

Building community-based social enterprises in the Philippines: diverse development pathways

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Introduction

Community-based social enterprises offer a new strategy for people-centred local economic development in the majority ‘developing’ world. In this chapter we recount the stories of four social enterprise experiments that have arisen over the last five years from partnerships between communities, NGOs and municipal governments in the Philippines, and university based researchers from Australia. The concept of social enterprise coming out of the ‘western’ social economy context is relatively unfamiliar in Asia. In practice, however, social enterprises, in the form of cooperatives, have long played a central role in rural development in countries like the Philippines. Moreover many customary, indigenous, traditional and local practices of mutual assistance form a social economy ‘on the ground’ that provides well-being and an informal social safety net for millions of people. We argue here that community-based social enterprise development that builds on local forms of social economy has much to offer, especially as mainstream economic development options are failing to narrow the gap between rich and poor.

At the national level dominant political factions in the Philippines continue to support greater openness to global economic forces as the main development option—condoning the exit of up to a million citizens each year on limited term migrant work contracts around the world and welcoming foreign investment in export processing zones, minerals extraction and export plantation agriculture. But increasingly even the mainstream economic analysts who advocate greater global integration have to admit problems with this development scenario. Hill and Balisacan document the extreme and increasing regional inequalities in the Philippines, noting that the country’s “unenviable record on poverty reduction in recent years is the outcome not only of its comparatively low per capita GDP growth rate but also its weakness in transforming a given rate of income growth into poverty reduction” (2007: 29). Other, more radical, political factions who agitate for regime change still advocate nationalization of key sectors of the economy and are dismissive of local attempts to reshape economies. Meanwhile, international development agencies working in the Philippines remain committed to individual micro-enterprise development and micro-credit programs, backed up by infrastructure projects (led by

¹ The Community Economies Collective Kioloa Writing Group included May-an Villalba and Benilda Flores-Rom, executive directors of Unlad Kabayan Migrant Services Foundation Inc., Maureen Balaba and Joy Miralles-Apag, founding members of Bohol Initiatives for Migration and Community Development, and Australian National University academics and graduate scholars Katherine Gibson, Deirdre McKay, Amanda Cahill, Jayne Curnow Michelle Carnegie, Ann Hill and Gerda Roelvink. The collective wrote the accounts of each social enterprise. Katherine Gibson has reworked these stories and framed them in this chapter within a discussion that she, rather than the collective, is responsible for.

selected national and international construction companies) and governance support (eg property titling and GIS based strategies for increasing urban tax collections).

Municipal governments charged with the responsibility for local economic development since the decentralization of governance in 1991 are increasingly turning to the NGO sector to form partnerships that will foster local economic change. In this chapter we examine some experiments with social enterprise development that local communities might replicate. These initiatives are taking up a number of different challenges. First, they are offering a new and somewhat alternative opportunity for local people to ‘get ahead’. In the mindset of local communities, development means striving to make ends meet by getting a family member to migrate as an overseas contract worker or starting a small family micro-enterprise, such as a tiny grocery (*sari sari*) store or tricycle business offering public transport. For those households able to gather the finances to afford migration or a micro-enterprise, these strategies help them to get by and make ends meet, but few are able to generate enough surplus to really get ahead. Social enterprises draw on the collective effort of many people and partnerships and have a greater capacity to produce not only income for those involved, but a surplus that can be distributed to social ends (Pearce, 1993).

Second, social enterprise development relies on the active participation of community members who take charge of planning and problem solving. There is no ‘one-size-fits-all’ governance format that is imposed from outside so organizational structures are worked out as the enterprise is formed and grows. This challenges the norm. Many rural people in the Philippines are members of credit, consumer, marketing and service cooperatives. In 2007 there were 59,765 registered cooperatives with a membership of almost 3 million (Griffiths, 2007). Over the past decades producer marketing cooperatives with state-mandated bureaucratic structures have been advocated by the national government as a way of managing small farm production, securing agricultural product for the export market and improving livelihoods in rural areas. But many rural people criticise the lack of participation in governance by grass roots membership and the absence of accountability. In recent years, however, the cooperative sector has worked to provide a more independent and alternative voice (Teodosio 2003). As part of this revitalization of economic alternatives a small number of NGOs have become interested in social enterprise development as a strategy of economic intervention that emphasizes community participation.

