

On Inclusive Youth Entrepreneurship for a Resilient Economy

A White Paper

Philippine Young Entrepreneurs Association

In partnership with

The Center for International Private Enterprise

2024

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This white paper was prepared with the support of the **Center for International Private Enterprise** as part of the project "*CIPE Philippines: Institutionalization of PYEA as the Voice for Inclusive Young Entrepreneurship*". The primary objective of this project is to enhance the global capacity of youth organizations in fostering entrepreneurial and civic leadership among young individuals. This document aims to provide a comprehensive analysis of the youth entrepreneurial ecosystem, identify systemic barriers to entrepreneurship, and offer evidence-based, high-impact policy recommendations for improving governmental programs, private sector initiatives, and public perceptions surrounding youth entrepreneurship.

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This white paper was formally presented at the **50th Philippine Business Conference and Expo** and the **9th ASEAN Young Entrepreneurs Carnival in Laos**. Furthermore, its recommendations will be submitted to regulatory bodies, the National Economic and Development Authority (NEDA), Department of Finance (DOF), Department of Trade and Industry (DTI), and the Department of Science and Technology (DOST), and key legislative offices including the **National Youth Commission (NYC)** and the **Philippine Senate Committee on Youth**, to inform policy deliberations and promote sustainable youth entrepreneurship at a national and regional level.

I. Introduction

A. The Economy & MSMEs

The Philippine economy has entered the year on an impressively strong footing, and is even perceived to end the year with much optimism from numerous economic projections. Institutions all over the globe projected sustained growth for the country over the coming years. The Asian Development Bank (ADB), in its 3rd Quarterly Economic Outlook, forecasts the country's Gross Domestic Product (GDP) to grow by 6.0% in 2024 and 6.2% in 2025.¹ Similarly, the World Bank, in its latest biannual Philippines Economic Update, revised its growth expectations for 2024 to 5.8%.² The ASEAN+3 Macroeconomic Research Office (AMRO), in its Regional Economic Outlook, on the other hand predicts an even higher growth rate of 6.3% for 2025, positioning the Philippines as the second fastest-growing economy in Southeast Asia after Vietnam by a small margin.³ The International Monetary Fund (IMF) cites factors such as increased public investment and improved external demand for exports as the key drivers for these projections, estimating a close 6.0% growth rate for the economy in the first half of 2024.⁴

Accordingly, the Philippine government has set its sights on attaining a growth target of 6.0% to 7.0% for 2024, 6.5% to 7.5% for 2025, and 6.5% to 8.0% for 2026–2028 as reported by the Bangko Sentral ng Pilipinas.⁵ While the Philippine economy outpaced many of its Asian and Southeast Asian neighbors in 2023 becoming one of the top-performing economies in Asia⁶ and the fastest-growing economy in Southeast Asia,⁷ potential risks threaten the promising outlook for

¹ Asian Development Bank, Asian Development Outlook 2024, Vol. 1 (2024), <https://dx.doi.org/10.22617/FLS240452-3>.

² World Bank, Philippines Economic Updates, <https://openknowledge.worldbank.org/server/api/core/bitstreams/f0a9bb15-ad63-4960-a54f-f322265de74c/content>

³ ASEAN+3 Macroeconomic Research Office, ASEAN+3 Regional Economic Outlook – October 2024 Update, https://amro-asia.org/wp-content/uploads/2024/10/AREO-2024-October-Update_Final.pdf

⁴ International Monetary Fund (IMF), "Philippines: IMF Staff Concludes Visit," October 3, 2024. Available at: <https://www.imf.org/en/News/Articles/2024/10/03/pr-24355-philippines-imf-staff-concludes-visit>

⁵ Bangko Sentral ng Pilipinas, Philippine economic updates Vol 2. (2024), <https://www.bsp.gov.ph/Pages/IRG/Philippine%20Economic%20Updates%20Vol%202-2024.pdf>

⁶ Philippine News Agency. (2024, February 1). Philippine economy grows 7.6% in 2023. Retrieved from <https://www.pna.gov.ph/articles/1215888#:~:text=MANILA%20%E2%80%93%20The%20Philippine%20economy%20grew,economic%20growth%20to%205.5%20percent>

⁷ Bloomberg News. (2024, January 31). Philippine economy grows faster than expected: 5.6% last quarter. Bloomberg. Retrieved from

the archipelago. These challenges include climate change, natural calamities, geopolitical tensions in the West Philippine Sea, and ongoing discussions around constitutional reform.

Amidst these uncertainties, enhancing the sector for micro, small, and medium enterprises (MSMEs) holds the greatest potential for the country to strengthen resilience while driving sustained economic growth. This has been evident when MSMEs was the only sector active and striving during the pandemic,⁸ and had afterwards been the key to driving the country to recovery from the economic downturn caused by the lockdowns.⁹ Considered as the Philippines' economic backbone, MSMEs contributed approximately 40% of the nation's Gross Domestic Product (GDP) in 2022,¹⁰ which is estimated to be around USD 161 billion.

In the 2022 List of Establishments (LE) of the Philippine Statistics Authority (PSA) released by the Department of Trade and Industry (DTI), MSMEs were recorded to account for 99.5% of all registered businesses in the country with microenterprises comprising 90.49%, small enterprises 8.69%, and medium enterprises 0.40% of the 1,109,684 total registered establishments.¹¹ Collectively, these MSMEs generated 5,607,748 jobs, accounting for 65.10% of the country's total employment. Microenterprises alone contributed 32.69% of these jobs, while small enterprises accounted for 25.35%, and medium enterprises 7.06%.

However, these same business establishments often struggle to survive the early stages of operation. According to the Asian Development Bank, MSMEs are particularly susceptible to external shocks, including financial crises, natural disasters, and abrupt changes in the business environment.¹² This has been evident at the height of the coronavirus pandemic in which more than 50% of

<https://www.bloomberg.com/news/articles/2024-01-31/philippine-economy-grows-faster-than-expected-5-6-last-quarter>

⁸ Go Negosyo, "MSMEs prepositioned to lead PH's post-COVID economic recovery," February 2022, <https://gonegosyo.ph/msmes-prepositioned-to-lead-phs-post-covid-economic-recovery/>

⁹ United Nations Philippines, "MSME Sector Key to COVID-19 Inclusive Recovery in the Philippines," UN Philippines, last modified October 20, 2020, <https://philippines.un.org/en/93680-msme-sector-key-covid-19-inclusive-recovery-ph>.

¹⁰ United Nations Development Programme, "MSME value chain rapid response survey," 2022, <https://www.undp.org/philippines/publications/msme-value-chain-rapid-response-survey>

¹¹ Department of Trade and Industry, "MSME Statistics," Department of Trade and Industry, accessed August 30, 2024, <https://www.dti.gov.ph/resources/msme-statistics/>.

¹² Asian Development Bank Institute, "Covid-19 Impact on Micro, Small, and Medium-sized Enterprises Under the Lockdown," ADBI Working Paper Series, 2022, <https://www.adb.org/sites/default/files/publication/677321/adbi-wp1216.pdf>

MSMEs have halted or fully ceased their operations.¹³ Meanwhile, historical data from the Global Entrepreneurship Monitor indicated that the Philippines had a business discontinuance rate of 12% as early as 2014, which was the highest among its ASEAN counterparts and stands in stark contrast to its rate of early-stage entrepreneurship at 13%.¹⁴

Over the past few years, the Philippine government has, in response, implemented a range of policies and initiatives to bolster the MSME sector by promoting and encouraging entrepreneurship. Yet, even with its projected rise, the economy remains to fully leverage the potential of the demographic best positioned for tangible impact in the MSME sector — the Filipino youth.

II. The Filipino Youth

A. Defining the Youth

The micro, small, and medium enterprises (MSMEs) sector stands as the backbone of the economy. Therefore, it is imperative to recognize that this very sector is sustained predominantly by the creativity and innovation of the youth.

In the Philippines, the Youth in Nation Building Act of 1994 (RA 8044) formally defines youth as individuals aged 15 to 30 years.¹⁵ However, an alternative classification, which considers youth to be those aged 15 to 24 years, is also widely accepted across various statistical and legal contexts in the country.

