable partners to large enterprises as suppliers and service providers
- Breeding ground for new entrepreneurs and large corporations

Source: https://www.senate.gov.ph/publications/AG%202012-03%20-%20MSME.pdf
SM Business Continuity Program (BCP) for Small and Medium Enterprises (SMEs)

Back to normal

Normal Operations

Disaster

Typhoon, earthquake others

RCM SMEs Workflow

Risk Transfer Claims

SM data recovery site

Remote backup by SM Prime

SM data recovery site

SMEs SM Mall Tenants

Business Continuity Plan Activation

Capacity Building by Partners institution

Tenant to activate BCP

Use back-up data as documentation

The Philippines is...

- located within the Pacific Ring of Fire
- globally ranked 3rd in terms of vulnerability from natural disasters and calamities
- 52.46% vulnerable to natural disasters

(Source: World Risk Index, 2018)

All businesses can be affected by unforeseen disasters but the right tools can help you be disaster-resilient!

THE BUSINESS CONTINUITY PROGRAM (BCP)
DATA STORAGE FOR SMEs IS NOW AVAILABLE.

Here’s how:

1. Attend the Business Continuity Workshop and be informed, be prepared and be resilient.

2. The free data storage facility for Small and Medium Enterprises (SMEs) is now available for free. To access go to the BCP link: https://smbcp.ph

3. Store necessary permits and documents related to operations and insurance claims via the Business Continuity Program (BCP) facility.

Classification of Small and Medium Enterprises (SMEs) per Department of Trade and Industry (DTI) definition:

A. Based on Asset Size:
   - Small - PHP 3M to PHP 15M
   - Medium - PHP 15M to PHP 100M

B. Based on Number of Employees:
   - Small - 10-99
   - Medium - 100-199
SM RESILIENCE PROGRAM

RESILIENCE CENTER

Data Back-Up/Storage Facility
- Data storage facility for SMEs affiliates

Capacity Building
- MSMEs BCP Training
- Incident Command System
- Basic Life Support (BLS)

Monitoring Center
- Risk Assessment
- Personnel (manning)
- Liaison
- Information dissemination
- Information depository

Internal & External Logistics & Systems Connectivity

RESILIENCE PROGRAM
SMEs Data Storage Facility

As of May 1, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONFIRMED SMEs SIGN-UP</td>
<td>1,335</td>
</tr>
<tr>
<td>SMEs COMPLETED BCP WORKSHOP</td>
<td>250</td>
</tr>
<tr>
<td>SMEs THAT HAVE/uploaded</td>
<td>638</td>
</tr>
</tbody>
</table>

Insurance Claim Requirement

**From Tenants:**
- Lease agreement
- Insurance Policy/Commercial General Liability Insurance (CGLI)
- Construction Agreement
- Fixed Asset Listing
- Stock Records
- Inventory of damages
- History Inventory Level
- Sales record
- Detailed list of improvement and Content
- Delivery Record
- Invoice
- Financial Statement
- Leasehold improvement other than stocks
- List of invoices

**From Malls:**
- Incident report from the mall
- Photos of the incident

Storage allocation: 5 GB/tenant/branch
Resilience Center

- Capacity building for BCP and DRR Workshops;
- SMEs data back-up and storage for risk transfer documents;
- Information and communication hub;
- Focal point for coordination for SM and its affiliates/partners
PARTNERSHIPS
### ARISE PHILIPPINES 2018 ACCOMPLISHMENTS

#### ACTIVITIES
- Quarter Nationwide Simultaneous Earthquake Drill 2018
- 1<sup>st</sup> Business Continuity Summit: “Business Uninterrupted
- GRI Orientation for SMPHI and Business Units
- “Strengthening Strategies on Disaster Resilience thru Partnership”
- Resilience Marketplace for Innovation Forum
- Launch of the Philippines Resilience Scorecard 1.0
- A Forum on Understanding Risk and Resilience
- DRR on Person with Disability & Senior Citizen
- Business Continuity Planning (BCP) Orientation to SME tenants of SM Supermalls
- Incident Command System (ICS) Executive Course
- Roundtable Discussion with Dr. Wei Sen Li and Mr. Dale Sands

#### PARTNERS
- NDRRMC & MMDA
- BCMAP
- GRI
- UNISDR and ARISE Philippines Members
- DILG-LGA & NRC
- OCD and NRC
- SM malls and SM Cares
- NRC, BCMAP, MO
- OCD and SM
- NRC
- UNISDR & NRC

#### No. of Participants
- 34,000
- 150
- 30
- 80
- 1,250
- 70
- 600
- 234
- 50
- 20
- 150

**TOTAL PARTICIPANTS**: 36,554
## ACTIVITIES

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>SCHEDULE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Continuity Plan (BCP) Orientation</td>
<td>Jan – Dec</td>
</tr>
<tr>
<td>Nationwide Simultaneous Earthquake Drill</td>
<td>February 21</td>
</tr>
<tr>
<td>BCP Workshop: 2019 UN GETI Workshop for SMEs (Philippines)</td>
<td>February 21-22</td>
</tr>
<tr>
<td><strong>CAPACITY BUILDING:</strong> Basic Life Support (in partnership with DOH)</td>
<td>May</td>
</tr>
<tr>
<td>BCP Workshop: Weather 101 with Weather Philippines Foundation</td>
<td>June</td>
</tr>
<tr>
<td><strong>FORUMS/CONFERENCE ON DISASTER RISK AND RESILIENCE:</strong></td>
<td></td>
</tr>
<tr>
<td>1. July Conference with OCD</td>
<td>July 24-25</td>
</tr>
<tr>
<td>2. Forum on Disaster Risk and Resilience</td>
<td>August</td>
</tr>
<tr>
<td>3. International Day for Disaster Reduction</td>
<td>October</td>
</tr>
<tr>
<td>4. Top Leaders Forum</td>
<td>November</td>
</tr>
</tbody>
</table>
ARISE Philippines with Academic partners, representatives from government agencies, ARISE Work Team Leaders and Mr. Hans T. Sy.
ANNUAL GENERAL MEETING 2019

WORK THEMES IN ACTION

Theme 1: Disaster Risk Management Strategies

Theme 4: Training and Education

Theme 6: Urban Risk Reduction
STAKEHOLDERS
SMEs, Employees, Institutions, Large Private Corporations, Community, Government Units

CLIMATE CHANGE ADAPTATION
Infrastructure, Application of Science and Technology, Best Practices

DISASTER RISK REDUCTION
Risk Assessment
Localized weather forecasting
Building Code review by National government

• Public-Private Partnership/Collaborations
• Support of Local Government
• Resilience Center
• Risk Transfer Mechanism
• Pre-agreements
• Data Recovery Facility

RESILIENCE FRAMEWORK
ARISE PHILIPPINES
WORK THEMES & ACTIVITIES

DISASTER RISK MANAGEMENT STRATEGIES

Building partnerships with and between the public and private sector to assess their disaster risks and develop appropriate disaster risk management strategies and plans.

EDUCATION AND TRAINING

Collaborating with leading universities, training institutions, professional associations, and educational outreach programs in all regions to introduce or improve disaster risk management into the curricula of education and training service.

URBAN RISK AND RESILIENCE

Supporting local business communities and governments to increase awareness of and understanding for improving disaster resilience in the urban and built environment, and will inter alia address critical infrastructure and basic service delivery, transportation, energy and utilities services, and information and communications technology.
“Building Resilience of MSMEs is Good Business”