In the first part of this chapter we discuss two experiments conducted by Unlad Kabayan Migrant Services Foundation Inc., an NGO that has pioneered social enterprise development in the Philippines. In the second part we turn to two other experimental interventions piloted in an action research project that emerged from a partnership between Unlad Kabayan, a group of researchers based at the Australian National University, the Municipality of Jagna in the island province of Bohol and community members in a number of *barangays* (neighbourhoods) in the municipality. The four enterprise stories presented here were written collectively by NGO workers from the Philippines and ANU researchers at a writing and reflection workshop held in Australia in December 2007 designed to create a more accessible knowledge about this innovative development pathway.²

Part 1. NGO facilitated social enterprise development

Unlad Kabayan began in 1994 as a project of the Asian Migrant Centre in Hong Kong to harness migrant savings for alternative investments. The idea was to direct the investments of migrant savings groups organized all over the world into productive enterprises in the Philippines. The

² The workshop was funded by a grant from the Australian Research Council’s Asia Pacific Futures Research Network (PA030703).

hope was that these enterprises would help migrants reintegrate into their home economy and not be forced into cyclical migration. Remittance funds are usually spent on individual household consumption and education expenses of family members back home. More often than not they are used to equip the next generation of workers to leave and seek overseas contracts. Unlad set up as an NGO in the Philippines in 1996 to facilitate migrant savings and investment mobilization and take on the role as a business incubator. By 2000 they were supporting migrant investor groups with investments in businesses all over the country from Iloilo in the north to Davao in the south (Gibson, Law and McKay, 2001). The range of businesses included merchandizing (school supplies, agricultural-veterinarian supplies), agriculture-related (organic chicken raising, rice milling, integrated farming) and some manufacturing (noodle making, ube-aromatic yam confectionery). The choice of locality for business development was largely driven by the allegiances of certain migrant savings groups to their home communities and Unlad had little control over the geography of their activities. There was no substantive connection between the different enterprises and at that time relations with local government units were distant or nonexistent. The businesses were run along relatively traditional lines with the emphasis on returns on the investments made by migrant savers.

Over the past 8 years or so this has changed as Unlad has learnt from its successes and failures. The key expectations that fuelled the initial vision have had to be reassessed. One is the expectation that migrants will be able to return to work in their investment enterprises in great numbers. Generating employment in small businesses is difficult and while returnees might aspire to a management role, they often do not have the specific skills necessary to take over management of the enterprise. As the story of the Matin-ao Rice Centre shows, some migrants have been able to return to run businesses successfully but as yet the number is small. Another expectation is that the migrant savers are the best judge of what kind of business to set up or invest in. Increasingly Unlad has taken on the strategic role of identifying business opportunities, marshalling migrant investor interest and acting as a business incubator. They have gradually concentrated their activities in the southern regions of the country (Bohol and Mindanao). Over time has come the realization that migrant investment needs to be combined with local communities willing to spearhead enterprise development and take on the responsibility of making these work.

Throughout this learning process Unlad started to conceptualize social enterprises whose objectives are to achieve direct community benefit as well as a return on investment. Their interest in this kind of 'alternative' investment was crystallized with the establishment of the Linamon SEEDS (Social Entrepreneurship and Enterprise Development) Centre, a social enterprise set up in partnership with Linamon Municipal Council in an abandoned agricultural training centre donated by the council. Through such partnerships with local governments and other community based NGOs, Unlad is pioneering social enterprise development in the Philippines. Recently May-an Villalba, the Executive Director of Unlad Kabayan, was named as Philippines Social Entrepreneur of the Year 2007 by the Schwab Foundation in recognition of her groundbreaking role. As the following two stories show, Unlad is finding its way as a social enterprise incubator, treading the fine line between responsible investment of migrant savers' funds and providing direct community benefits via social enterprise activity.

The Matin-ao Rice Centre : from migrant small business to social enterprise

“The community needs social enterprises, it does not simply need employment.” Over the past years Elsa, the driving force behind the Matin-ao Rice Centre, has struggled with this statement. Elsa's story exemplifies the tension felt by entrepreneurs who want to develop an enterprise that will generate a good return for a community of international investors and who are also pulled by

the local community's needs and aspirations for a better life. For Elsa and her group of migrant savers working in Taiwan the Matin-ao Rice Centre is an avenue of investment, a way to move from being an employee to being an investor and, for Elsa, a manager. For the Matin-ao community the Rice Centre has extended beyond a source of employment and trade in rice to become a focus of community life, meeting basic food and farming needs, with Elsa herself providing community leadership and counseling. While Elsa has brought the migrant investors and the Matin-ao community together, this is not what she had in mind at the outset.

Elsa has always had strong business aspirations. She took up a contract as a migrant care worker in Taiwan as a way of 'getting ahead' after finding it hard to secure paid employment in the Philippines. While working overseas she began saving and joined a migrant savings group. Her employer in Taiwan owned a rice mill, and this gave Elsa the idea to direct her savings group to invest in a foreclosed cooperative rice mill in her home town of Matin-ao in Surigao del Norte Province, Mindanao. By the time bidding opened for the rice mill the savings group had gathered half of the money being asked. They sought additional credit from Unlad Kabayan and Quedancor (Republic of the Philippines Department of Agriculture Rural Credit Corporation). After two attempts the bid put in by Elsa's savings group was successful. The seller and another bidder, a *barangay* captain, "completely underestimated Elsa as a serious buyer" recalls May-an Villalba, Executive Director of Unlad Kabayan.