Highlighted in the third State of the Nation Address (SONA) of President Marcos in 2024, the current youth population, aged 15 to 30, sits at approximately 31.4 million, comprising 28.9% of the total household population as of 2020.¹⁶

In addition to this, the United Nations Population Fund (UNFPA) reports that the Philippines is experiencing its largest generation of young people in history, with

¹³ Philippine Star, "Over half of MSMEs halted operations due to COVID – DTI," <https://www.philstar.com/business/2020/05/02/2011160/over-half-msmes-halted-operations-due-covid-dti>

¹⁴ Global Entrepreneurship Monitor, 2014 "Philippines Policy," <http://gem-consortium.ns-client.xyz/economy-profiles/philippines/policy>

¹⁵ National Youth Commission, "Republic Act No. 8044," <https://nyc.gov.ph/republic-act-8044/>

¹⁶ Manila Bulletin, "SONA 2024: Focus on Filipino Youth's Aspirations," July 22, 2024, <https://mb.com.ph/2024/7/22/sona-2024-focus-on-filipino-youth-s-aspirations>.

around 30 million individuals between the ages of 10 to 24, accounting for 28% of the total population.¹⁷

Meanwhile, the United Nations Educational, Scientific, and Cultural Organization (UNESCO) describes youth as a more fluid category than a fixed aged group in which it represents the transitional phase from the dependency of childhood to the independence of adulthood.¹⁸ This transition is marked by the completion of formal education and entry into the labor market—a period that has lengthened in recent years due to higher unemployment rates and the rising costs associated with establishing independent households.

B. Youth In Labor Force

The Philippine Statistics Authority (PSA) reported that in May 2022, the youth labor force (aged 15-24) comprised 7.30 million, representing 36.2% of the total estimated youth population of 20.14 million.¹⁹ Of note, the number of new entrants into the labor market increased from 899,000 in April 2022 to 999,000 in May 2022. Despite these figures, young people continue to face disproportionately the challenges of unemployment, underemployment, and inflation.

As ASEAN's 2nd fastest economy, it is confounding that the country has the worst unemployment, especially for the youth. The youth suffers from the highest rate of unemployment among all age groups with the youth unemployment rate amounted to 6.85 percent in 2023,²⁰ and out of the employed youth, 10.9 percent were underemployed.²¹ However, research group IBON Foundation, recently released preliminary estimates which place the true number of total unemployed at 7.5 million, with a rate of over 13%, while the real youth unemployment rate at 8.6%.²²

¹⁷ United Nations Population Fund (UNFPA) Philippines, "Young People," 2023, <https://philippines.unfpa.org/en/topics/young-people-19>

¹⁸ United Nations, "Youth Entrepreneurship and the Sustainable Development Goals," United Nations, accessed August 30, 2024, https://sdgs.un.org/sites/default/files/2020-07/Youth_Entrepreneurship.pdf.

¹⁹ SunStar Cebu, "Youth-Driven Consumption Propels PH Economic Growth," SunStar, August 11, 2023, <https://www.sunstar.com.ph/cebu/business/youth-driven-consumption-propels-ph-economic-growth>.

²⁰ Statista. Youth Unemployment Rate in the Philippines from 1999 to 2022. Retrieved from <https://www.statista.com/statistics/812909/youth-unemployment-rate-in-philippines/>

²¹ Philippine Statistics Authority (PSA). Labor Force Survey: July 2023 Preliminary Results. Retrieved from <https://psa.gov.ph/statistics/labor-force-survey/node/1684063534>

²² IBON Foundation, "Weak and Below-Target Job Creation Debunks Govt's Employment Hype, Hits Youth Worst – IBON," 2023, <https://www.ibon.org/weak-and-below-target-job-creation-debunks-govts-employment-hype-hits-youth-worst-ibon/>

These statistics have contributed to the Philippines' ranking as second worst globally in terms of work-life balance, as reported by Remote's Global Life-Work Balance Index 2024, where the country placed 59th out of 60,²³ Additionally, for the eighth consecutive year, the Philippines has been identified as one of the 10 worst countries for workers in the International Trade Union Confederation (ITUC) Global Rights Index 2024.²⁴

Apart from the situation of the labor market, there are also inflationary pressures that inordinately impact the youth. In December 2022, the national inflation rate stood at 4.4%, with food prices surging to an alarming 14-year high of 8.1%, marking a 14-year high.²⁵ Another surge of 6.1% was recorded in September 2023.²⁶ In July 2024, the inflation rates rose at 4.4% and were particularly observed by the youth in the essential sectors of transportation and education services with inflationary increases of 3.6% and 5.8%, respectively.²⁷

The apparent plight of the youth are reflected in the 2023 Youth Progress Index (YPI), published by the Social Progress Imperative and the European Youth Forum, the Philippines ranked 77th out of 153 countries, with an overall score of 71.43 out of 100. The index evaluates young people's quality of life across three dimensions: basic human rights, foundations of well-being, and opportunities. The country scored 79.71 in basic human rights, 70.58 in well-being, and 64.00 in opportunities.²⁸

Similarly, the Philippines ranked 108th out of 183 countries in the 2023 Global Youth Development Index (YDI) by the Commonwealth, which assesses the extent to which young people are earning, learning, and leading healthy,

²³ Rappler, "Philippines scores low on global life-work balance index," 2024. Available at: <https://www.rappler.com/philippines/score-global-life-work-balance-index-2024/>

²⁴ Inquirer Global Nation, "PH among 10 worst countries for workers for 8th straight year," 2024. Available at: <https://globalnation.inquirer.net/239495/ph-among-10-worst-countries-for-workers-for-8th-straight-year>

²⁵ Reuters, "Philippine inflation leaps to 14-year high in November 2022," December 6, 2022. Available at: <https://www.reuters.com/business/retail-consumer/philippine-inflation-leaps-14-year-high-november-2022-12-06/>

²⁶ Philippine Statistics Authority (PSA), "Consumer Price Index: Inflation Rate," available at: <https://psa.gov.ph/price-indices/cpi-ir>

²⁷ GMA Network, "Inflation rate for July 2024," available at: <https://www.gmanetwork.com/news/money/economy/916044/inflation-rate-july-2024-psa/story/>

²⁸ Youth Progress Index, "Youth Progress Index Report 2023 (Brussels: Social Progress Imperative, 2023)", <https://ypi-backend-staging.studiopompelmoes.be/assets/downloads/231012-YPI-general-digi.pdf>.

engaged lives in societies that value their contribution. The ranking is the second-lowest in the East and Southeast Asia region.²⁹

With a diminished purchasing power and rising cost of living, many young Filipinos have become increasingly compelled to seek better employment, second and part-time jobs, and other alternative income sources in order to sustain themselves. However, constraints and inadequacies in the market often prevent them from doing so.

C. Market Constraints and Inadequacies

A 2015 publication from The World Bank Group in the Philippines first shed light on the segmentation of the Philippine labor market into “good” and “bad” jobs. The latter is characterized by “informal, temporary or casual, and low-paid”, that lacks minimum wage protection and is excluded from employment protection legislation.³⁰ This situation has now become more prevalent in the digital age. Globalization and the rise of digital labor platforms brought forth a growth in contractual and temporary OFW work, freelancing, microtasking, and IT and business process outsourcing.³¹ The concept of a “job-for-life” has been largely replaced by “portfolio careers,” which consist of contract employment, freelancing, and periods of self-employment.³²

An article by the IBON Foundation in 2022 tackled this growing decline in the quality of work. The organization reported an increase in part-time workers by 3.1 million, with an additional 203,000 people categorized as “with a job but not at work.” Filipinos, especially the youth, are increasingly turning to temporary, low-paying, and benefit-less work within the informal sector as a means of survival. By hours worked, 37.6% or 17.1 million of employed individuals are either engaged in part-time work or are temporarily without work. In fact, of the

²⁹ Commonwealth Secretariat, *Global Youth Development Index: Update Report 2023* (London: Commonwealth Secretariat, 2023), <https://thecommonwealth.org/publications/global-youth-development-index-update-report-2023>.

