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

RestartME
Bridging livelihood recovery

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

FSG REIMAGINING SOCIAL CHANGE

A leading nonprofit consulting firm dedicated to **reimagining social change**
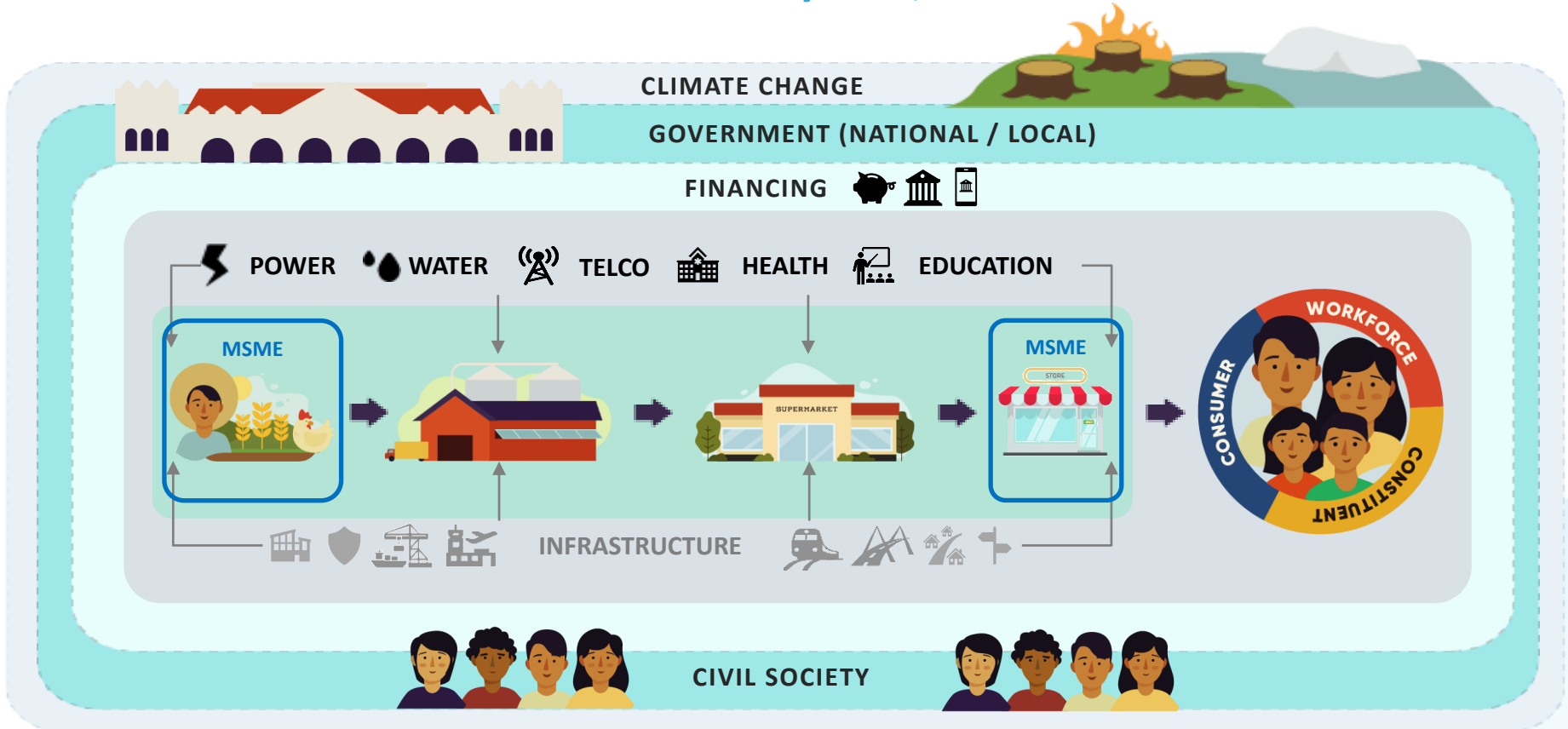
Consulting firm founded in 2000 by Harvard Business School Professor, Michael E. Porter and Mark R. Kramer

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

4

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

CLIMATE CHANGE

GOVERNMENT (NATIONAL / LOCAL)

FINANCING

POWER   WATER   TELCO   HEALTH   EDUCATION

MSME

MSME

STORE

WORKFORCE

CONSUMER

CONSTITUENT

INFRASTRUCTURE

CIVIL SOCIETY

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

CASTER Scoping Study
Collective Impact solutions for post-pandemic recovery and resilience building of MSMEs in the wholesale and retail trade and food service sectors

APRIL 2021

Scan QR code or visit this link to download:
https://tinyurl.com/CASTERscopingstudy