In early 2003 the business was re-opened to supply rice milling services to local farmers. Elsa came home to make the mill profitable and generate income for her investors, and she was willing to sacrifice her own income to meet this goal. Unlad Kabayan sent a staff investment adviser and an engineer to appraise the property and discovered that it was worth more than the migrant investors paid for it. This gave the group of investors, including Elsa, assurance that their money was well invested.

After the first rice harvest in 2003 the mill had losses. Elsa had underestimated the competitive environment into which she had ventured and the costs of overhauling an old mill to get it reliably operational. A business plan was developed with Unlad Kabayan. The planning process revealed that x "milling rice seasonally is not enough" to sustain regular returns. After visiting other rice mills to see how they operated Elsa began buying *palay* (unhusked rice) from farmers, stock-piling it and milling it throughout the year to be sold as processed rice wholesale and retail. However, there wasn't always more rice to buy as rice farmers already had relationships with traders and Elsa did not have enough cash to out-price them. So in the second year of operation Elsa took out a loan, mortgaging and risking the entire enterprise. She also asked farmers "why aren't you coming to my rice mill?" Farmers told her about their indebted relationships with other commercial traders. Elsa responded by providing credit to farmers, especially for farm inputs. After talking to farmers' wives Elsa decided to provide credit in kind, so that cash wouldn't be diverted to gambling and drinking.

From the business plan and listening to farmers, Elsa knew that she needed to generate other enterprises. After accessing further investment, she opened an agrivet (agricultural and veterinarian) supplies store and later, in the fourth year, a grocery store. Elsa was confident in initiating these enterprises because she knew farmers wanted them. These new enterprises rented space from the rice mill, providing an income stream to the mill and generating a profit for investors. All of the businesses lacked capital so in 2005 Elsa returned to Taiwan to promote enterprise investment by migrant workers.

Economies of scale are critical to the viability of the rice milling business and this requires substantial capital. As a social enterprise, the Matin-ao Rice Centre has been able to draw on the

relatively patient equity investment from Elsa's fellow migrant workers and soft loans from government and the NGOs. But Unlad needed to educate migrant investors to be patient as part of their savings and investment mobilization work. Many migrants think that investment is something you put in and take out anytime, like savings in a bank. Others expect a quick return on investment and demand "instant and substantial" dividends. While they lack an understanding of mainstream business principles, they know even less about how an alternative economy might work and how they could be contributors to and beneficiaries of alternative wealth-creating and distributing businesses.

With additional funds, in 2006 the Rice Centre opened a farm machinery service in response to farmers' requests so that they could plough early before the rains stopped. In 2007 it bought a hauling truck. Today the Rice Centre includes six affiliate businesses: the rice mill, a farm machinery hiring service, farm credit, an agricultural and veterinarian supply store, a mini grocery store and a *palay* trading business. In 2007 the business had a net worth of P3.5 million (Aust\$91,000 or €91,000), annual sales worth P4.4 million and made a net profit P207,000 (Aus\$5,440 or €3,000). In the rural Philippines context these are sizeable amounts. The Centre employs 11 people full time, 1 part-time and 8 seasonal workers; services the needs of 129 local farmers; and is a focus of investment by 66 overseas migrant workers.

Elsa has the spirit of an entrepreneur. She has been 'driven' to build up the Rice Centre as a business that attracts ongoing investment and has demonstrated that sacrifice, hard work and creativity are key to new enterprise development. Entrepreneurs, however, do not work in a vacuum. Nor is their market shaped solely by competition and supply/demand factors. What makes a *social* entrepreneur is the willingness to recognize the multiple and diverse factors that influence enterprise success and to direct business activity so that it contributes to and develops a community around the enterprise. The community thus shapes the enterprise, creating further opportunities for development by instigating ventures that branch out in avenues that might not have otherwise been pursued. The community's aspirations have been intertwined with those of the rice mill and its migrant investors to generate the Matin-ao Rice Centre. But one cannot assume that there are pre-existing communities that will contribute to the development of a social enterprise. Both investment communities and local communities often need to be created and maintained. In this case Unlad Kabayan took a leading role in calling forth the communities that support and finance the Rice Centre and making sure that people are at the center of the enterprise's mission.