³⁰ The World Bank Group, “Employment and Poverty in the Philippines,” *Philippines Social Protection Note*, December 2015, available at: <https://documents1.worldbank.org/curated/ru/979071488446669580/pdf/113101-WP-P150535-PUBLIC-A-CS.pdf>

³¹ World Bank, *Philippines Economic Update - December 2021*, available at: <https://thedocs.worldbank.org/en/doc/bca0601a640711811e2dea678fa08c32-0070062021/original/World-Bank-Philippines-Economic-Update-December-2021.pdf>

³² World Bank, “Youth Entrepreneurship: Measures to Overcome the Barriers Facing Youth,” World Bank, accessed August 30, 2024, <https://documents1.worldbank.org/curated/en/581301468045090381/pdf/456280WP0Box331preneurship01PUBLIC1.pdf>.

official reported total number of employed nationwide by class of worker, the number of those self-employed or in a family-owned business increased by 38.5% or 17.5 million.³³

The advent of the digital era has led to the emergence of a new category of substandard employment. However, traditional employment fare no better. Market inefficiencies such as congestion, monopolies, and retail saturation continue to grow and contribute to the proliferation of conventional low-quality jobs particularly in the capital region.

While employment opportunities in Metro Manila are not markedly superior in quality or compensation, many flock to the highly urbanized cities due to a scarcity of job prospects available in underdeveloped rural areas and municipalities outside the region. The University of the Philippines Population Institute (UPPI) revealed that 55% of Filipinos aged 15 years old and above were migrants as of 2018, with 49% relocating within the country as internal migrants primarily seeking employment.³⁴ In 5 years, the current population of Metro Manila ballooned from 13,482,000 in 2018 to 14,942,000 in 2024,³⁵ contributing significantly to the capital region's congestion. In 2019, the Asian Development Bank (ADB) ranked Metro Manila as the most congested city out of all 278 cities in developing Asia.³⁶

The Metropolitan Manila Development Authority (MMDA) partly attributed the congestion of Metro Manila to overcrowding as economic activities and opportunities become increasingly centralized in the capital. According to former MMDA Spokesperson Celine Pialago, around 410,000 inbound and outbound vehicles traverse EDSA on a day-to-day basis.³⁷ This trend persists almost five years later, as the TomTom Traffic Index recently named Metro Manila as first in

³³ IBON Foundation, "PH 2nd fastest ASEAN growth but worst unemployment," available at: <https://www.ibon.org/ph-2nd-fastest-asean-growth-but-worst-unemployment/#:~:text=The%20country's%206.5%25%20unemployment%20rate,2.3%25%20in%203rd%20quarter>.

³⁴ Philippine Institute for Development Studies (PIDS), "Why people will leave the provinces for metropolitan areas despite Balik Probinsya," available at: <https://www.pids.gov.ph/details/why-people-will-leave-the-provinces-for-metropolitan-areas-despite-balik-pr-obinsya>

³⁵ Macrotrends, "Manila Population 1950-2024," available at: <https://www.macrotrends.net/global-metrics/cities/22109/manila/population>

³⁶ Rappler, "Metro Manila is the most congested city in developing Asia," available at: <https://www.rappler.com/business/241119-metro-manila-most-congested-city-developing-asia/>

³⁷ Philippine News Agency (PNA), "Metro Manila totally congested with 2.6 million vehicles – MMDA," available at: <https://www.pna.gov.ph/articles/1081525#:~:text=%E2%80%9CBy%20fact%2C%20figures%20won',we%20are%20totally%20congested%2C%E2%80%9D%20Pialago>

the list of metropolitan areas with the worst traffic in 2023.³⁸ Additionally, public transportation in Metro Manila has been ranked as one of the 'worst in the world' out of 60 cities. The capital placed 58th in "urban mobility readiness" and 48th for Sustainable Mobility according to the 2022 Urban Mobility Readiness Index conducted by the Oliver Wyman Forum.³⁹

The effects of traffic congestion on the workforce were presented by the Employers Confederation of the Philippines (ECOP) in 2015, stating that unfortunate metropolitan traffic conditions erode both worker productivity and business competitiveness, with workers regularly experiencing routine exhaustion and burnout. The Japan International Cooperation Agency (JICA) projected in a 2018 report that the Philippine economy loses PHP 5.4 billion per day due to heavy traffic in Metro Manila, a staggering figure that includes vehicle operating costs and the time spent by drivers and passengers on the road.⁴⁰

The intense concentration of economic activities within Metro Manila has led to market saturation and has fostered unhealthy competition among small to medium-sized enterprises (SMEs). Multinational corporations continue to dominate the landscape, as they are often the only entities capable of withstanding operational, financial, and logistical challenges. Consequently, this environment compels smaller business owners to reduce wages and salaries to survive, resulting in a workforce that is increasingly exhausted, underpaid, and overworked.

Eventually, these constraints and inefficiencies only serve to expose vulnerabilities in the economy, and underscore the urgent need for resiliency. The market's failure to absorb the excess labor, cultivate healthy competition, and decentralize economic development across the archipelago has not only stifled individual opportunities for the Filipino youth but has also perpetuated a cycle of stagnation that determines the country's long term prospects for sustainable growth.

³⁸ Gulf News, "Philippines' Metro Manila traffic ranked the worst in the world in 2023 report," available at: <https://gulfnews.com/world/asia/philippines/philippines-metro-manila-traffic-ranked-the-worst-in-the-world-in-2023-report-1.1705656301396>

³⁹ Philstar, "Metro Manila public transportation among worst in the world — study," November 25, 2022. Available at: <https://www.philstar.com/headlines/2022/11/25/2226400/metro-manila-public-transportation-among-worst-world-study>

⁴⁰ Inquirer, "As PH transport crisis worsens, workers say traffic, lack of rides are draining them," June 25, 2022. Available at: <https://newsinfo.inquirer.net/1617567/as-ph-transport-crisis-worsens-workers-say-traffic-lack-of-rides-are-draining-them#ixzz8nx9GJdjc>

D. Youth towards Development

The first step in addressing these challenges is recognizing that today's youth face burdens unfamiliar to previous generations. Widespread underemployment and limited job opportunities, compounded by the dominance of national and multinational corporations, have created a congested labor market vulnerable to monopolistic practices. This consolidation of economic power undermines the resilience of the Philippine economy. In developing countries, where markets are often fragile and volatile, nurturing entrepreneurial diversity is essential to building adaptability and long-term stability. Empowering the youth of today through entrepreneurship therefore stands as a strategic investment in creating an economy with the capacity for change.

III. Youth Inclusive Entrepreneurship

A 2017 publication in the DLSU Business & Economics Review cited data from the Bureau of Labor and Employment Surveys, showing that Filipino youth have the highest participation in entrepreneurial ventures compared to other age groups. Additionally, the same article referenced the Global Entrepreneurship Monitor (GEM), which found that more than half (52%) of Filipino entrepreneurs are between the ages of 18 and 44.⁴¹

It can be reasonably asserted that the proclivity for entrepreneurship continues to prevail among the youth today. In 2023, an OCTA research survey conducted for Go Negosyo — the advocacy arm of the Philippine Center for Entrepreneurship — revealed that among 1,200 Filipinos aged 18 and above, 78% aspire to start their own businesses rather than work as employees.⁴² A significant number of these responses were from Filipino youth who cited personal time management and the freedom to control their own schedules as the primary motivations for entrepreneurship. The youth are also a major driving force in domestic consumption, which remains the top contributor to the country's economic growth, according to former Finance Secretary Benjamin Diokno. Their demand for consumption has been notably higher than that of the aging population, with the youth often investing more in technology, real estate, fashion, and other sectors.⁴³

⁴¹ Conchada, M. I., et al. Drivers of Economic Growth in the Philippines: A Regional Comparative Analysis. De La Salle University (DLSU), July 26, 2017. Available at:

<https://www.dlsu.edu.ph/wp-content/uploads/2019/03/3conchada-et-al-072617.pdf>

⁴² Inquirer Business, "78% of Pinoys Prefer to Be Entrepreneurs," Inquirer Business, August 29, 2024, <https://business.inquirer.net/402666/78-of-pinoys-prefer-to-be-entrepreneurs#ixzz8jc4K1SwY>.

⁴³ SunStar Cebu, "Youth-Driven Consumption Propels PH Economic Growth," SunStar, August 11, 2023, <https://www.sunstar.com.ph/cebu/business/youth-driven-consumption-propels-ph-economic-growth>.

The youth plays a vital role on both the demand and supply sides of entrepreneurship. With the right support and guidance, the youth can directly and significantly contribute to transformative change.

