

E. Linkaging and Networking

Raw material sourcing – While researches on raw material characteristics and processing properties are being done by DOST and its member agencies, actual production is not directly within the mandate of the research community. DA and DENR in cooperation with the private sector are responsible for providing sustainable supply of raw materials. A viable MSME upgrading program however, requires that backward linkages with suppliers of raw materials be established. Policies attendant to the harvesting and movement of these raw materials are also important factors to consider in ensuring a sustainable supply of the needed raw materials. Thus, the Program has taken initiatives to study policies affecting raw material supply as well as measures to establish linkages with appropriate government and non-government agencies.

Marketing – This is not within the mandate of DOST. However, the success of the Program largely depends on how well the participating firms are able to market and profit from their products. Thus, the Program will link with DTI and the private sector particularly the Philippine Chamber of Commerce and Industry and other industry associations to facilitate the marketing of the products of MSMEs.

Technical/Entrepreneurial training – Linkages with TESDA, UP-ISSI and other relevant institutions and agencies will also be established to provide the training needs of participating firms that

Financing – DOST will likewise forge linkages with both government and private financial institutions to provide participating companies access to a wide range of financing packages for technology acquisition, production expansion and marketing.

Equipment design and fabrication – Considering the high cost of most equipment, DOST through the Metals Industry Research and Development Center (MIRDC) will assist in the design and fabrication of equipment. Whenever possible, private fabricators will be trained and accredited by MIRDC to address the equipment fabrication requirement of MSMEs.

Inter-Agency Design and Engineering Assessment (IDEA) Team – The IDEA Team was created as a support group for the implementation of SET-UP. Eight (8) DOST agencies namely PCIARD, ASTI, FNRI, FPRDI, ITDI, MIRDC, PNRI, and PTRI compose the Team with the Undersecretary for R&D spearheading and the Undersecretary for Regional Operations as co-chair. The IDEA Team assists in the development, assessment and standardization of the efficiency and performance indicators of various equipment, tools, jigs and fixtures attached to or associated with some if not all of the technologies developed by DOST agencies for possible adoption of MSMEs at the regional level.

V. Benefits

1. Address current problems
2. Get free technical advice from the consultants
3. Avail of technical training courses for workers/employees
4. Acquire new equipment to mechanize and/or improve production line through venture funds
5. Standardize and improve the quality of products
6. Be competitive

VI. Who May Apply?

1. Any company or individual firm that is based in the Philippines and wholly owned by Filipinos citizens.
2. Any small and medium scale business firm that can be classified under the identified priority sectors.
3. Individual firm that is willing to apply technological improvements in their existing operations.

VII. How To Apply?

1. Send a letter of interest to avail of the SETUP assistance together with the requirements to the DOST Regional Director's Office where the company is based.
2. Identify current problems, improvements, and potential technological interventions needed.
3. If the project is found viable, the Regional Director concerned will act on it accordingly.

VIII. Checklist of Requirements

1. Full blown proposal
 - Technical Aspect
 - Marketing Aspect
 - Management/Administrative Aspect
 - Financial Aspect
 - Waste Disposal
2. Endorsement of the Regional Director
3. Review and Technical Evaluation Committee (RTEC) Executive Report completely signed by all the RTEC members duly noted by the Regional Director
4. Proponent's letter of interest to avail financial assistance and commitment to payback including their proposed repayment schedule
5. Copy of business permits and licenses from relevant LGUs and other government offices
6. Financial statements of at least the past three (3) years for the company/beneficiary duly signed by a Registered Accountant/Auditor
7. Projected financial statements for the next five (5) years
8. Certificate of Registration of Business Name with DTI, SEC or CDA
9. Board resolution authorizing the borrowing and designating authorized signatories for the financial assistance (if applicable)
10. Three (3) quotations from suppliers/ fabricators of the equipment to be purchased/fabricated
11. Complete technical design/drawing of the equipment to be purchased/fabricated

IX.

Contact Information

Office of the Undersecretary for Regional Operations
Department of Science and Technology
General Santos Avenue, Bicutan, Taguig City
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Or Any of the DOST Regional Offices (Please refer to the attached Directory)

SETUP

Small Enterprises Technology Upgrading Program



Department of Science and Technology
Office of the Undersecretary for
Regional Operations

I. Background/Rationale

Recognizing the critical role of MSMEs in generating employment, earning foreign exchange and stimulating growth and development particularly in the rural areas, President Gloria Macapagal Arroyo has re-focused economic policies to support and sustain the growth of the manufacturing sector through the development of MSMEs. The President also called for efforts to expand domestic markets and assist MSMEs in penetrating non-traditional markets for sustained growth and competitiveness.