Incubating social enterprise: the Davao Oriental Coco Husk Social Enterprise Incorporated (DOCHSEi)

DOCHSEi is a coconut husk processing plant that was established by Unlad Kabayan as a business incubation project in July 2004 in the municipality of San Isidro, Davao Oriental Province in Mindanao. It was begun to improve the livelihoods of economically marginalized tenant farmers and landless people and contribute to economic growth in the municipality. Furthermore, it was designed to provide opportunities for Filipino migrant workers to invest their remittances, not only for profit, but in a way that would provide social benefits to the broader community. The plant was established with an initial investment of P5 million (Aus\$130,000 or €73,700) in partnership with a local NGO, Kalumonan Development Centre, which focused on livelihood development projects for local coconut farmers, fishers and the Muslim community. While Unlad Kabayan provided expertise in social enterprise development and funding to support the establishment of the plant, office and equipment, Kalumonan gifted land for the production site and counterpart funding. Most of the financial support has been

sourced from foreign donors including Christian Aid, the Inter-church Organization for Development Cooperation, and the CARE's Canada Fund for Local Initiatives, but some funding was donated locally by the family of former Mayor Tina Yu, executive director of Kalumonan. San Isidro was an ideal location for a coconut husk processing plant, not only because of the poor economic conditions in the municipality, but also because it was the number one coconut producing province in the Philippines and so had an abundant supply of coconut husk.

In addition to the aim of generating economic benefits for the community, DOCHSEi was also established as an environmentally friendly enterprise. Before it was established, coconut husk was a waste product of the local copra industry, clogging local creeks and rivers and washing into the ocean, killing fish, coral and other marine life. DOCHSEi provided a way for farmers to make money from this waste, turning it into coco fibre used for twine, erosion control matting, flower pots, hats, bags, wall decorations, door mats and mattress filling. Today the plant is producing fibre that is exported to China and used in car seat upholstery and mattress making; geo-netting for the growing national market of local governments who use it for erosion control along roads and river channels; and handicrafts for the local market.

As with most social enterprises the development of DOCHSEi has been punctuated by crisis moments where ethical commitments to social objectives rather than hard headed business judgments have guided actions. At the outset competitors derided DOCHSEi when they came from across the province to see the new coco coir plant. "You won't last six months with that old equipment!" they claimed. They were nearly right. After only six months of ongoing financial losses, the management board recommended that the NGOs supporting the fledgling social enterprise close down the coco coir operation. But the NGO staff of Unlad Kabayan, the business incubator, refused. They did not want to be just another NGO deserting the community after the funding had run out. NGOs had a reputation in the region as failures in sustaining business and livelihood activities and they wanted to prove the critics wrong. Furthermore, they felt responsible for the welfare of the 30 local workers who were employed by the plant at that time.

Uncertain of what to do next, the Unlad staff discussed the situation with the workers and asked their opinion. "Do not worry", the workers said, "we will just work without a salary now and then we will be the ones to sell the products. After we are able to sell the products, that will be the time we will receive our salary." So the workers took charge. No longer were they beneficiaries, passively receiving handouts from an NGO or salaries from an employer, but partners working alongside the managers to keep the enterprise alive.

Others too have come to the aid of the enterprise to sustain its activities over the last three years. First, there was support from other NGOs who offered technical assistance to improve production efficiency and management protocols in order to increase overall output. The Canadian Executive Services Office, for example, assisted DOCHSEi by sending a volunteer mechanical engineer to advise on efficient production and management processes. He helped cut down on time wastage which has contributed to increased productivity and helped DOCHSEi become more competitive and profitable. The corporate volunteer program of the Philippine Business for Social Progress also sent a volunteer who assisted by compiling a production and operations manual that serves as a guide to efficiently implementing the rules and policies of the enterprise. Then there was support from the Department of Agriculture, who granted funds to improve the solar dryer. Support, however, has not been limited to NGOs and formal agencies. When another privately owned coco coir plant opened in the municipality, local suppliers, workers and others in the community stayed loyal to DOCHSEi. They did not want to lose the

many benefits that the social enterprise offered them as a community, such as health insurance; free training on gender, health, technical skills and other topics; flexible working conditions; and monthly incentives for workers who meet production targets. The relationships formed between management and workers, community members, government departments and NGOs have been the key to nurturing and protecting the growth and sustainability of the DOCHSEi vision.

It has been critical that both workers and others within the local community understand that DOCHSEi is a social enterprise and that they have a stake in its long-term viability and success. Activities that have helped to foster this sense of ownership and commitment include team building exercises, social entrepreneurship training, skills training and weekly meetings between workers and team leaders. The responsibility for decision making is not held by the management team and board alone. Staff in different production units contribute ideas, make recommendations and even implement their own decisions at different levels to help improve the productivity of individual workers and the enterprise as a whole. The weekly and monthly meetings keep the management team updated so they can discuss crucial problems that may lead to poor performance. Trusting the capability and initiative of workers motivates them to work more efficiently and productively.

