

Embracing innovations:

UP-SCALING INDUSTRY CLUSTERS FROM THE REGIONS INTO AN ENTIRE NATION

Zamboanga Peninsula in Western Mindanao is a popular top producer of natural rubber. The unique qualities of natural rubber make it a basic component of a myriad of industrial, consumer, and transportation products. The interplay of available resources, agriculture workers, market demand, and investment opportunities make this industry strategic to the country's industry competitiveness and growth.

Today, Zamboanga's rubber industry is among the list of industries that made it to the nationwide industry cluster initiative identified to drive the country's economic growth.

Since 2011, industry clusters or the grouping of industry players have been stimulating growth in the countryside beginning with industry players in Davao's key industries – banana, mango, coconut, wood, seaweed, mining, ecotourism, and information and communications technology (ICT) – that banded together to explore pathways of growth for their respective industries.

The successful collaboration among the industry players in Davao clearly demonstrated the yin and yang of innovation to achieve development – between capacity enhancement on one side and creation of new ideas on the other.

The industry clustering became the platform of convergence of intervention in the public sector, and eventually enhanced private sector-led participation as witnessed in the pilot project, Davao Industry Cluster Capacity Enhancement Project or DICCEP. The project is an ongoing initiative of the Department of Trade and Industry (DTI) and the Japan International Cooperation Agency (JICA).

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"We believe that by capitalizing on the strengths of our industries, we can explore more opportunities ahead," said DTI Undersecretary Merly Cruz. "We are upscaling DICCEP into a national convergence for all the industries in the regions where industries adopt same collaborative model based on the value chain approach."

Also an engineer by profession, Undersecretary Cruz said, "With the right structure, you can move forward your plans."

This systematic approach and thinking [DICCEP Model] has become a fitting metaphor to building the sustainable innovation culture in the countryside. It was also among the strategies identified to support micro, small, and medium enterprises (MSMEs) at the firm-level towards inclusive growth envisioned by the government's Philippine Development Plan (PDP) 2011-2016.

The DICCEP to NICCEP (National Industry Cluster Capacity Enhancement Project) model also echoes Japan's development experience of "adoption and adaptation" that means adapting and improving local skills, knowledge, and initiatives that transformed Japan into a successful industrialized country outside the Western world.

"We have been doing workshops now to properly document lessons from DICCEP and replicate these into other industry clusters in the region," said Undersecretary Cruz.

Through DICCEP, industry champions have been developed for each industry and the local government, different government agencies, academe, industry associations, and support industries are active participants. Together, they form industry plans and action plans to boost their sector's competitiveness.

Already, JICA's Agricultural Credit Support Program and Japan's Non-Project Grant Assistance as well as Rural Micro-Enterprise Promotion Project and the Private Sector Program for Small and Medium Enterprise Development Project of DTI agencies have been identified to complement the industry clusters.

In 2010, DICCEP was conferred Good Practice Award by the National Economic and Development Authority (NEDA) based on its innovativeness, replicability, sustainability, and project acceptability.

"With the Davao experience as a model, we are looking into a bigger convergence of more government agencies, development partners, and private sector groups under the NICCEP," Undersecretary Cruz explained.

To date, the knowledge creation model of renowned Japanese professor Dr. Ikujiro Nonaka of Hitotsubashi University is being applied in the implementation of NICCEP. Said knowledge management model is known as SECI referring to the four concepts of Socialization, Externalization, Combination, and Internationalization. JICA has also initiated training and dialogue programs along this approach to help society and organization leaders channel knowledge for the common good.

"We want to utilize the knowledge creation model to create innovations in the Philippines," said Naoko Yago, JICA representative.

Already, 30 more industries have been identified in the NICCEP project providing the nudge to keep the innovation engine humming across the country.

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"DICCEP has given our farmers new skills, product ideas, and know-how that have led to job opportunities for family members and others in their communities," said Vivian Lapuz, cluster team leader in Davao.

With DICCEP now evolving into a nationwide initiative, it is likely to see more industries embracing the culture of sustainable innovation built on the cluster model, borrowing and learning ideas and lessons from one another to conquer the once-elusive paths of growth and development.



NICCEP sparks an innovation culture among entrepreneurs



Seaweed industry gets a boost from industry clustering