

# SCALING UP:

Interactions, Challenges, and  
Opportunities for SSE in the  
Philippines



Michael P. Canares  
HNU Center for Research and Local Governance

# Some acknowledgments

---

- The Multi-sectoral Alliance for the Development of Negros (MUAD-Negros)
- South-South and Triangular Cooperation, Partnership and Field Support Department of the ILO
- UNRISD

# Structure of the Paper

---

- Brief backgrounder on SSE in Asia, in general, the Philippines in particular
- The SSE context using community-based enterprises as a case
- Constraints, challenges and difficulties
- Opportunities and ways forward

# SSE in Asia

•We have not actually known enough

- 
- Estimates would show that around 13 million people are members of 400 independent organisations in 21 countries are involved in social economy initiatives
- But these figures may even be grossly understated
- These comprise of several actors – state and non-state, public, private, or academia; organisations, individuals, networks; formal and informal



But we have not known its actual economic value...

# SSE in the Philippines



There are certain stories we have known, but we do not know if this represents what portion of the total picture....

- PATAMABA (see Ofrineo, 2013) – 17,000 self-employed and subcontracted workers., 200 chapters
- APPEND (see Juan 2013) – 11 MF orgnizaitons, serving more than 2 million clients
- The Cooperative Development Authority reports a total of 21,679 cooperatives as of June 2012
- Social enterprises total 30,000 as of 2007 (See Dacanay, 2013) with cooperatives as a biggest sector)



# What this paper focuses on.....

- Community based enterprises as a subset actor in SSE – differentiated from cooperatives, social enterprises, micro-finance institutions, individual entrepreneurs

Features	Community Partnering Initiative (also in Gibson, 2009: 116-129)	SIBAT (see <a href="http://www.sibat.org/communityenterprise.shtml">http://www.sibat.org/communityenterprise.shtml</a> )	Peredo and Chrisman (2006)
<b>Ownership</b>	Assets of the enterprise are owned by the community and can not be sold for private financial gain	Owned by members of the people's organizations in mainly agricultural communities	Owned by community members
<b>Leadership</b>	Community members lead the enterprise	Led by popularly elected officials of the organisations	Led and managed by community members
<b>Activities</b>	Production of goods or services that generate profit for reinvestment or distribution to community members	Production of goods that are profitable – the whole of product cycle from farms to markets	A community acting corporately as both entrepreneur and enterprise....create or identify a market opportunity, and organize itself to respond to it – products and services, methods of production, markets, supplies, or organization structure.
<b>Aims</b>	Not only profit, but also responding to social and environmental problems	Practices are environmentally sustainable	Contribute to both local economic and social development, the public good, profit is seen not as primary
<b>Sustainability</b>	Financially sustainable or in to process of being so	Financially sustainable	Financially sustainable



# The approach taken

---

- Use a case study approach

—

- (1) the case study should qualify using the primary definition of CBEs indicated in previous slide
- (2) that the case study needs to involve agricultural communities that are able to organize its enterprise cohesively,
- (3) that the case should be located in one of the 20 poorest provinces in the country based on 2004 ranking.

- Questions of interest

- What conditions, processes, and relationships hastened the achievement of certain sets of outcomes especially in making profitable the business enterprise, achieving social ends, and in locating the CBE in the landscape of producers and consumers in the region?
- What constraints, challenges, and difficulties were faced by the CBE in its journey towards profitability and sustainability?
- What is the potential for growth of the CBE in the context of competition in the market economy?