In addition to the 125 production, technical and office staff now employed at the DOCHSEi plant, up to 90 homeworkers are employed on piece rates to spin the fibre into string that is then woven into geo-matting. Fibre is delivered to women at home in the surrounding area. Groups of 2-4 women share the use of a simple spinning wheel to make string. They transport the wheel from home to home and spin in their spare time, as one reported, “instead of watching TV or gossiping”. This brings added income into the household and spreads the effects of the DOCHSEi plant deep into the community. Further income to the households of tenant farmers comes as payment for what is otherwise coconut waste product. They receive 100 pesos/truck load of husks. At the plant there are plans to introduce a profit-sharing system so that workers have an on-going stake in the social enterprise. This venture shows that even during times of financial difficulty when normal business enterprises would have decided to cease operation it is possible for a social enterprise to remain committed to building sustainable livelihood options for the poor and marginalized sections of the community.

These two stories illustrate a development pathway in which an active NGO takes a leading organizational role. The Matin-ao Rice Centre and DOCHSEi have been able to operate at a relatively large scale by drawing on the capital resources of a dispersed international community of migrant savers and investors. Importantly, Unlad Kabayan has taken on the pioneering tasks of convincing migrant workers that they can become social investors, working with migrant entrepreneurs to become responsive to local community needs, and working with community members to enroll them in an unfamiliar form of business.

Part 2. Grass roots social enterprise development

The question that our action research explored was whether rural people in economically marginalized areas could develop community-based social enterprises that built on local resources and provided well-being directly.³ The insights gained from the experience of Unlad Kabayan

³ The project, “Negotiating alternative economic strategies for regional development in Indonesia and the Philippines” was conducted between 2002-06 and was funded by the Australian Research Council and AusAID, Australia’s international aid agency (ARC Grant No. LP0347118). In the context of recently decentralized governance, the four year research program tested out the utility of the Community Partnering model, an approach that was piloted as part of an action research project in the Latrobe Valley of Australia (Cameron and Gibson 2005a,b; McKay, Cahill and Gibson, 2007).

pointed to the need for communities to be mobilized so that migrant investment, if it could be marshalled, would flow into an environment fertile with enterprise ideas that were being tested out and were ready for financial support. Initial research in communities such as that of Jagna showed that some people, often inspired by a charismatic returnee, were matching migrant remittances donated to the community with volunteer labour to produce benefit for all, for example paving farm to market roads, or improving local facilities. The action research aimed to see if this kind of spontaneous initiative could be directed towards social enterprise development.

The concept of a community-based *social* enterprise, that is, a *business* explicitly focused on improving wellbeing of community members and not just on business goals, was foreign to most rural Filipinos. More familiar were small private businesses or cooperatives, but both were associated with problems. Many had seen small businesses fail due to lack of capital and intense competition in over-saturated markets. And while many were members of cooperatives, they had experienced dysfunctional and dishonest management and did not feel involved or confident enough to challenge this to make changes. The idea of working together, within and across *barangays*, in a business venture was novel. Yet all rural people had experience of ritual practices of mutual assistance in which they regularly came together to share labour and resources, support the weak and celebrate important life and community events. People were curious that such practices might be harnessed towards social enterprise development.

The Jagna Community Partnering Project (JCPP), as our action research intervention came to be known, worked on shifting the focus of community members from the needs and problems of the municipality to its natural and social assets that could be harnessed toward enterprise development. The diverse practices of a still viable social economy were re-presented as an asset that the action research could tap into and build from (Gibson-Graham, 2006). The second shift in focus we worked on was from the traditional preoccupation with individual micro-enterprise to experimentation with collective, community-based, enterprise.

The following stories recount how two small community-based enterprises developed from the grass roots in Jagna with the supportive assistance of a local NGO and the municipal government. It must be noted that in Jagna, as in many rural areas, community benefit was primarily defined in terms of an increase in cash income. In poor rural communities where households or extended kin networks are connected to the land, most people are assured access to rice, the basic staple, and vegetables. What they lack is any access to cash to buy other foodstuffs or to pay for transportation, medical and school expenses. Cash is usually obtained via complex loans from local money lenders or relationships of patronage. Involvement in a community enterprise enables people to generate cash income outside of these intricate debt relations. But community enterprises are not limited to this outcome. They make many other contributions to strengthening the resilience of community economies and increasing the quality of civic involvement of those usually marginalized from public life.

“Starting with what we have”: the Laca Ginger Tea Community Enterprise

In the rural community of Jagna, many negative stories circulate of small enterprises that fail or are not sustainable. This has made people apprehensive about new enterprise initiatives in their community. The “wait-and-see” mentality lives on because people see substantial financial capital as necessary to begin an enterprise and they have very limited (if any) surplus cash. But one group of women in the *barangay* of Laca decided to stop waiting and take steps to generate income.

