

## Ajinomoto pilots incentivized recycling program for sari-sari stores

AJINOMOTO Philippines Corp. (APC) on Monday introduced its first SariCycle single-use plastic (SUP) collection and incentive program for sari-sari stores in Quezon City to manage their waste output.

The pilot initiative aims to collect 40 metric tons of flexible SUPs within the next six months. Ernie S. Carlos, APC chief sustainability officer, said in an interview with *BusinessWorld*.

It will provide “environmental points” for flexible plastic packaging collected by sari-sari store and market stall owners, which can be exchanged for goods from partner establishments. Additional points will be granted for Ajinomoto packaging exchanges.

“Sari-sari stores play a very vital role in sustainability because of their demand,” Mr. Carlos said.

Sari-sari stores are small retail shops commonly found in residential areas in the Philippines, selling a wide range of consumer goods, from food and beverages to household items, especially in small quantities.

There are about 1.3 million sari-sari stores in the Philippines, which 94% of consumers depend on for daily needs, according to the Asian Preparedness Partnership.

Excluding those without paid employees, there are 40,549 sari-sari stores in the country, according to the Philippine Statistics Authority.

“In production, the cost of packaging material is more costly than content,” Mr. Carlos said. “If you get rid of the packaging material, then you get more value for your product.”

However, he noted that this is a closer reality for non-food and beverage products, hence Quezon City’s refilling station initiative in sari-sari stores for cleaning agents and detergents only.

“We would like to use it soon. Can you imagine vetsin being sold in a one-gallon bottle by the gram? It’s a possibility,” he added.

“But we are a sachet society, and that would remain. We needed to make a program to help manage this kind of development.”

APC has partnered with Basic Environmental Systems and Technologies, Inc. to collect and process the collected plastic. “It can be converted into pallets and used for coprocessing in cement factories as fuel,” Mr. Carlos noted. — **Miguel Hanz L. Antivola**

# Startup movement seeks e-commerce community to support market growth

By Miguel Hanz L. Antivola  
Reporter

THE e-commerce industry in the Philippines needs to build a strong community of skilled entrepreneurs, alongside tech talent and regulators, to support its growth, according to an industry player.

“The majority of e-commerce people right now are focusing on profitability, not on the spirit of entrepreneurship,” Nani Razon, co-founder of the Ecommerce Thrive Asia-Philippines Movement and chief executive officer of Gencys Digital Trading, Inc., said in an interview with *BusinessWorld*.

“[We’re] still a baby,” he added on the current state of Philippine e-commerce. “The community is still small in terms of numbers. When it comes to technology, we are still behind.”

“In e-commerce, you just have to learn what buttons you’re pushing and you can sell. But we want to put the essence of entrepreneurship because there are a lot of people who just want money making.”

According to the e-Conomy SEA report by Google, Temasek Holdings, and Bain & Co., the Philippine e-commerce market reached a gross merchandise value (GMV) of \$16 billion last year, matching that of Vietnam.

Indonesia saw the highest GMV with \$62 billion, followed by Thailand (\$22 billion), it added.

It projected a \$24-billion GMV for the Philippine e-commerce next year, rocketing to about \$60 billion by 2030.

Raffy G. Canare, Ecom Thrive co-founder, noted the rapid development of trends in the e-commerce space, which necessitates training and open knowledge sharing for market players for sustainability while recognizing its huge potential for both business and economic growth.

“If they are still not online and maximizing online platforms, their business will really die,” he said on traditional businesses who refuse digital adoption.

“The industry can really help the economy in terms of GDP,” Mr. Razon said, eyeing a 30% e-commerce contribution upon full cooperation of stakeholders.

### HOW THE MOVEMENT STARTED

When he was invited by his mentor and co-founder Charlie Gengos to shift to



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retail e-commerce from network marketing in 2018, Mr. Razon witnessed firsthand the problems faced by the industry.

“The scarcity mentality that time was higher,” he said on the overwhelming amount of entrants, who simply brag about their achievements during knowledge-sharing events. “They are not genuine in their sharing.”

“The majority of e-commerce companies earn, but their income doesn’t last that long, and they jump to different industries,” he added.

“So why not establish a training platform and initiatives that not only focus on sales and marketing but also on building an enterprise?”

With this advocacy, Mr. Razon started Gencys Digital Trading, Inc., which is built on doing its own product and market research, creating automated systems for improved processes, and management training.

“We created a small internal community where we provide training for business longevity... What if we opened it to the public?” he said on inviting all e-commerce players to local and international events and trade missions through the Ecom Thrive movement.