# The Case of MUAD-Negros

---



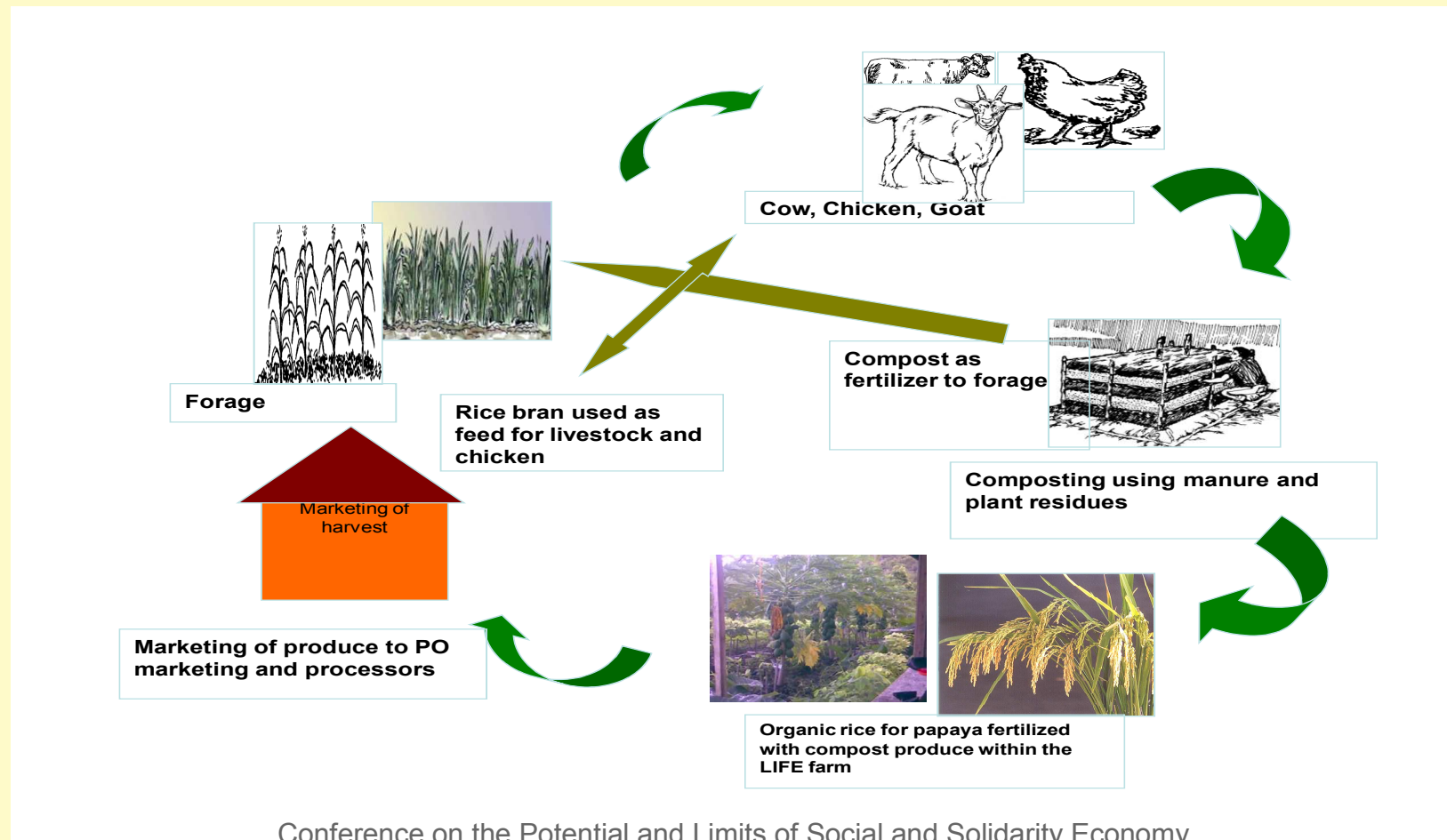
- multi-stakeholder alliance of non-government organizations, foundations, local government unit representatives, and people's associations established in 1987 as a collective response of development organizations to address major economic setbacks due to the collapse of the sugar industry
- MUAD-Negros has been at the forefront of poverty alleviation programs in the province for more than ten years (Magbanua 2005: 11). In 2004 it partnered with Peace and Equity Foundation to become a provincial access center. This enhanced its capacity to serve more poor people and households and expand its reach to areas where development funding assistance is scarce