However, entrepreneurship hasn't been exactly inclusive for the youth. Market failures, regulatory constraints, and barriers to entry prevent the youth from fully participating in entrepreneurship, much less pursuing it as a long-term career. In fact, Filipinos often consider being young a disadvantage in business. Youth entrepreneurship is perceived as high-risk, and that there is a lack of hands-on, targeted programs that could better prepare young entrepreneurs.

Entrepreneurship is a learned experience—beyond theoretical education, being an entrepreneur is a capability that can only be acquired through practice, opportunity, and exposure. The Philippine Young Entrepreneurs Association (PYEA) therefore advocates for youth-inclusivity in entrepreneurship as a way to confront the interrelated challenges faced by the youth, the market, and the economy. Our approach seeks to create sustainable employment opportunities for young adults, alleviate market saturation, and bolster the country's economic resilience through entrepreneurship.

In this white paper, we provide an in-depth analysis of the barriers and challenges faced by young entrepreneurs and propose high-impact action plans to cultivate a more youth-inclusive business ecosystem in the Philippines.

A. Stakeholder Consultation

Formulating effective policies that address the challenges of the youth begins with understanding their demographic's perspective. Conducting stakeholder consultations becomes imperative, with the initial phase of identifying key stakeholders, for which PYEA has developed a framework. This framework was used in establishing the original membership eligibility criteria and requirements to better support the needs of its members.

1. Aspiring & Student Entrepreneurs

Students and aspiring entrepreneurs in the process of starting a business, with a strong educational background but lack the practical experience, resources, and access to both network and mentorship.

2. Young & Emerging Entrepreneurs

Entrepreneurs in the early stage of their business. They have underlying skillsets or resources but need to develop further in the areas of network, partnerships, digital channels, and legal compliance to scale their business.

3. Seasoned & Established Entrepreneurs

Traditional businesses operating locally, or Filipino-owned businesses operating overseas with the goal of digitizing, expanding, and adapting their enterprise to cater to modern markets.

4. Informal Entrepreneurs

Entrepreneurs that are operating and working with local and international clients but have yet to formalize their businesses and comply with the local government, internal revenue bureaus, and relevant regulatory bodies.

IV. The Round Table Discussions

The Round Table Discussions (RTDs) is the organization's primary method of data gathering which delves into the challenges, needs, and aspirations of young entrepreneurs.

These discussions are conducted across the four main regions: Metro Manila, Luzon, Visayas, and Mindanao. Each RTD takes place in a different city or municipality, representing the varied commodities, demographics, specializations, geographical features, climate conditions, attitudes, traditions, industries, and sectors within these regions.

A. National Capital Region

1. RTD #1 Quezon City

- a) The first Round Table Discussion brought together a good number of emerging entrepreneurs and support systems. The average age range in this discussion falls within the category of 24 to 30 years old with a focus on technology and food and beverage enterprises.

Key Takeaways:

(1) Passion as a Motivator for Entrepreneurship

- (a) Entrepreneurs often start businesses to pursue their passions, connecting their work to what they love and finding a creative outlet.

(2) Needs for Student Entrepreneurs

- (a) Aspiring student entrepreneurs need mentorship, knowledge, capital, and networking. Business students seek networking, non-business students need business fundamentals like marketing.

(3) Challenges with Legal and Accounting Aspects

- (a) Entrepreneurs struggle with legal and accounting compliance due to lack of background, facing challenges in learning and managing these aspects independently.

(4) Effectiveness and Struggles of Supply Institutions

- (a) Supply institutions support entrepreneurial needs but face challenges reaching non-marginalized young entrepreneurs and ensuring long-term commitment. Better targeting and sustained engagement in programs are needed for improved effectiveness.

2. RTD #2 Cavite City

- a) The Round Table Discussion in Cavite City featured a larger cohort of students and aspiring entrepreneurs, alongside traditional business owners primarily operating in the service industry.

Key Takeaways:

(1) Identifying Needs of Young Entrepreneurs

- (a) The discussion underscored the critical needs of young entrepreneurs, including networking,

mentorship, financial assistance, legal compliance, and skills training, which are essential for their growth and contribution to society.

(2) Challenges in Entrepreneurship

- (a) Participants articulated several challenges faced by entrepreneurs, such as sustaining businesses, navigating the digital landscape, and managing client expectations. The importance of partnerships, support networks, and continuous learning was emphasized as vital for overcoming these obstacles.

(3) Educational and Practical Preparation

- (a) Both students and young entrepreneurs expressed the importance of leveraging their educational backgrounds in business management and digital marketing to advance their entrepreneurial endeavors. They underscored the necessity of practical skills and a proactive approach alongside formal education.

(4) Support from Supply and Regulatory Institutions

- (a) While supply and regulatory bodies, such as the Department of Trade and Industry (DTI), offer programs and assistance for entrepreneurs, many participants remain unaware of these resources. There is a need for better-targeted outreach and specific assistance, such as tax relief and regulatory guidance, to effectively address the needs of small and emerging businesses.

3. RTD #3 Makati & Pasig City

- a) The Round Table Discussion for Makati and Pasig City centered on the perspectives of several seasoned and established entrepreneurs, along with industry leaders who have decades of experience within the local business ecosystem. Participants in this discussion predominantly fell within the age group of over 30

years old, offering valuable insights drawn from years of successful business experience.

Key Takeaways:

(1) Quality Network and Proper Mentorship

- (a) Concerns about young entrepreneurs being dependent on unreliable online information and role models setting unrealistic standards and outcomes due to limited access to business networks.

(2) Ambition and Resilience

- (a) The uncertainty inherent in entrepreneurship requires a strong, visionary mindset and the ability to transition from a worker mentality to an entrepreneurial one, embracing persistence, resilience, and delayed gratification.

(3) Leadership and Systemization

- (a) Seasoned entrepreneurs noted the systematic and hierarchical structure of established corporations and observed that effective people management, financial management, strategic planning, adequate working capital, and a strong sales focus are essential for entrepreneurial success.

4. RTD #5 Las Pinas City

- a) The fourth Round Table Discussion was attended by key representatives from the local Chamber of Commerce and focused on fostering entrepreneurial development through community support and collaboration.

Key Takeaways:

(1) Early Entrepreneurship Education

- (a) There is a need to introduce entrepreneurship education at an earlier stage in formal schooling. Cultivating entrepreneurial mindsets and skills in

young students can better prepare them for future business ventures and innovation-driven economies.

(2) Standardized and Accessible Resources

- (a) A lack of standardized and widely accessible resources often hinder aspiring entrepreneurs to pursue entrepreneurship. These resources should cover the foundational aspects of starting and sustaining a business, including legal compliance, financial management, and business planning.

(3) Enhanced Ecosystem Support

- (a) A call for more inclusive programs that offer mentorship, workshops, and entrepreneurial events by public and private sectors. Collaboration in initiatives allows room for catering to a broader demographic of entrepreneurs.

5. Special RTD #9 Quezon City Informal Entrepreneurs

- a) This special Roundtable Discussion is conducted exclusively to give a voice to informal sector entrepreneurs and enterprises operating without formal registration as well as those awaiting registration.

Key Takeaways:

(1) More Inclusive Events

- (a) Entrepreneurs expressed a desire for additional free bazaars and events that are open to the public and attract high foot traffic to provide valuable exposure for micro and nano businesses.

(2) Subsidies and Incentives

- (a) Implementing subsidies for business registration costs for those who complete training programs, making the transition to formalization more accessible.

(3) Greater Ease of Doing Business

- (a) The establishment of policies aimed at simplifying the process of doing business, reinforced with a culture that encourages rather than intimidates informal sector entrepreneurs to facilitate the formalization of their business operations.

B. Luzon

1. RTD #4 Naga City

- a) This Round Table Discussion was well-represented by active early-stage entrepreneurs and key figures in the local entrepreneurial ecosystem. The central topic of discussion revolved around financing, with participants exploring avenues for startup growth and sustainability.

Key Takeaways:

(1) Awareness for Alternative Capital Markets

- (a) Greater awareness about diverse funding opportunities, including fundraising, crowdfunding, and seed investments provide early-stage entrepreneurs with access to capital necessary for scaling their businesses in urbanized regions.

(2) Business Management and Compliance

- (a) The group identified a significant demand for mentorship programs and workshops focusing on managing essential business functions. Topics like taxes, accounting, and regulatory compliance were highlighted as areas where entrepreneurs require additional support to ensure long-term success and sustainability.