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Bridging livelihood recovery

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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

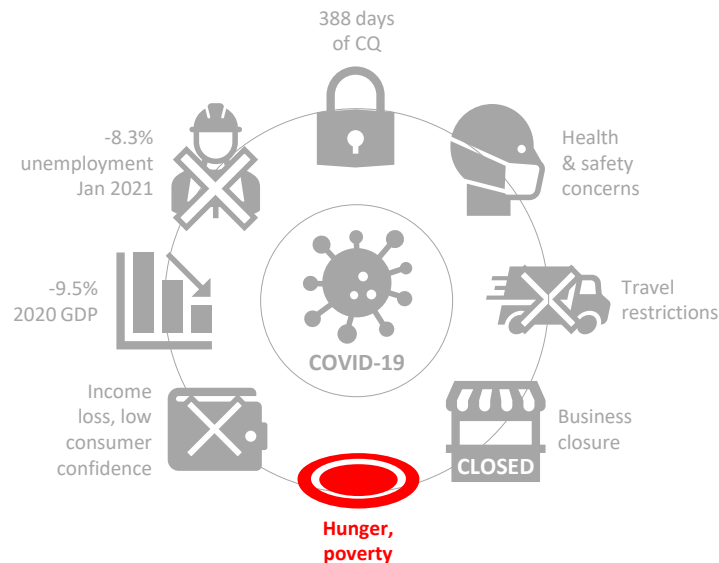## OPPORTUNITIES

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

388 days of CQ

Health & safety concerns

-8.3% unemployment Jan 2021

Travel restrictions

COVID-19

-9.5% 2020 GDP

Business closure

Income loss, low consumer confidence

CLOSED

Hunger, poverty

CASTER: Collective Action Secretariat to Enhance Resilience among MFIs and MSMEs
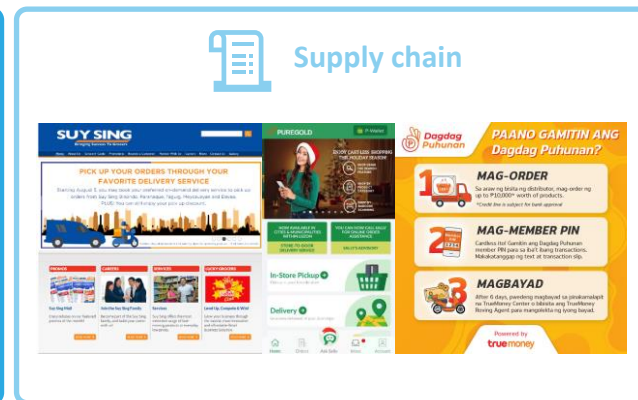
Multi-layer concept of MSME digitalization

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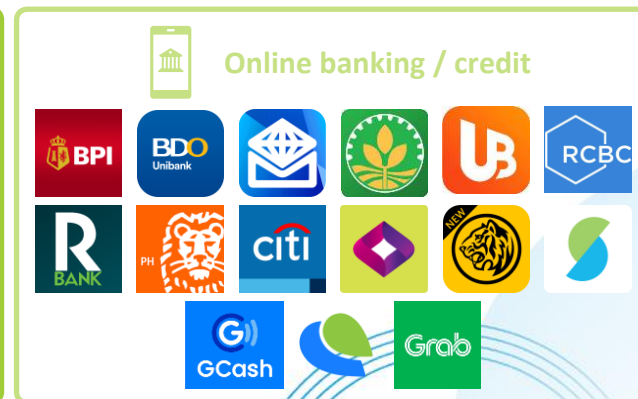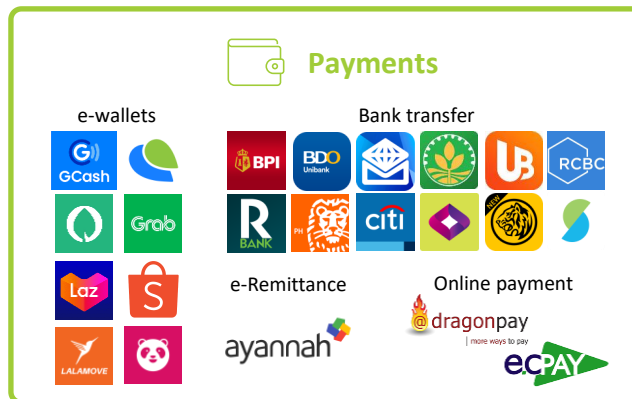
Marketing and trade

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)

Marketing and Trade

Online messaging

Social media (free)

E-commerce platform

Own website

Courier Partner

Supply chain

Payments

e-wallets

Bank transfer

e-Remittance

Online payment

Online banking / credit

Accelerate digital adoption by addressing gaps at ecosystem and firm levels

Access to infrastructure	Awareness of alternatives	Compelling business usage

ECOSYSTEM

Access to infrastructure
- 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

Awareness of alternatives
- 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