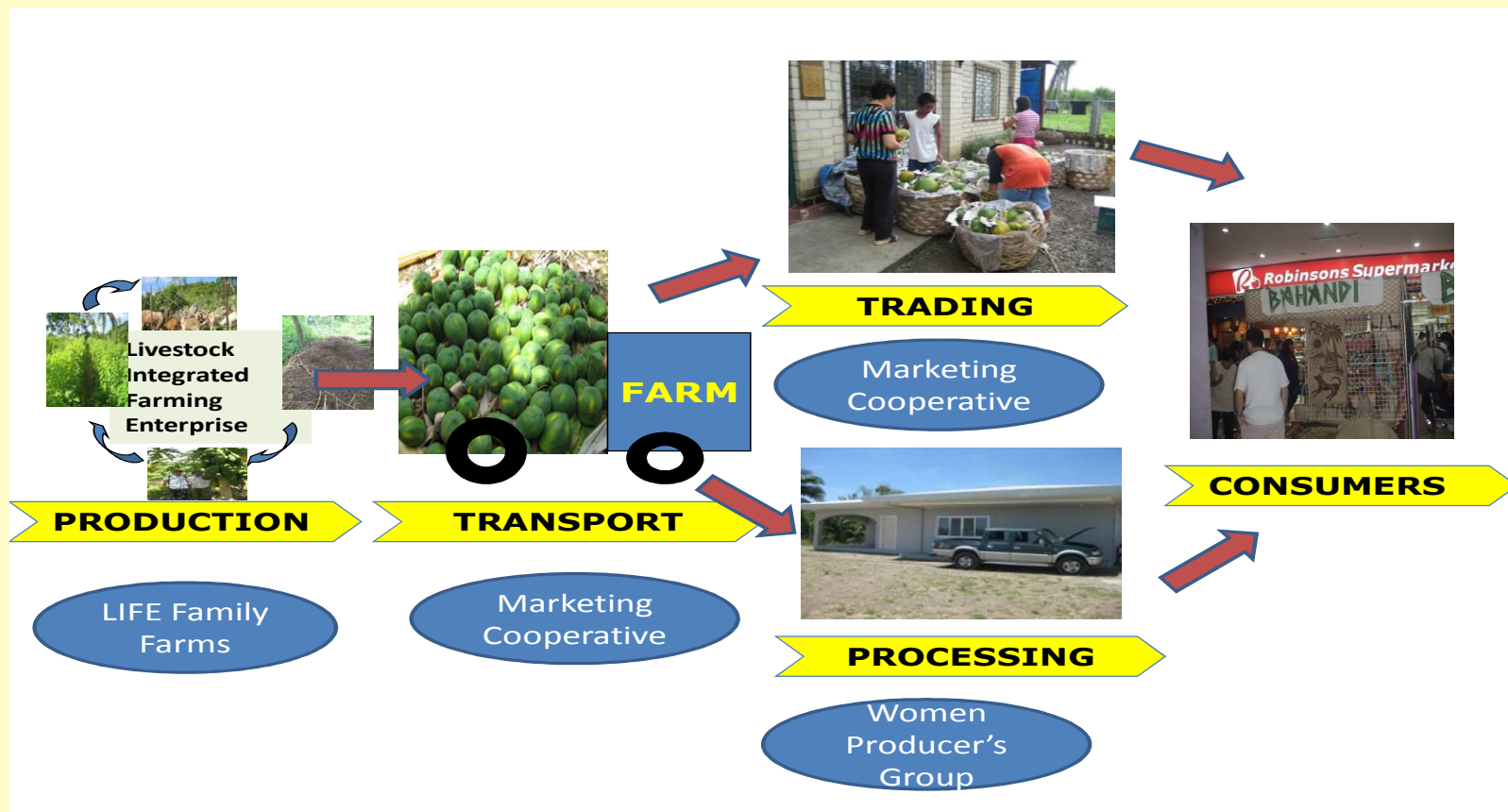
# What MUAD- Negros did

- It formulated its enterprise development philosophy rooted in local context



# What MUAD- Negros did

- It organized the value chain in a social economy context



# Analysing MUAD-Negros through the CBE Lens

Features	LIFE FAMILY FARMS	MARKETING COOPERATIVE	WOMEN'S PRODUCER GROUPS
<b>Ownership</b>	Owned by the families, tilled by them.	Owned by the farmers who also supply the marketing cooperative with farm products	Owned by the women, some of whom are wives of the farmers who till the family farms
<b>Leadership</b>	Led by the household head (the father, in most cases)	A board of directors elected by its members	A board, elected by its members
<b>Activities</b>	Production of organic papaya or rice, and livestock, taking care of environment for forage and water	Buys the products from the farms and sends it to traders or to the processing center	Develops products, produces bottled, dried or preserves
<b>Aims</b>	To run sustainable farms	To ensure that farmers get a good price for their products and provide customers quality goods	To economically empower women through the sustainable operation of a processing plant that is responsive to customer needs
<b>Sustainability</b>	Going towards sustainability	Going towards sustainability	Going towards sustainability

# What results so far?

---

- MUAD was able to reach more than 300 households from 11 farming barangays or villages . Majority (86%) of these households live in the priority poverty areas of the province.
- The income study conducted indicated significant increase income of participating households. Sixty percent of households assisted reported an increase of 51% in household income as a consequence of their involvement in LIFE Farms.
- The marketing cooperative, the manufacturing plant starts to increase profitability
- Community groups pursue social aims



# But challenges abound....

---



## Farm-level challenges

- climate and weather
- labour /farmer commitment problems



## Enterprise-level challenges

- inability to meet market demand
- desired profitability is not yet achieved



## Challenges in the enabling environment

- finance and investment
- inadequate infrastructure and support systems

# Is there a future for CBEs like MUAD?

---

---

- A strong policy framework is necessary.....the Social Enterprise Bill pending in congress?