(3) Strengthening Entrepreneurial Communities

- (a) Entrepreneurs underscored the importance of fostering business communities that serve as platforms for sharing insights, resources, networks, and knowledge. These communities offer a

support system that can accelerate growth and provide invaluable connections that young business owners might otherwise lack.

2. RTD #6 Cauayan City, Isabela

- a) This Round Table Discussion features entrepreneurs ranging from early-stage business owners to those with more than five years of experience. Nearly half of the participants were founders without any formal background in entrepreneurship, while others inherited knowledge and resources from their parents' agricultural ventures, particularly in food production. Many credited their participation in DTI programs for enhancing their market reach.

Key Takeaways:

(1) Cultural Influences

- (a) Entrepreneurs in this region were driven by various motivations, including a strong connection to their agricultural roots. Many highlighted a desire to support their farming communities, address wastage in produce, generate income for their families, and inspire the younger generation to engage in entrepreneurship and provide employment opportunities within their localities.

(2) Resource Challenges

- (a) Lack of capital, especially for training and travel, remains as the biggest issue that limits business expansion and capacity building. Participants expressed difficulty in accessing formal funding, with many resorting to bootstrapping or loans that are hard to qualify for. Additionally, the region struggles with outdated technology, a lack of automation in farming processes, and a shortage of manpower, particularly skilled workers and technicians.

(3) Gaps in Government Support Systems

- (a) While government agencies such as DTI, DA, and DOST have programs in place, they are often uncoordinated, redundant, or mismatched with the actual needs of entrepreneurs. Access to shared services, particularly equipment and facilities, was highlighted as problematic due to substandard quality or requirements that favor large-scale producers, leaving small entrepreneurs at a disadvantage.

(4) Need for Improved Infrastructure and Continuity

- (a) Broader infrastructural challenges such as urbanization, pollution, and inadequate urban planning that impacts farming lands should be addressed. Improved monitoring and operationalization of business initiatives to ensure continuity should work in complement with the promotion of entrepreneurship, increased trade fairs, buyer matching opportunities, and access to external markets.

C. Visayas

1. RTD #7 Roxas City, Capiz

- a) This Round Table Discussion brought together MSME owners, operators, startups, and Chamber members, and was centered particularly around strengthening local business networks.

Key Takeaways:

(1) Representation for Entrepreneurs

- (a) A central theme of the discussion was the collective willingness of the attendees to join their local Chamber of Commerce. Participants stressed the importance of having a unified voice to better advocate for shared concerns, including local business support, policy development, and access to resources.

(2) Local and Grassroots Programs

- (a) Several challenges such as access to funding, navigating local regulations, and the need for capacity-building initiatives remain as the key concerns for entrepreneurs in this region. Strengthening the link between local businesses and creating government-led support programs in grassroots communities help entrepreneurs.

D. Mindanao

1. RTD #8 Davao City

- a) The Round Table Discussion in Davao City gathered early-stage entrepreneurs primarily from the Multimedia and Arts industry. The participants, many of whom operate semi informally.

Key Takeaways:

(1) Guidance from Local Government

- (a) Support for early-stage entrepreneurs in facilitating formal registration as well as the creation of clear and comprehensive guidance on the process of acquiring business permits.

(2) Growth of Niche Market

- (a) Entrepreneurs expressed a desire for their niche market to expand within the local community, along with increased support from local stakeholders.

(3) Improvement of Education Curriculum

- (a) There is a call for educational institutions to include entrepreneurship in their curriculum to better prepare students for business ownership and operations.

V. Learnings

The Philippine Young Entrepreneurs Association (PYEA) has gleaned significant insights from its Roundtable Discussions (RTDs), particularly regarding inclusivity in entrepreneurship. A critical lesson included the need to dismantle barriers facing informal sector entrepreneurs and early-stage entrepreneurs who may be beyond the traditional accepted age bracket for youth.

In this context, the concept of "youth" in entrepreneurship should be reframed to focus more on experiential factors rather than age. For a more inclusive approach, PYEA proposes a classification system of entrepreneurs based on three main stages of entrepreneurship.

A. Aspiring Stage Entrepreneurs

This category encompasses individuals yet to formally operationalize their businesses, and are currently in the stage of market research, ideation, or conceptualization in terms of their product or service. Aspiring phase includes students, full-time employees, informal sector workers, as well as early to middle stage individuals as long as they are planning to venture into business.

B. Early-Stage Entrepreneurs

Early-stage entrepreneurs are those actively engaged in business operations, whether formally registered or operating informally. While they have embarked on their entrepreneurial journeys, they often face challenges related to registration, financing, compliance, marketing, and logistics. This group comprises young and emerging entrepreneurs, students, and individuals in the process of formalizing their enterprises, regardless of age.

C. Mature Stage Entrepreneurs

Entrepreneurs in this stage have developed a deep understanding of their business ecosystems and refined their operational models. Having navigated early-stage challenges, they are now looking to scale their ventures. This category is inclusive to young entrepreneurs who have successfully launched their startups as well as seasoned entrepreneurs with established businesses.

VI. Stakeholder Mapping

This stakeholder map represents the ecosystem surrounding youth entrepreneurs in the Philippines. It provides an in-depth analysis of stakeholders' needs, motivations, and their role in creating an inclusive business environment for young entrepreneurs.

The map was initially developed as a strategic resource for aspiring and early stage entrepreneur members of the Philippine Young Entrepreneurs Association.

However, following insights gained from the recent Round Table Discussion, PYEA has expanded and refined the mapping. This version, integrated into the white paper, now serves the broader interest of Filipino youth entrepreneurs,

A. Public Accelerators & Regulators

1. National Regulatory Bodies

These government entities shape the legal and regulatory landscape for youth entrepreneurship by providing frameworks for corporate compliance. They establish and enforce policies, standards, and guidelines that promote fair competition, safeguard consumer interests, and ensure market access for youth-led enterprises.

Interests and Motivations: National agencies prioritize developing youth-focused MSME programs to foster innovation and entrepreneurship among the younger generation. Their goal is to stimulate the national economy by supporting new entrants to the business sector and driving foreign investment.

Needs and Necessity: These bodies require collaborative partners who can connect them with emerging youth entrepreneurs. They are motivated to ensure that these entrepreneurs comply with regulations while accessing financial incentives, grants, and training programs to promote sustainable growth.

Degree of Influence and Importance: High. As regulatory authorities, their frameworks are pivotal in determining the ease of doing business for young entrepreneurs. Their policies can significantly affect access to finance, mentorship, and market opportunities.

2. Local Governments

Local government units of cities and municipalities create localized opportunities for youth entrepreneurship. They provide resources such as training, funding, and business development programs, which are essential for the growth of youth-led ventures within communities.

Interests and Motivations: LGUs (Local Government Units) aim to drive local economic development by empowering youth to start businesses. They often seek partnerships to implement livelihood programs, which build entrepreneurship skills among the youth.

Needs and Necessity: LGUs need expert guidance on scaling sustainable local businesses led by youth, particularly in the context of community-based entrepreneurship programs.

Degree of Influence and Importance: Moderate to high. While their influence is limited to specific localities, their support is vital for creating entrepreneurship ecosystems in rural and urban communities.

B. Private Partnerships, Networking, Investors, & Funders

1. Cooperatives

Cooperatives serve as local membership organizations that pool resources to support small business ventures operating within their communities. They facilitate access to capital, loans, and mentorship for young entrepreneurs.

Interests and Motivations: Cooperatives aim to promote inclusive growth by offering youth entrepreneurs access to financial and technical resources. They are motivated to broaden their impact on community development by partnering with emerging youth enterprises.

Needs and Necessity: They require partnerships with youth-focused organizations to diversify their membership base and extend loans to promising youth-led MSMEs.

Degree of Influence and Importance: Moderate. While their influence may be localized, cooperatives are essential in connecting young entrepreneurs with financial resources and business support.

2. Entrepreneurs Network

These organizations facilitate connections, offer mentorship, training, and networking opportunities for young entrepreneurs.

Interests and Motivations: Networks aim to foster peer-to-peer learning and encourage knowledge exchange among youth entrepreneurs. They are motivated by the prospect of expanding their membership base and influence through collaboration with youth-focused initiatives.