Compelling business usage
- 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 *sari-sari* store service to facilitate digital transactions
- Establishment of credit history of unbanked to access financing

FIRM

Access to infrastructure
- Activation of access to hardware and online infrastructure

Awareness of alternatives
- Entrepreneurial skills / mindset to appreciate value of digitalization
- Digital citizenship (security)
- Business / national ID registration

Compelling business usage
- Adaptability of digital platforms for the specific type of product sold

CASTER: Collective Action Secretariat to Enhance Resilience among MFIs and MSMEs

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

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

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
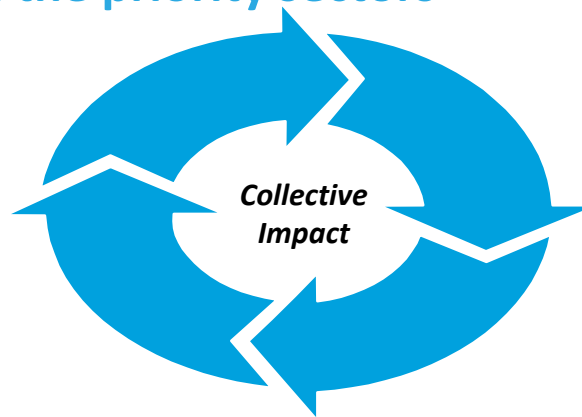
Resilient Supply Chain Innovation and Incubation

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

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

Collective Impact

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

Focus on vaccine sourcing and distribution

Provide a significant demand stimulus

Clear safe consumption and safe supply chain guidelines

Develop and implement national resilience strategy

Government led initiatives

Incentivize informal sector to register formally

Fast track national digital ID project

Transition towards digital disbursement of most Govt. pay-outs

National digital payments platform with seamless inter-operability

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?

Anchor stakeholder champion

Steering Committee membership to set strategic direction
Co-funder
Design / implementation owner in all or majority of the priority product, service or business model development initiatives
Linkage to MSME network for roll-out of solutions

Funder / co-funder

Provide funding for backbone organization and/or specific initiatives

Advocacy support

Government policy advocacy, stakeholder mobilization, promotion to organization members

Collective Impact

Backbone organization

Conduct advocacy / catalyze initiatives
Bring stakeholders together
Frame common agenda
Set shared milestones and metrics

Independent advisors

Technical advisory and operational expertise to assist in designing and testing solutions (e.g., research, policy advisory, Collective Impact set-up, business model development)

Design / implementation owner

Design product, service or business model
Provide / mobilize initial resources for the pilots
Take on the onus to launch and scale up successful pilots

Roll-out partners

Access to MSME networks and communities to support implementation of roll-out for pilots and scale-up initiatives

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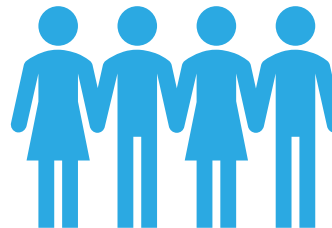
An **independent, dedicated staff (with funding!)** guides the initiative's vision and strategy, supports aligned activities, establishes shared measurement practices, builds public will, advances policy and mobilizes resources