“Profitability, sustainability, and leverage,” he added on the three core values imbibed by the movement, which need to be upheld through the community.

Currently, the meetings and events of Ecom Thrive are freely attended by up to 1,000 people, with participation from startups, corporations, and even banks, Mr. Razon noted.

### CHALLENGES

However, building an industry-wide community begs an acknowledgment of the gaps that prevent it from realizing its full growth potential.

Mr. Razon noted that the country needs to hone its technology talent, regulations, and overall mindset to elevate its place in the region.

“The majority of the tools that we use here in automation, around 80%, is Vietnamese software,” he said.

“Based on our observation and case study, e-commerce in the Philippines is behind by five to six years in terms of technology, community, and mindset from that of Vietnam,” he added on Vietnam being the Philippines’ closest competitor.

“There are a lot of good Filipino programmers, but they are still programming on the software of international companies,” he noted on their integral role in hoisting the industry.

The e-Conomy SEA report projected Vietnam’s continued manufacturing and exports as drivers for overall digital economy growth.

For the Philippines, the shift to organized e-commerce platforms, from those informal and unorganized, is expected to benefit the industry, it added.

Mr. Razon has seen an opportunity for the government to collaborate with the private sector and build a sustainable ecosystem for e-commerce, which includes the necessary tech talent for its software, alongside a community of skilled entrepreneurs.

When reviewing the Philippine seller base of the top Vietnamese e-commerce

software, Mr. Razon saw only 9,000 subscribers, which he said is indicative of only a small volume of e-commerce businesses in the country. This pales in comparison to the 200,000 in Vietnam.

“There are still a lot of people who don’t know about e-commerce,” he noted traders, who have been around for almost 30 years, failing to innovate and maximize online platforms.

“Consumers also lack awareness, and there are a lot of sellers who are scammers, contributing to the stigma toward online platforms,” he added.

### OUTLOOK

Mr. Razon also urged the government to establish regulations for e-commerce sustainability and consumer safety, focusing on proper systems and processes.

The Internet Transactions Act, a priority of President Ferdinand R. Marcos, Jr., which aims to tighten e-commerce regulations, was approved by the Senate on second reading in September last year.

It will classify entities involved in e-commerce in the Philippines as businesses operating within the country, making them subject to domestic laws, alongside the establishment of an e-commerce bureau at the Department of Trade and Industry.

“They didn’t bring it close to stakeholders. Who they consulted more are the big players,” Mr. Canare said on the bill.

“It’s about time that we also include the MSME sector because they are more influential and part of the ecosystem,” he added.

“The government should also benchmark on the countries like Vietnam, Singapore, and India in terms of e-commerce, so they can see how they can regulate or help grow our industry.”

Mr. Razon also advocated for international collaborations to elevate the industry. “We need to reshift to the mindset that the e-commerce industry is played by skilled businesses and professionals, including the programmers.”

“We need to spread awareness, hold trainings, and have a solid community in the Philippines because that is what we see other countries do,” he added.

“Nowadays, a lot of people are inspired to do business. And the best way to do business without entailing too much cost and expertise is doing e-commerce properly.”

## Lack of priority on business education poses challenge for young Filipino entrepreneurs

THE Philippine government needs to prioritize entrepreneurial education to address the challenges hindering young individuals from venturing into business careers, a development consultancy group said.

“Systemic change has to start both at the grassroots level and the top to overcome the challenges for young people to pursue en-

trepreneurial careers,” Saje Molato, founder and chief executive officer of development consulting organization Siklab, said in an interview with *BusinessWorld*.

When addressing the challenges encountered by young businessmen, he noted that the primary issue lies in the “inherent lack of prioritization and acknowledgment of the importance by gov-

ernment officials regarding the value of providing entrepreneurial education to young people.”

He also said that prioritizing funding for businesses founded by young entrepreneurs will address the lack of innovation in most developing countries, which has resulted from the absence of programs prioritizing youth development.

“Systems in developing countries are generally resistant to innovation and youth priorities in general, save for a few select states like Singapore and Thailand that place a premium on these skills,” he said.

Mr. Molato, speaking at the Association of Southeast Asian Nations Regional Dialogue on Young People’s Skills, Employ-

ability, and Transition to Decent Work last year, emphasized the need to focus on educational systems, including entrepreneurial programs, to preserve competitiveness despite the digitalization of jobs.

He urged the public and private sectors to establish protective measures to upskill workers and entrepreneurs who face the

changes brought about by the rise of Industry 4.0, including the integration of artificial intelligence technologies in industrial processes.