Needs and Necessity: They need partnerships to access resources, including funding, mentorship, and market opportunities, which can help their members scale their ventures.

Degree of Influence and Importance: High. Entrepreneur networks are influential in building social capital and facilitating the exchange of best practices, which can accelerate the growth of youth businesses.

3. Funders & Investors

These stakeholders have the capacity to provide diverse forms of capital financing and make substantial investments in youth-led businesses.

Interests and Motivations: Their primary interest is to invest in innovative and high-growth potential businesses. Youth entrepreneurs are particularly attractive due to their focus on technology-driven ventures and social impact businesses.

Needs and Necessity: Funders require credible partners to identify and support promising youth ventures that can contribute to the country's economic sustainability.

Degree of Influence and Importance: Very high. Funders and investors are critical in providing the necessary financial resources to scale youth businesses, and in driving the country's economy.

C. Organizations, Institutions, & Associations

1. Sector-Based Organizations and Community Programs

Local programs that aim to support youth entrepreneurship in rural and underserved areas by providing access to training, resources, and networks.

Interests and Motivations: These organizations are motivated by the need to enhance the market scope and exposure of youth entrepreneurs. They focus on building sustainable businesses that contribute to community development.

Needs and Necessity: They need support in expanding their reach from local to national levels, providing greater market access and growth opportunities for youth entrepreneurs.

Degree of Influence and Importance: Moderate. While focused on specific sectors, these programs can be instrumental in providing market entry opportunities for youth.

2. Local Chambers of Commerce

These entities serve as regional incubators and satellites of their headquarters, and support the development of local business communities, including youth entrepreneurs, by connections between fellow local members.

Interests and Motivations: Chambers are motivated to increase entrepreneurial activity in their localities by creating business ecosystems through networking, mentorship, and business development resources.

Needs and Necessity: They need strategic partnerships with youth organizations to help promote entrepreneurship among younger generations, ensuring that the business community remains dynamic and innovative.

Degree of Influence and Importance: High. Chambers of Commerce are influential in creating greater representation for local entrepreneurs and lobbying for policies that favor small businesses.

3. Student Organizations

University-based organizations that provide early exposure to entrepreneurship for students interested in starting their own businesses.

Interests and Motivations: These organizations are driven by the need to connect students with real-world business experiences, bridging the gap between academia and industry.

Needs and Necessity: They require partnerships with youth entrepreneur associations to provide training, mentorship, and exposure to successful entrepreneurial models.

Degree of Influence and Importance: Moderate. While student organizations are small in scale, they are important for nurturing the next generation of entrepreneurs, particularly in shaping early-stage ideas into viable businesses.

4. Consumers, Clients & Customers

Youth entrepreneurs rely on a growing customer base for their products and services. These stakeholders represent the market demand for youth-led ventures.

Interests and Motivations: Customers are motivated by access to high-quality products and services that cater to their needs. Young entrepreneurs often bring fresh, innovative solutions that resonate with consumer demands.

Needs and Necessity: Entrepreneurs need to understand and meet consumer preferences, which can help build brand loyalty and drive profit.

Degree of Influence and Importance: High. Although they may not hold the same institutional power as other stakeholders, customer feedback and satisfaction determines commercial viability of youth businesses.

D. Legal, Marketing, & Business Development Partners

1. Management, Advisory, and Consultancy

Professional service firms that support youth entrepreneurs by offering consultancy in areas such as leadership, marketing, due diligence, and organizational development.

Interests and Motivations: These firms are motivated to engage with emerging businesses and help them navigate challenges related to scaling, leadership, and market positioning.

Needs and Necessity: They require partnerships with youth organizations to offer tailored services that address the unique needs of young entrepreneurs.

Degree of Influence and Importance: High. Their expertise in business strategy and development can significantly impact the success of youth-led ventures.

2. Media and Public Relations

Media entities offer visibility to youth entrepreneurs through publicity and press coverage in digital and print formats.

Interests and Motivations: Media outlets are motivated to provide coverage of youth success stories, which aligns with growing interest in entrepreneurship and innovation.

Needs and Necessity: They need regular, up-to-date stories of successful youth-led ventures to generate content that resonates with their audience.

Degree of Influence and Importance: Very high. Media plays a pivotal role in shaping the public perception of youth entrepreneurship and can provide critical exposure to new ventures.

3. International Organizations

Organizations with humanitarian and social causes that seek to foster sustainable development through research and advocacy at regional and global levels.

Interests and Motivations: They are motivated to promote youth entrepreneurship as a tool for economic development and social equity.

Needs and Necessity: They seek to expand their reach by partnering with youth entrepreneurs in research to drive policies and programs for innovation and social change.

Degree of Influence and Importance: High. Their global reach provides access to international markets and funding, as well as a platform for advocacy which are invaluable in promoting youth entrepreneurs.

VII. Existing Policies

A. Youth Entrepreneurship Act

Also known as RA 10679,⁴⁴ aimed at promoting youth entrepreneurship by providing incentives and support for young entrepreneurs. The law aims to promote youth entrepreneurship by providing the necessary support, resources, and training for young businesspeople to start and expand their enterprises. This mandates the creation of financing programs, and incentives for banks and other financial institutions to encourage them to lend to young entrepreneurs.

There are also provisions in the law that mandate the establishment of Youth Entrepreneurship Hubs in various regions of the Philippines that will have the purpose of serving as incubation centers and co-working spaces for young entrepreneurs.

B. Go Negosyo Act of 2014

Also known as RA 10644,⁴⁵ the act has a budget of Php 1 billion and is designed to promote entrepreneurship for the creation of more job opportunities for Filipinos. The law mandated the establishment of Negosyo Centers which will serve as one-stop-shops for entrepreneurs in terms of business registration assistance, business advisory services, and access to financing programs. It is also tasked to map out all information and services essential to prospective entrepreneurs and prospective investors especially in key value chains and economic sub sectors within its jurisdiction.

Go Negosyo also provides a Start-Up Fund for MSMEs that was set up by the Department of Finance (DOF), along with appropriate financing institutions to be sourced from the MSME Development Fund and the BMBE Fund. As specified in the MSMED Plan, the fund provides financing for the development and promotion of MSMEs in the priority sectors of the economy.

C. Magna Carta for Small Enterprises

Also known as RA 6977,⁴⁶ as amended by RA 8289 and RA 9501, defines a small enterprise as a company with assets of up to Php 50 million, excluding land and building. It also outlines the establishment of the Bureau of Small and

⁴⁴ Philippine Congress, Republic Act 10679: Youth Entrepreneurship Act. 2015.
<http://www.officialgazette.gov.ph/2015/11/03/republic-act-no-10679/>

⁴⁵ Philippine Congress, Republic Act 10644: Go Negosyo Act. 2014.
<http://www.officialgazette.gov.ph/2014/06/17/republic-act-no-10644/>

⁴⁶ Philippine Congress, Republic Act 6977: Magna Carta for Small Enterprises. 1991.
<http://www.chanrobles.com/republicactno6977.html>

Medium Enterprise Development (BSMED) and the National Council for Small and Medium Enterprise (NCSME), departments that are responsible for the implementation of programs and projects designed to promote and develop SMEs.

The law enabled the Special Credit Facility for Small Enterprises, providing credit assistance to SMEs through government financial institutions. SMEs are allowed a minimum loan of Php 5,000 to a maximum of Php 500,000. It also covers a Priority Financing Program (PFP) which provides access to credit for SMEs with a minimum loan of Php 500,000 up to Php 10 million.

D. Magna Carta for Micro, Small, and Medium Enterprises (MSMEs)

Also known as RA 9501,⁴⁷ this act amends RA 6977, redefining micro enterprises with total assets not exceeding Php 3 million and employing up to 9 workers; small enterprises with total assets of more than Php 3 million up to Php 15 million and employing 10 to 99 workers; while medium enterprises with total assets of more than Php 15 million up to Php 100 million and employing 100 to less than 200 workers. As part of the law, MSMEs are eligible to benefit from tax incentives, such as exemptions from income tax for three years, as well as reductions in corporate income tax rates for those who earn less than Php 3 million annually.