They were open to discovering assets other than money and building on them to develop a new enterprise.

The women of Laca were active members of the local municipality's Jagna Council for Women and had previously organized fund raising events to support their community. When the Jagna Community Partnering Project (JCPP) began its action research in the municipality, this group of women was identified as a community 'asset' with potential for mobilization. One of the group volunteered to be a Community Enterprise Researcher (CER) with the project and it was she who broached the idea with the others of starting to process the ginger that is grown in the cooler upland areas of the municipality. Two women had, in the past, received training in making sweet ginger tea powder, what's locally known as *salabat*, and occasionally produced it for their families and friends. All of the women were interested in starting a community enterprise, although they had little knowledge of what this meant.

As part of the JCPP the enterprise group was supported to go on a fact finding mission. They visited another group of ginger tea producers in Bohol and observed production. They went to a supermarket in the provincial capital and researched the cost of the equipment they would need to get production going. They saved their travel allowance and walked to town to speak to traders in the local market to see if they would agree to sell their *salabat* and at what price. After conducting their own research, they used their travel money to buy inputs and began trial production of ginger tea powder in their local community hall.

Guiding the women's approach to the development of their enterprise was the realization that they already possessed knowledge and experience which they considered valuable even if mainstream employers did not. While they might not have university degrees, they had a wealth of life experience. Through group discussions and informal conversations, the women effected a philosophical shift, turning the "wait and see" mentality on its head. In terms of mainstream employment, the women had passed their use-by date. Advertisements for government and private sector positions specify age limits that exclude older people. Ranging in age from 47 to 81 these women decided that, despite their age, they would take stock of the assets they already had in order to begin a productive enterprise. Their goal was to achieve a regular income. This was not specified as a particular amount. What they were focused on was having a reliable source of income that would allow them to plan, access credit, repay debt and, most importantly, maintain or improve their health and the health of their families. Overcoming the seemingly intractable barrier of age, they chose the more active philosophy of "even though we are old, we can start with what we have". They started the Laca Ginger Women's Group with a "nothing ventured, nothing gained" attitude rather than the more defeatist "why bother".

From the outset, the women have exemplified the "start with what you have" approach. In order to raise the capital to pay for the initial production run, they pooled their bus fares provided by the JCPP and walked the 4.5 kilometers into town to conduct their market feasibility study instead of catching the bus. They did not have to struggle to win approval of the council members in their community to use the local hall as a venue for meetings and, subsequently, ginger processing.

Their production practices draw on local work traditions that are understood and respected. If one worker cannot attend the production day because of ill health or other commitments another household or kin member will attend in her place, following the rules of *bungus* or reciprocal labour exchange practiced in local agriculture. Again, following local custom, all workers are fed lunch and snacks on the production days. Participants bring a cup of rice each to share and enterprise funds are set aside to buy toppings and snacks. The group are putting aside 10% of

their earnings from sale of *salabat* to pay for supplies and marketing costs and have set up a small credit facility that incorporates principles of *repa repa*, the local revolving credit practice.

To market their product the group began by drawing on the longstanding *suki* system whereby the seller and buyer develop a relationship that ensures the customer purchases exclusively from the one seller. They also targeted the local market rather than aiming directly for the larger national and international markets.

To date, the women earn roughly P90 (Aust\$2.30) per production, with 2-3 production events per week. They have used this new cash income to purchase glasses and pay for health check ups. Three women have paid for their husbands to stay in hospital and receive treatment for hypertensive heart disease. By acting and doing, rather than waiting and seeing, the women have attracted the attention of government and private investors. This in turn has inspired other women in their community to join in the production process.

From these beginnings the philosophy of the group is changing and growing along with their enterprise. Diversification is now key to their approach. They have identified a gap in the market—no ginger tea powder was available without sugar. With a high incidence of diabetes in the community there were many potential customers not buying ginger tea powder due to the sugar content. The women now struggle to keep up with the demand for sugarless ginger tea powder.

This successful foray into product diversification has seeded ideas for other ginger-based products including ginger cookies, ginger candy, and even ginger exfoliating scrub made from the by-product of the ginger tea making process. To expand, the women must scale-up production which means moving out of the *barangay* hall. They are soon to move into a designated processing centre built with development funds from the local government which will also serve as a site for meetings, experimentation, storage and product display. Starting with what they had—a vital local social economy—the Laca ginger tea makers have developed a small but successful social enterprise.

Jagna *Nata de Coco* Community Enterprise: “awakened through *nata*”

The Jagna *Nata de Coco* Community Enterprise Organization was founded with the assistance of the JCPP. It produces and processes *nata de coco*, a white gelatinous food product made from the bacterial fermentation of coconut water. *Nata de coco* is a favourite Filipino treat, best served as a dessert and an excellent ingredient for fruit salads, pickles, fruit cocktails, drinks, ice cream, sherbets and other recipes. It is a nutritious and healthy food that contains high fibre and zero fat and cholesterol.