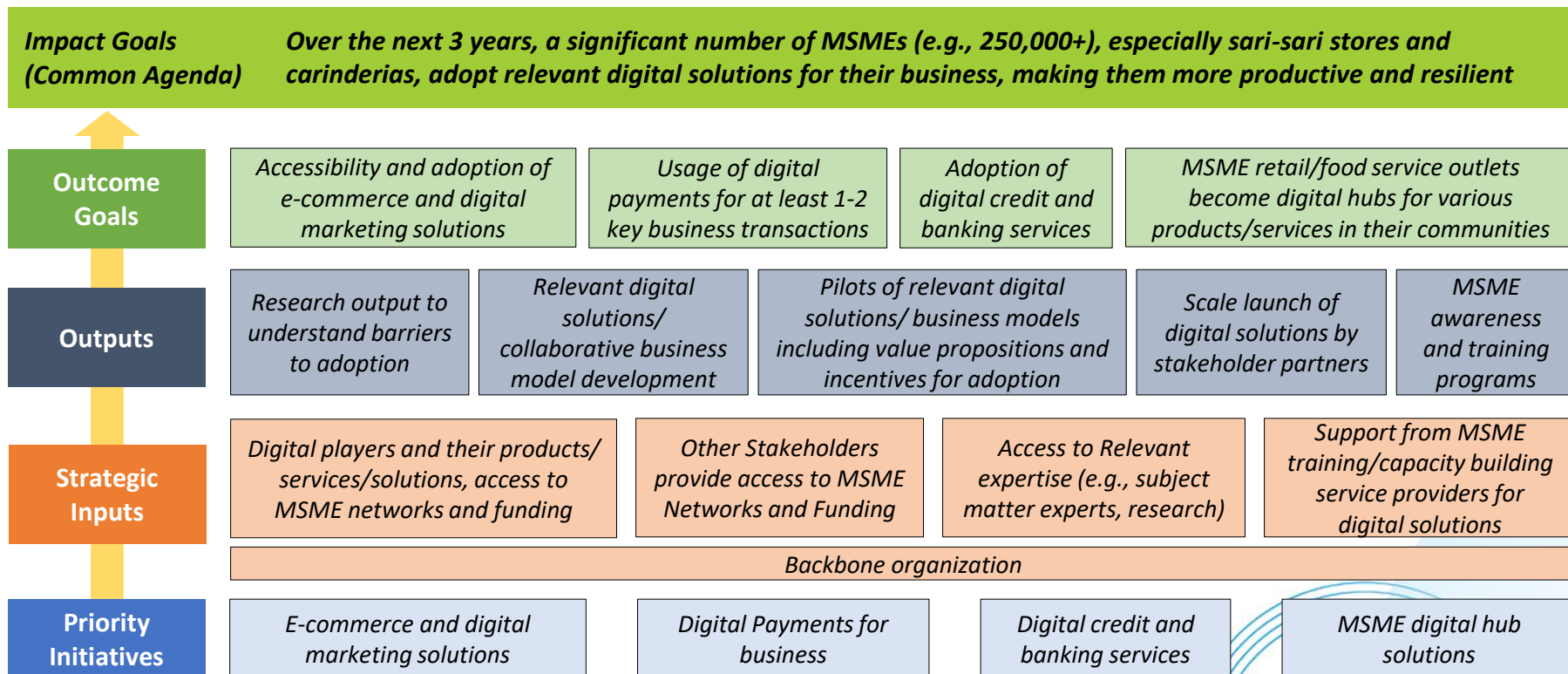| Coalitions for MSME development	Industry associations	Civil society organizations	Non-profit and development organizations

Scaling Up Digital Adoption
Step 2: On-boarding Committed Stakeholder Champions

Stakeholders		Potential Role(s)	Benefits
Industry associations, non-profit organizations, civil society organizations		● Backbone organization ● Collective Impact advocacy, monitoring and evaluation	● Meet impact objectives at scale
MSME training providers, non-profit organizations, other private sector players		● Participant and support with delivery of on-ground training / outreach / adoption ● Other expert/ advisory/ advocacy support	● 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		● 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)	● 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		● 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	
Government, development institutions, international aid		● Funder of initiative ● Regulatory support, endorsement and propagation of digital products and services ● Participant and support with delivery of on-ground training / outreach / adoption	● 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

Impact Goals (Common Agenda)	*Over the next 3 years, a significant number of MSMEs (e.g., 250,000+), especially sari-sari stores and carinderias, adopt relevant digital solutions for their business, making them more productive and resilient*

Outcome Goals

Accessibility and adoption of e-commerce and digital marketing solutions	*Usage of digital payments for at least 1-2 key business transactions*	*Adoption of digital credit and banking services*	*MSME retail/food service outlets become digital hubs for various products/services in their communities*

Outputs

Research output to understand barriers to adoption	*Relevant digital solutions/ collaborative business model development*	*Pilots of relevant digital solutions/ business models including value propositions and incentives for adoption*	*Scale launch of digital solutions by stakeholder partners*	*MSME awareness and training programs*

Strategic Inputs

Digital players and their products/ services/solutions, access to MSME networks and funding	*Other Stakeholders provide access to MSME Networks and Funding*	*Access to Relevant expertise (e.g., subject matter experts, research)*	*Support from MSME training/capacity building service providers for digital solutions*

Backbone organization

Priority Initiatives

E-commerce and digital marketing solutions	*Digital Payments for business*	*Digital credit and banking services*	*MSME digital hub solutions*

Scaling Up Digital Adoption
Step 4: Setting up the Collective Impact Governance / Operating Model

Steering Committee
(Stakeholder Champions and Other Experts)

Backbone Organization
(Collective Impact Secretariat)

Partnership with relevant stakeholder champions

Priority Initiative Working Groups

| **E-commerce and digital marketing solutions** | **Digital payments for business** | **Digital credit and banking services** | **MSME digital hub solutions** |

Funders

Lead role of backbone

Stakeholder Facilitation, Socialization, Monitoring and Communication

Other Stakeholder Partners and MSME Community

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