Although a more important provision of the law is perhaps the creation of the Small Business Guarantee and Finance Corporation, also known as SB Corporation. The government financial institution is charged with the responsibility of implementing comprehensive policies and programs to assist MSMEs in areas including, but not limited to finance and information services, training, and marketing. Its other functions include adopting development initiatives for globally competitive MSMEs, extending financial assistance and engaging in wholesale lending, guaranteeing loans obtained by qualified MSMEs, owning and disposing of real and personal property, receiving grants and donations, and investing in stocks, bonds, and other forms of indebtedness of the government and its agencies.

⁴⁷ Philippine Congress, Republic Act No. 9501, An Act Providing for the Establishment of the Micro, Small and Medium Enterprise Development (MSMED) Council, and for Other Purposes, <https://www.officialgazette.gov.ph/2008/05/23/republic-act-no-9501/>.

The Small Business Corporation (SB Corporation) will have an authorized capital stock of Ten billion pesos (P10,000,000,000.00), which will be divided into 80,000,000 common shares and 20,000,000 preferred shares with a par value of One hundred pesos (P100.00) per share. The initial capital of One billion pesos (P1,000,000,000.00) will be established from a pool of funds contributed by the Land Bank of the Philippines, the Development Bank of the Philippines, the Social Security System, and the Government Service Insurance System, with Two hundred million pesos (P200,000,000.00) each. Holders of preferred shares issued under Republic Act No. 6977 may convert their shares into common shares.

Additional equity funding will come from various sources, including trust placements of excess and unused funds of existing government agencies, official development assistance funds, subscriptions from government-owned or controlled corporations, and investments of private financial institutions and corporations. The SB Corporation will have a five-year grace period on dividend commitments, during which it may withhold all net income as retained earnings. After the grace period, it may only declare as dividend not more than thirty percent (30%) of its net income.

E. Innovative Start-Up Act

Officially known as RA 11337,⁴⁸ the law supports the establishment and growth of innovative start-ups in the country. It defines an innovative startup as a corporation or partnership registered with the Securities and Exchange Commission (SEC) or the Department of Trade and Industry (DTI) that is engaged in the development of a new product, process, or service that is innovative, scalable, and has high potential for market growth and job creation. The law mandates the creation of a Startup Grant Fund, which will be administered by the Department of Science and Technology (DOST). The initial amount of the fund is Php 1 billion, which will be used to provide financial assistance to qualified startups.

F. Startup Investment Development Plan

Under the act, a Startup Investment Development Plan was put in place in which the Department of Trade and Industry (DTI) works in

⁴⁸ Philippine Congress, Republic Act 11337: Innovative Startup Act. Philippine Congress, 2019. <https://www.officialgazette.gov.ph/2019/04/26/republic-act-no-11337/>

coordination with the Department of Department of Information and Communications Technology (DICT), Department of Science and Technology (DOST), and Board of Investments (BOI) to spearhead initiatives to develop the short, medium, and long-term strategies in spurring investment, and promote the growth and development of, startups and startup enablers in the Philippines.

G. Startup Venture Fund (SVF)

The Startup Venture Fund (SVF) was also created under the DTI, to be administered in coordination with the National Development Company (NDC). The purpose of the SVF is to match investments by selected investors in startups that are based in the Philippines, where the DTI and the NDC will jointly develop and issue appropriate rules and regulations for the selection of investors as well as the effective management and utilization of the fund.

H. CREATE Act—formerly CITIRA Act of 2021

The "Corporate Recovery and Tax Incentives for Enterprises" (CREATE) Act, also known as Republic Act No. 11534,⁴⁹ is a crucial component of the Comprehensive Tax Reform Program (CTR) and was previously a version of the Corporate Income Tax and Incentives Reform Act (CITIRA) bill. The CREATE Act seeks to bolster businesses, particularly those organized as corporations, including One Person Corporations, to recover from the detrimental impact of the pandemic. The law does so by lowering the corporate income tax rates and providing other tax relief measures. The CREATE Act also aims to rationalize the grant of fiscal incentives to targeted investors, as the Philippines has been too generous in granting tax incentives to a few investors in perpetuity, without a regular and in-depth review of the costs and benefits.

In the provisions of the law, domestic corporations with net taxable income not exceeding Php 5 million and with total assets not exceeding Php 100 million are eligible for a reduced Regular Corporate Income Tax (RCIT) rate from 30% to 20%. All other domestic corporations and resident foreign corporations are eligible for a reduced RCIT rate from 30% to 25%. The CREATE Act has also reduced the Minimum Corporate Income Tax (MCIT) rate from 2% to 1% of gross income which is revenue less the cost of sales, effective July 1, 2020, to

⁴⁹ Philippine Congress, Republic Act 11534: Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act). 2021. <http://www.officialgazette.gov.ph/2021/03/26/republic-act-no-11534/>

June 30, 2023. The MCIT is imposed if a corporation has negative taxable income or if the MCIT is higher than the 30% RCIT. The MCIT applies to the corporation on its fourth year of operation after the year of its BIR registration, and the excess of the MCIT over RCIT can be carried over to three (3) succeeding taxable years until the corporation becomes liable to pay RCIT.

In terms of incentives, the CREATE Act provides several key measures that rationalize the grant of fiscal incentives to targeted investors. Qualified export enterprises are entitled to a 4 to 7-year Income Tax Holiday (ITH) to be followed by 10 years of 5% Special Corporate Income Tax (SCIT) or Enhanced Deductions. Qualified domestic market enterprises are entitled to a 4 to 7-year ITH to be followed by 5 years of Enhanced Deductions. Additionally, registered enterprises are exempt from customs duty on importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity. VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a Registered Business Enterprise (RBE).

However, one of the items vetoed by the Office of the President is the removal of the extension of availment of tax incentives by existing RBEs. The President vetoed this item because it was said to be unfair to ordinary taxpayers and non incentivized enterprises. The President also stated that only new activities and projects deserve fresh incentives. Therefore, investments made before the effectiveness of CREATE may continue to avail of the incentives granted to them. RBEs granted only an ITH can continue to avail of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% Gross Income Tax (GIT) or currently enjoying 5% GIT are allowed to avail of the 5% GIT for ten years.

Relevant Policies Provided by the National Economic and Development Authority (NEDA) during the Public-Private Policy Dialogue

A. Republic Act No. 11966: Public-Private Partnership (PPP) Code of the Philippines (2023)

RA 11966 establishes a comprehensive legal framework for PPPs, ensuring the seamless implementation of infrastructure and innovation-driven projects. It introduces structured financing mechanisms, such as Green Financing and Land Value Capture Strategies, optimizes public infrastructure investments and encourages the use of innovative business models and technology in PPP

projects. The government also encourages private sector involvement in infrastructure and technology development, with initiatives such as the Build, Build, Build program and incentives for digital startups through collaborations like the DICT's innovation programs. These partnerships allow the government to take advantage of the efficiency, specialization, and technology that the private sector brings to public projects. PPPs give proponents the flexibility to develop project designs that meet set minimum performance standards and specifications (MPSS).

B. House Bill No. 375, 19th Congress: Enhanced Online Payment of Taxes (Proposed, 2021)

This proposed legislation mandates the integration of digital payment systems into tax collection processes, allowing businesses to remit taxes seamlessly while reducing physical transaction requirements and ensuring real-time compliance through an efficient online platform.

C. Republic Act No. 11293: Philippine Innovation Act (2019)

This law institutionalizes the National Innovation Council (NIC), which formulates policies to develop the country's innovation goals, priorities, and long-term national strategy. Implemented by the National Economic and Development Authority (NEDA), the act establishes financial support mechanisms, such as an Innovation Fund to finance programs that promote innovation and internationalization activities of MSMEs.

Furthermore, R.A. No. 11293 sets the framework for promoting innovation across various sectors, as explicitly outlined in Sec. 9: National Innovation Agenda and Strategy Document (NIASD), "sets the country's long-term vision for innovation and encourages public-private partnerships, including collaborations with MSMEs, academic institutions, and RD&E institutions, with a focus on inclusive innovation targeting marginalized groups"; Sec. 13: Innovation Centers and Business Incubators "supports partnerships between government, private sector, academia, and research institutions to create innovation centers and incubators aimed at fostering technology transfer and collaboration"; Sec. 17: Whole-of-Government Approach "emphasizes coordinated efforts across government agencies, encouraging collaboration with the private sector to implement innovation strategies".