He also stressed the need for cultivating a versatile workforce capable of adjusting to the changes in the global economy amid the rise of advanced technologies. — **Jomel R. Paguian**

### Manufacturing, from S1/1

Average capacity utilization — the extent to which industry resources are used in the production of goods — averaged 74.8% in November, slightly higher than October’s 74.3% in the previous month.

All industry divisions have reached an average capacity utilization rate of more than 60%.

“Manufacturing activity related to food items were the drag on overall manufacturing with production of other items compensating for the decline in those items. This may reflect the struggles experienced by the agriculture sector which posted negative growth in the third quarter,” ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

Mr. Mapa added that the manufacturing industry will likely help support growth, but gross domestic product (GDP) growth will likely remain largely driven by the services sector.

### BIR, from S1/1

#### BIR COLLECTION

Meanwhile, Finance Secretary Benjamin E. Diokno said the BIR should surpass its collection target for this year.

“We have much to accomplish in 2024. Thus, I urge the agency to not just meet, but exceed its collection targets this year and beyond,” Mr.

Diokno said in a press release on Monday.

The BIR is expected to collect P3.05 trillion this year, based on the latest Budget of Expenditures and Sources of Financing.

Data from the Treasury showed that BIR revenues stood at P2.34 trillion in the January-to-November period, ac-

counting for 88.77% of its P2.64-trillion full-year target.

The agency collects about 70% of government revenue.

DoF data also showed that the BIR filed a total of 221 cases against tax evaders before the Department of Justice in the 11-month period. These cases had estimated liabilities worth P13.24 billion.

### NPL, from S1/1

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the seasonal uptick in economic activity ahead of the holidays led to better business and livelihood conditions, which allowed borrowers to pay their loans.

BSP data showed past due loans rose by 14.3% to P563.384 billion as of November from P492.528 billion a year ago. These accounted for 4.22% of the total loans, slightly higher than 4.04% a year ago.

In the same month, restructured loans fell by 6.7% to P305.81 billion from P327.76 billion a year ago. This brought its ratio to 2.29% of banks’ gross loan portfolio from 2.69% in November 2022.

Lenders’ loan loss reserves jumped by 6.8% year on year to P460.953 billion, equivalent to 3.46% of the total loans. The latest ratio is lower than 3.54% seen in the same month in 2022.

NPL coverage ratio — which indicates banks’ allowance for potential losses due to bad loans — was a tad lower at 101.47% from 105.73% a year ago.

“Possible local policy rate cuts for the coming months would help boost loan demand, investments, and other economic activities, thereby would help further reduce the NPL ratio for the coming months,” Mr. Ricafort said.

The BSP may likely cut borrowing costs by as much as 100 bps this year as inflation is seen to stay

mostly within the 2-4% target band, Finance Secretary and Monetary Board member Benjamin E. Diokno said on Monday.

Most analysts also expect the Philippine central bank to start its policy easing in the second half of the year.

“A more expansive monetary policy into 2024 will definitely bode well for lower and more stable NPLs,” Mr. Asuncion likewise said.

However, Mr. Remolona has said that the Monetary Board will only consider rate cuts if inflation is seen staying firmly within the 2-4% target range.

The BSP will have its first policy review this year on Feb. 15. — **Keisha B. Ta-asan**

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**JOB VACANCY**

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| <p><b>1= EQUIPMENT PERFORMANCE AND PROCESS CONTROLLER</b></p> <p><b>QUALIFICATION AND JOB DESCRIPTION</b></p> <ul style="list-style-type: none"> <li>• Administer the operating personnel and crew experience with Electric station precipitator, AVR, excitation system and power generator.</li> <li>• Have at least 10 years’ experience in related field.</li> <li>• Salary: 60,000php</li> </ul> | <p><b>1= INSTRUMENTATION INSPECTION AND ASSESSMENT MANAGER</b></p> <p><b>QUALIFICATION AND JOB DESCRIPTION</b></p> <ul style="list-style-type: none"> <li>• Logic Development and programming DCS.</li> <li>• Diagnose and trouble shoot various automations.</li> <li>• To make planning of preventive maintenance and annual maintenance of the biomass power plant.</li> <li>• Have at least 10 years’ experience in related field.</li> <li>• Salary: 60,000php</li> </ul> |
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**JOB VACANCY**

**Name of company**  
The Boston Consulting Group - Philippines Branch

**Place of assignment**  
31<sup>st</sup> Floor Menarco Tower, 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, 1630 Philippines

**Position**  
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**Quantity of workers needed**  
1

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