However, to be able to do this, MSMEs need substantial support in terms of:

- a. New technologies;
- b. Technical human resource training;
- c. Access to capital;
- d. Access to markets;
- e. Product standards and testing facilities;
- f. Appropriate packaging and product labeling;
- g. Sustainable raw material supply;
- h. Access to information; and
- i. Better/more efficient transport facilities.

To help provide some if not all of these needs, the Department of Science and Technology (DOST) launched the Small Enterprise Technology Upgrading Program (SETUP) in response to the President's call for more focused programs of assistance for MSMEs. SETUP is a nationwide strategy to encourage and assist MSMEs to adopt technological innovations to improve their operations and thus boost their productivity and competitiveness. The program enables firms to address their technical problems through technology transfer and technological interventions to improve productivity through better product quality, human resources development, cost minimization and waste management, and other operation related activities.

II. Industry Sectors Covered

Initially, the Program covers the following sectors:

- a. Food Processing;
- b. Furniture;
- c. Gifts, Decors and Handicrafts;
- d. Agriculture/Marine/Aquaculture/Forestry/Livestock;
- e. Metals and Engineering;
- f. ICT
- g. Health and Wellness Products;

- h. Halal Products and Services;
- i. Other Regional industry priorities

III. Objectives/Targets

SET-UP hopes to assist MSMEs improve their productivity and competitiveness through:

- a. Infusion of new/advanced technologies to improve operations of MSMEs;
- b. Human resource training, technical assistance and consultancy services;
- c. Design of functional packages and labels;
- d. Assistance in the establishment of product standards including testing;
- e. Database management system;
- f. Provision of funds for technology acquisition.

IV. DOST Strategies to Assist MSMEs

A. Provision of technology

Technology needs assessment and sourcing of technology – Participating firms will be assisted in assessing their technology needs and appropriate technologies recommended for adoption. Once identified, the source(s) of the technology will be determined and negotiations for the acquisition and installation of the technology will be done.

Innovation System Support – Most MSMEs have no capital or have limited access to financing from commercial financial institutions to enable them to acquire the needed technologies. Although limited, DOST will provide and facilitate the acquisition of needed equipment and/or technologies to participating MSMEs to improve their production efficiency.

Human resource training – Technical training on key production issues such as Hazard Analysis and Critical Control Points (HACCP) particularly for food processing, Good Manufacturing Practices (GMP), Quality and Environment Management Systems (QMS/EMS) as well as training on specific technical skills such as machining for furniture, handloom weaving, sea weed culture and tissue culture production among others will also be provided.

Consultancy and Technical Advisory Services – To ensure successful adoption of technologies, DOST through its pool of science and technology experts from its various agencies and members of the R & D network including academic institutions, will provide continuing technical and productivity consultancy services to participating firms.

B. Product Standard and Testing

Product Standards —To be able to compete globally and locally, Philippine made products must meet certain standards. Unfortunately, there are still no local standards for a large number of Philippine products. DOST is currently working with the Bureau of Product Standards (BPS) of the Department of Trade and Industry (DTI) in cooperation with the private sector, the academe, other government agencies and non-government organizations in establishing standards for some products.

Product testing and enhancement of testing laboratories – To determine if products conform to standards these must be tested in accredited laboratories. DOST, established a network of regional testing laboratories in cooperation with the State Colleges and Universities and private testing centers. However, these facilities need to be upgraded to be able to provide as wide a range of testing service needed as well as improve testing efficiencies, consistency of results and reduce turn around time for tests to be completed.

C. Packaging and Labeling

Products must be packaged well to increase shelf life especially for food products, improve handling and protection and ultimately improve their marketability. In addition the export market requires appropriate labeling of food products in response to the demand of the highly environment and health conscious consumers. DOST established the Packaging R & D Center in its Bicutan Compound to assist MSMEs in developing functional designs for packages, identifying and developing suitable or alternative packaging materials especially from indigenous sources. However, there is a need to establish three or four similar Centers in strategic areas in the country to better serve the needs of more MSMEs especially those in the regions.

D. Database Management and Information System

Several databases vital to MSMEs are now being prepared. These include a listing of available technologies at the national and regional level, listing of S & T experts, and a listing of testing laboratories including testing services provided as well as costs.