## **Essential Features of House Bill 6085**

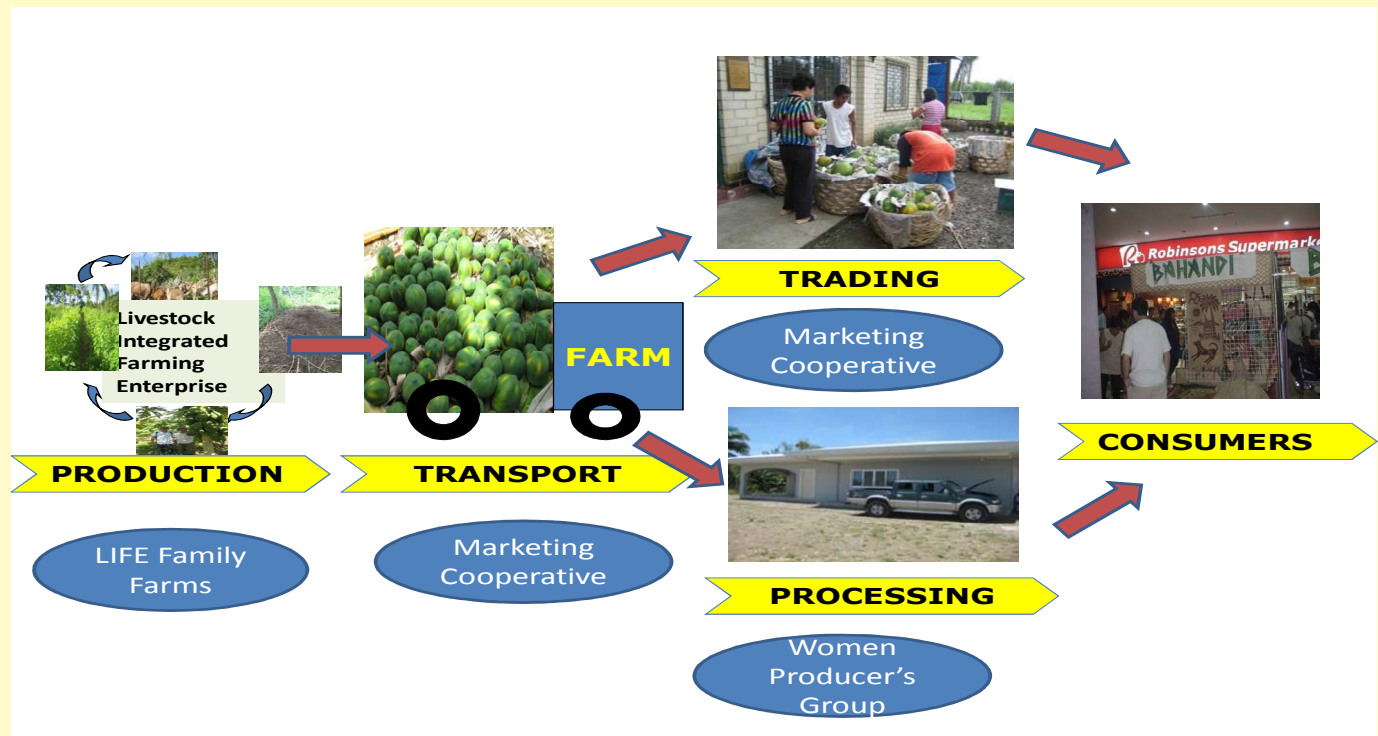
1. creation of a social enterprise fund with mandatory allocation from the government,
2. the implementation of a social enterprise capability building and sustainability program,
3. tax exemption for those with annual income of not more than Php10M,
4. compulsory social security enrolment of workers, and
5. special credit windows for social enterprises in four of the country's state-owned commercial banks



# Is there a future for CBEs like MUAD?

- A cohesive enabling environment.....the replacement strategy, like the MUAD case, is this really possible?

Financing?  
 Insurance?  
 Research and Development?  
 Incubation?  
 Legal services?  
 Technical support?  
 Exporting services?  
 Forwarding?



# Is there a future for CBEs like MUAD?

---

---

- Emerging realities not within the control of the CBE?



Climate Change



Ageing farming population



The lure of the mainstream?

what is needed is the development of a “serious alternative economic theory that goes beyond the critique of neo-liberalism” to show that an alternative world where social and economic arrangements can achieve “ecological sustainability and social equity and harmony” (Clammer, 2013:69)