The founding vision of Jagna *Nata* was to establish a community owned and operated producer enterprise that would provide an opportunity for group members to earn income and improve the quality of their lives. The original 23 members were all members of the Small Coconut Farmers’ Organization (SCFO), mostly economically marginalized men and women farmers, local government workers and housewives drawn from six different *barangays* across the municipality. Before starting their social enterprise the *Nata* group underwent capacity-building activities. They went on a fact finding trip to small communities with related enterprise activities, made visits to the Department of Science & Technology (DOST) and Philippine Coconut Authority and obtained technical training on *nata de coco* production and processing. They conducted a feasibility study into marketing, the technical aspects of production and processing, financial and organizations management and the potential socio-economic benefits.

Following this they conducted experimentation to produce prototypes and product samples. Market testing was done in the locality of Jagna and the group found that their product was very saleable and profitable. The only other supplies of *nata de coco* came infrequently from Mindanao and were quite expensive. The group found that it was easy to produce *nata* in the unique cooler climate conditions in the upland areas of Jagna municipality. Inputs for production could be easily accessed—appropriate mixtures of coconut water, refined sugar, water and glacial acetic acid. With the assistance of JCPP the organisation accessed funding support from the Jagna LGU (P21,107 or Aus\$500) to be used as start-up capital and an experimentation fund for processing the *nata*. The DOST provided initial and ongoing technical assistance and the Technical Education Skills Development Authority provided training. The Agricultural Training Institute provided the *nata*-starter, the agent for bacterial fermentation.

All members have experienced transformations that have occurred as a result of their involvement with the Jagna *Nata de Coco* Community Enterprise Organization. Francisca is a member of a *barangay* livestock association, an income generating micro-enterprise scheme where by the local government allocates each member one pig to raise in return for 3 piglets to be paid back to the program after weaning. Members then keep the rest of the litter and the 3 pigs will be distributed to other members in the *barangay*. While this program generates food and income for the household, Francisca noted that it doesn't bring her out into the community to build connections between people as she only interacted with the central organizer. Through involvement with the *Nata* enterprise she has become more comfortable in society and is proud of her civic involvement.

Others have similarly been “*Sa nata ... nagmata*”, “awakened through *nata*”. For example, Visitacion Galgo, or Venie as she is fondly called, worked as a Community Enterprise Researcher (CER) with the JCPP in 2005. For Venie, it was a big accomplishment to gather together people from different *barangays* and take the lead in managing a small community enterprise. She gained more and more confidence as she dealt with different kinds of people, first members of the SCFO and *barangay* officials, and then even business people. Through her work, Venie developed skills in facilitating meetings, negotiating, communicating and producing and processing the *nata de coco*. As a CER, she displayed great leadership potential. Now the rest of the members follow her example, to the extent that they call her “Ma’am”, locally a title indicating tremendous respect. Says Venie, “I am very happy that I’m called Ma’am because it shows that people respect me”. For Venie, her new outlook started with *nata* and the realization that she had the potential to do something for community development.

At the start, 36 year old Sesinio Madera Jr was very shy, silent and lacking in leadership skills. Single and living with his parents doing farm work, he seemed to be a ‘typical’ Filipino farm worker with no exposure to the world and little interaction with people around him. He was the type of person who never cared to get involved in village activities until the JCPP started and the *nata* enterprise group was organized. But Sesinio’s regular attendance at meetings, training, the exposure trip, production and other organizational activities helped him develop his personal and professional skills. He recognized his potential as a leader. As the vice-president of the *nata* group he developed his public speaking abilities to the point where he can actively talk and share his ideas. Sesinio now is head of the production committee and in charge of fermenting the *nata de coco* before it is brought to the town for processing and marketing.

The members of Jagna *Nata* have all enjoyed their greater civic involvement and are proud of their cross-municipality organization—a rare thing in a rural society still structured around kin-based villages. But this very strength has also been the group’s downfall. The cost and difficulty

of travel around the municipality, especially in wet weather, have proved a problem. The different production phases are in separate places with fermentation and processing in the upland *barangay* of Cambungaan, and packaging and marketing closer to the Municipio (centre of Jagna). The lack of available equipment in the right place sometimes hinders the production process.

