

Chapter 12

Strategies for Sustainable Development Leveraging MSMEs in the Philippine Blue and Green Economy: Innovation for Sustainability and Financial Empowerment for a Sustainable Transition

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ABSTRACT

This chapter examines the significant role of MSMEs in advancing a sustainable blue and green economy in the Philippines, focusing on Innovation for Sustainability and Financial Empowerment. It discusses how MSMEs can reduce environmental impact and enhance resource efficiency through waste minimization, greener technologies, and sustainable tourism. Financial empowerment through microfinance, public-private partnerships, and government policies ensures MSMEs can access funds for renewable energy projects and eco-friendly technologies. The chapter provides a framework for cooperation among policymakers, stakeholders, and MSMEs, offering practical insights and case studies of successful sustainable practices. It aims to guide the Philippine economy towards a resilient, sustainable path where economic growth aligns with environmental integrity, highlighting MSMEs as key drivers of this shift.

INTRODUCTION

The Philippines is known for being very rich in biodiversity and having vast coastlines but it struggles in harmonizing economic advancement with the conservation of the environment (Olfato-Parojinog & Dagamac, 2024). In this regard, Micro, Small, and Medium Enterprises are crucial to providing unique

DOI: 10.4018/979-8-3693-7893-9.ch012

opportunities for sustainable development in both the blue and green economies. The chapter titled “Strategies for Sustainable Development: Leveraging MSMEs in the Philippine Blue and Green Economy” discusses how MSMEs are important powerhouses in bringing about the much-needed sustainable future. The paper further expounds on this through the two core elements: innovation for sustainability and financial empowerment for a sustainable transition. The first application area is on how MSMEs adopt and develop innovative practices to minimize environmental impact and build in resource efficiency, which may include activities to reduce waste, adopt green technologies, and sustainable tourism models. Such innovations will contribute to environmental preservation and provide competitive advantages in an environmentally conscious market (Orastean et al., 2018). The second domain addresses financial empowerment of MSMEs through the various fiscal institutions and government policies supporting sustainable practices. This encompasses exploring microfinance options for eco-friendly businesses, incentives on investments in renewable energy, and capacity building in education to make MSMEs sustainable finance comforted (Fu et al., 2023). With these strategies, it will be the MSMEs that will play the key role in the Philippines for sustainable development, making it move significantly to a more resilient and sustainable economy.

Globally, sustainable development faces significant challenges, including the lingering effects of the COVID-19 pandemic, escalating conflicts, geopolitical tensions, and worsening climate chaos. For instance, 2023 was recorded as the warmest year on record, with global temperatures nearing the critical 1.5°C threshold. These issues underscore the urgent need for sustainable development to address poverty, hunger, climate change, and conflict. The importance of sustainable development is evident through various global phenomena, such as the 2030 Agenda for Sustainable Development, which provides a shared blueprint for peace and prosperity for people and the planet. The 17 Sustainable Development Goals (SDGs) recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth—all while tackling climate change and preserving our oceans and forests.

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in the Philippine economy, accounting for 99.5% of all registered business establishments and generating 63% of the country's total employment. They also contribute about 40% to the country's Gross Domestic Product (GDP) and 25% of total exports. MSMEs are crucial for sustainable development in the Philippines because they provide employment, drive economic growth, and are often more flexible and innovative, allowing them to adopt sustainable practices more readily than larger enterprises. Additionally, many MSMEs operate within local communities, making them integral to local economies and social structures. Their success directly impacts community development and well-being, making them essential for achieving a resilient and sustainable economy.

INNOVATION FOR SUSTAINABILITY

1. Innovation for the sustainability in the Philippine Blue and Green Economy

Within the context of the Philippines, a nation rich in ecosystems and biodiversity (Garcia et al., 2014), harnessing the potential of Micro, Small, and Medium Enterprises (MSMEs) in realizing sustainable development is imperative (Dasaraju, 2019). The strategic advantage of innovating for sustainability in MSMEs is more than a type of competitive advantage; as the country's biodiversity is rich, it also becomes

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