D. Republic Act No. 11234: Energy Virtual One-Stop Shop (EVOSS) Act (2019)

RA 11234 establishes an online platform that streamlines the approval process for energy-related projects, particularly within the renewable energy sector. By eliminating inter-agency inefficiencies, the law accelerates the issuance of licenses and permits.

E. Republic Act No. 11035: Balik Scientist Act (2018)

The Balik Scientist Act provides incentives for Filipino scientists abroad to return and contribute to domestic R&D initiatives, and share expertise with local entrepreneurs and innovators. Provides technical guidance and innovation strategies for startups and MSMEs in need of expertise.

F. Republic Act No. 11032: Ease of Doing Business and Efficient Government Service Delivery Act (2018)

RA 11032 mandates the digitalization and streamlining of business registration and government transactions to enhance efficiency and eliminate bureaucratic bottlenecks. It establishes strict processing timeframes for business permits and requires government agencies to adopt electronic systems while enforcing a zero-contact policy to mitigate corruption, as stated in Sec. 9: Use of Technology in Government Transactions “mandating the use of digital platforms to facilitate seamless business registration and other transactions, encouraging partnerships with private technology providers to enhance service delivery. One of the key developments under this law is the Philippine Business Hub (PBH), which consolidates the services of agencies like the DTI, BIR, and SEC to reduce the time needed for business registration”.

G. Republic Act No. 10055: Philippine Technology Transfer Act (2009)

This law accelerates the commercialization of government-funded research and intellectual property (IP) by fostering strategic collaborations between public

research institutions and private enterprises, ensuring the practical application of technological innovations.

H. Republic Act No. 9178: Barangay Micro Business Enterprises (BMBE) Act (2002)

The BMBE Act provides tax exemptions for registered microenterprises and facilitates easier access to credit and support services. It specifically exempts BMBEs from income tax derived from operations and grants exemptions from the Minimum Wage Law. This law is implemented by the Department of Trade and Industry (DTI).

I. Republic Act No. 7916: Special Economic Zone Act (1995)

RA 7916 grants tax holidays, exemptions, and investment incentives to businesses operating within designated economic zones.

VIII. High-Impact Recommendations

The establishment of youth-inclusive entrepreneurship should not be regarded as a standalone remedy to the challenges faced by the youth demographic or the deficiencies within the economic landscape. Rather, it ought to be perceived as a vital component within a comprehensive economic framework.

The subsequent recommendations aimed at fostering youth-inclusive entrepreneurship are designed to generate significant solutions that span from grassroots initiatives to macroeconomic strategies, while also emphasizing the critical roles and active engagement of the various stakeholders identified in this discourse.

A. Administrative and Regulatory

1. Ensure proper implementation, enforcement, and monitoring of existing policies designed to support MSMEs and young entrepreneurs.
2. Improve the ease of doing business and regulatory compliance by streamlining administrative requirements for entrepreneurs, followed by

the digitization of government transactions to reduce both the time and cost burdens.

3. Introduction of tax incentives for investors in Micro, Small, and Medium Enterprises (MSMEs) and startups to foster greater investment and support.
4. Establishment of safety nets for early-stage and youth-led enterprises, such as tax credits, subsidies, credit guarantees, intellectual property protection, social security benefits, insurance, and emergency relief funds among others, to mitigate the risks associated with business discontinuance and cultivate business resilience.
5. Increasing accessibility of government financing options for MSMEs with simplified grant and procurement requirements and procedures.
6. Local government regulations and projects aimed at promoting entrepreneurship should be tailored to the needs of local industries within their regional ecosystems.
7. Development of standardized tracks for every regulated industry, reinforced with guidance on compliance with regulatory frameworks as well as facilitation of ecosystem support mechanisms that address the needs of entrepreneurs at different stages of their ventures.

B. Private Sector and Enablers

1. Strengthening multi-stakeholder cross-collaboration and public-private partnership through greater government and private sector cooperation to increase opportunities for entrepreneurs.
2. Promotion of industry standards and best practices that align with sustainable development goals.
3. Increased awareness and adoption of business programs from incubators, accelerators, institutions, and other enablers.
4. The private sector should also promote alternative capital markets such as crowdfunding platforms, and advocate for business financial literacy on equity, debt, and hybrid instruments for young entrepreneurs without established credit histories.

C. Organizations and Institutions

1. For the youth to develop interest in entrepreneurship, there must be a concerted effort to promote successful role models who can inspire and mentor the next generation of young entrepreneurs.

2. Capacity-building initiatives and programs such as youth business fairs, competitions, and networking events should be expanded and institutionalized to provide young entrepreneurs with access to resources, network, mentorship, and opportunities for growth.
3. Redundancies and gaps in existing programs should be addressed, with resources redirected towards more focused niche-building initiatives.
4. Targeted support and guidance in critical early-stage business challenges such as market research, product or service validation, leadership development, organizational capacity building, and secured access to financing.
5. Introduction of entrepreneurship programs at the community level as means of recognizing and addressing sector-based challenges and opportunities.
6. Modification of secondary and tertiary curriculum to include entrepreneurial competence which ensures that students are equipped with practical knowledge, real-world problem-solving capabilities, skills, and the tools necessary to engage in the local and global markets.
7. Deepening the integration of entrepreneurship within the Science, Technology, Engineering, Mathematics (STEM) and Arts sectors through enhanced protection of intellectual property such as mechanisms for patents, trademarks, and copyright.

D. Public Policy

1. Effective youth entrepreneurship policies must be anchored in a comprehensive understanding of the binding constraints faced by young entrepreneurs, with a particular focus on access to finance, relevant education, and regulatory barriers.
2. There should be just representation for youth entrepreneurs from diverse backgrounds, sectors, industries, and regions in the formulation of public policy.
3. A multi-stakeholder approach that integrates the roles of governments, non-governmental organizations, academic institutions, and the private sector is imperative in developing cohesive support systems and frameworks .
4. There is a pressing call to evolve beyond rigid adherence to Eurocentric or Western-centric standards and frameworks of development in favor of more contextually relevant and inclusive approaches.

5. Development of localized studies and community-focused research ensure that proposed evidence-based strategies are suited to regional, municipal, and community conditions.
6. Policy interventions must be culturally attuned to the Filipino context, grounded in local realities, and responsive to the unique socio-economic and cultural dynamics of the Philippines.
7. Projects toward entrepreneurship must serve to uplift native communities, respect values and traditions, conserve natural resources, and protect indigenous knowledge and ways of life in the face of rapid urbanization.

IX. Conclusion

The Philippine Young Entrepreneurs Association (PYEA) advocates for the implementation of Roundtable Discussions (RTDs) by organizations, modeled after PYEA's established framework. This approach enables a more nuanced understanding of local industries and demographic needs, fostering tailored policies for local governments aimed at stimulating entrepreneurship. By engaging in RTDs, stakeholders can effectively align policies with the unique challenges and opportunities within their regions, ensuring more sustainable outcomes for the youth entrepreneurial ecosystem.

PYEA underscores youth entrepreneurship as a powerful channel to unlock the economic potential of young individuals. It positions them not merely as job seekers but as job creators, capable of contributing to the economy by generating employment and creating value. Youth entrepreneurship offers an alternative to precarious employment options such as freelancing, contract work, or migration, and helps combat issues like underemployment and low wages. Promoting successful early-stage enterprises in both urban and rural areas drives economic growth beyond the capital region, bolstering the country's economic resilience in the face of crises.

Institutionalizing youth entrepreneurship through education and practical experience empowers young people to develop essential skills, both cognitive and non-cognitive, that are crucial in navigating life's challenges. Core competencies such as opportunity recognition, risk-analysis, organization, innovation, critical thinking, adaptability, decision-making, teamwork, and leadership, and acquired values such as discipline, dedication, grit, independence, and willingness to learn benefit all youth, regardless of their entrepreneurial ambitions.

While youth-inclusive entrepreneurship addresses several challenges faced by young people, the market, and the economy, it should not be viewed in isolation. Instead, it must be positioned as a complementary pillar within broader economic policies. Achieving meaningful impact requires coordinated action from various stakeholders across the public, private, and civic sectors to empower the nation's youth as the backbone of a thriving and resilient Philippines. In this regard, the Philippines can serve as a model among its ASEAN counterparts in demonstrating that sustainable development can be realized by empowering the youth through entrepreneurship.

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