Coordinating, communicating and organizing meetings and production has proved difficult and this has impacted on output as the timing of stages of the *nata* production process is crucial to its success. Without the support and guidance offered by the JCPP production stumbled to a halt in 2008. The remaining group of nine have become registered as an association and are still keen to access funds for a new processing site where all members can meet and work together. At present the group are considering how to meet the challenge of the lack of clear facilitation by an NGO or arm of local government. Given the awakening that has occurred for selected members and the sense of belongingness as part of the group they have generated, they may well resolve this issue as there is strong motivation to continue to contribute their time, resources, energy and ideas.

Conclusion

These four stories present very different development trajectories. One of the enterprises incubated by Unlad Kabayan, the Matin-ao Rice Centre, began as a simple rice mill that was one migrant returnee's dream business. Over time and in response to social and economic challenges the business has become a cluster of interlinked social enterprises servicing the multiple needs of poor farmers. The Centre is now a focus for community activity, farmer advice and enterprise development. The other enterprise, DOCHSEi, began as an initiative of two NGOs concerned with the plight of the landless and poor tenant coconut farmers. It has been developed as a relatively large social enterprise from the start. As they have developed, both enterprises have forged greater integration with local communities and a clearer articulation of the social returns on investments made by an internationally dispersed community of migrant savers. Each enterprise is trying to balance the multiple demands of accountability to donors and investors, capital raising, high equipment costs and, in the case of DOCHSEi, a large labour force.

The enterprises begun as part of the JCPP are much smaller in scale and are defining themselves against the prevailing norms of micro-enterprise and rural cooperatives. The Laca Ginger Tea Community Enterprise has evolved from a previous organization of local women, many of whom are close neighbours or kin. Shifting focus towards a community-based social enterprise has been relatively easy as the group members are already linked in networks of support and mutual assistance. They have formalized their enterprise as a cooperative and registered with the provincial government. Already they are showing the benefits of active participation, as when they dared to challenge a provincial official who assumed that she would become a member of the cooperative. In contrast, Jagna *Nata* is struggling with a multi-sited membership, the lack of money to get together regularly and the absence of a forceful coordinator. There is community support for the enterprise, but there is a need to shore up partnerships to replace the facilitation offered by the action research team.

What is distinctive about all these cases is the conscious intervention that is being made to strengthen community economies in place. All enterprises are building on relations of interdependence between, for example, the natural and social environments, farmers and processors, shared community resources and community enterprise. They are building on diverse practices of mutual assistance and developing novel collective initiatives that are increasing well-being directly for local people. They are contributing affordable products and services to local consumers, as well as to more distant markets. Importantly they are generating income for cash-poor people. In each enterprise the learning curve has been steep for community members and

NGO incubator staff alike. Most rewarding has been the flowering of confidence among people who never saw themselves as entrepreneurs or philanthropists or leaders.

Building the social economy could well form a focus for migrant remittance funds that would begin to address the extreme poverty and regional inequality in the Philippines. As we have seen with the stories presented here social enterprise development in the majority world can be targeted at producing food and fibre products for the local market that will lower costs and increase access to desired consumption goods. Once the local market has been supplied, it is up to the enterprise to see if they want to expand into regional, national and international markets. It is expansion of community well-being that is at the centre of the enterprise vision, not expansion for its own sake.

By documenting these experiments in community enterprise development we hope to assist in the formulation and consolidation of new development pathways that build more resilient local economies. Producing discourses of the social economy and social enterprise in the Philippines is an important way of influencing debates and policies around development. The writing workshop that produced the enterprise stories presented in this chapter teamed up NGO activists and scholar activists to overcome communication barriers that often stand in the way of reporting the successes of community initiatives. Since that workshop, an interactive CD-Rom that outlines the action research steps of the Community Partnering Project has been developed for use by communities, NGOs and others wishing to replicate this pathway for local development.⁴ A DVD that features three of the social enterprises discussed here as well as three others has been produced for dissemination to local governments, policy makers, development agencies and universities in the region and internationally.⁵ In the conclusion of this film May-an Villalba outlines a range of policy initiatives that could significantly assist social enterprise development and build community resilience. The 30% corporate tax rate that is applied to social enterprises and prevents them from scaling up, is one area for policy change. Another is the coordination of marketing so that small community based enterprises do not undercut each other. Academic and activist networks such as those constructed in this volume can contribute powerful representations that help to make social enterprises more viable and the social economy that sustains life more visible.⁶

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⁴ Community Partnering for Local Development, an interactive CD-Rom available from Katherine Gibson, Department of Human Geography, RSPAS, ANU, ACT 0200 Australia.

⁵ Building Social Enterprises in the Philippines: Strategies for Local Development, a 50 minute DVD available from Katherine Gibson, Department of Human Geography, RSPAS, ANU, ACT 0200 Australia.

⁶ As a result of this network May-an Villalba has visited the US social enterprises discussed by Julie Graham and Janelle Cornwell in Chapter 4 and has taken insights from these visits back into her practice as a social entrepreneur in the Philippines.

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