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Scaling Up

*Interactions, Challenges, and Opportunities
for SSE in the Philippines*

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Abstract

This study discusses the interactions, challenges, and opportunities of social and solidarity economy in the Philippines, by looking at a case study of a relatively successful community-based enterprise (CBE) in the province of Negros Occidental, considered one of the 20 poorest provinces in the country in 2004. The CBE was able to assist more than 300 households, members of 11 different villages in increasing their income through collective production and marketing system.

The paper argues that CBEs in particular, and SSE in general, can be successful to an extent by properly matching the earning patterns of people and available resources with market demand; by reducing the transaction costs of farmers in ensuring market and credit access; and providing a livelihood guarantee to participants. However this needs a strong policy environment, a feasible alternative economic theory, and a radical reorganization of the current economy.

Keywords: Social and solidarity economy, community-based enterprises, Philippines

Introduction

Social and solidarity economy (SSE) has gained growing global significance in recent years as a critique to the dominant economic paradigm that has failed to deliver results in terms of increasing poor people's access to economic benefits and in ensuring a more sustainable and equitable development. The term encompasses a range of development actors that "are collectively organized, and oriented toward social aims that are prioritized above profits or returns to shareholders" (Kawano, 2013: 1).

In Asia, SSE has been in existence for decades, though this may not have been officially called as such (Jayasooria 2013: 2). It was estimated that over 13 million people in Asia who are members of more than 400 independent organisations in 21 countries in the region are involved in social economy initiatives (Loh 2013: 23). These can be in the form of cooperatives, mutual benefit associations, social enterprises, people's associations, savings groups, and community-based enterprises that produce products or offer services and earn profit in a sustainable manner.

Peredo and Chrisman (2006: 310) define community based enterprises (CBE) as an "emerging form of entrepreneurship typically rooted in community culture", and where "natural and social capital are integral and inseparable from economic considerations, transforming the community into an entrepreneur and an enterprise." In some cases, it was argued to have helped local associations "reach national and international markets" (Orozco-Quintero, 2007: 34), make communities achieve economic, social, and environmental benefits (Molnar, et al, 2007: 35-39), and even manage natural resources (Kiss 2004: 232). CBEs can be said to exemplify a social and solidarity economy, in as much as it is pursue social and economic aims and strive for solidarity (ILO 2011: 113), each factor reinforcing each other.

This study focuses on the interactions, challenges, and opportunities of social and solidarity economy in the Philippines, by looking at a case study of a relatively successful CBE in the province of Negros Occidental. Negros Occidental is a province in the Central Visayas and is considered one of the 20 poorest provinces in the country in 2004. A group of farmers, development workers, and agriculturists in the province formalized a community based enterprise involving farmers in the remote barangays of the province where poverty was most concentrated. The CBE involved a set of stakeholders organized as a coordinated mechanism across the value chain under the umbrella organization of the Multisectoral Alliance for the Development of Negros (MUAD-Negros).

There are at least three questions that this paper addresses:

- a. Given the relative success of MUAD-Negros as a CBE, 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?
- b. What constraints, challenges, and difficulties were faced by the CBE in its journey towards profitability and sustainability?
- c. What is the potential for growth of the CBE in the context of competition in the market economy?

To answer these questions, this paper uses multiple methods. It made use of household surveys to quantify increase in farm production and its consequent effect on income covering all program participants at LIFE farms. It made use of focus group discussion and key informant interviews to gather perspectives from key players at MUAD, the marketing cooperative, and the women's producer groups. To evaluate business viability, the study made use of analysis of financial and operating documents .

The paper is structured into four parts. The first part discusses the landscape of CBEs in the Philippines to locate the case study within the larger country context. The second part discusses the findings of the study in response to questions 1 while the third part focuses on the constraints, challenges, and difficulties faced by the CBE (question 2). The last part focuses on the potential and constraints for growth of the CBEs in the country and offers some concluding remarks.

1. CBEs in the Philippines

It is important to provide a contextual definition of community-based enterprises. In the Philippines, as with the rest of Asia, there are organizations based in communities that implement or undertake production of goods or services or are engaged in trading activities and thus may be categorized as community-based enterprises. For example, cooperatives engaged in agricultural production or processing can be considered as community-based enterprise if we do not particularize its characteristics. In the Philippines, there are a total of 21,679 cooperatives as of June 2012. Also, social enterprises have been gaining prominent visibility in the country and though there has been no comprehensive survey conducted to ascertain the numbers, a rapid appraisal conducted in 2007 reported that there are more or less 30,000 social enterprises in existence, consisting of cooperatives, micro-finance institutions, fair-trade organizations, non-government organizations, and individual entrepreneurs with a social agenda (Dacanay 2007). The question then will be, can all of these be categorized as community-based enterprises?

It is therefore important to look at relevant literature to distinguish what we mean here by CBEs. A landscape of definitions is provided below – two of which (first two columns) relate more particularly to Philippine context as the definitions emanate from case studies in the Philippines and another which relate to a more global perspective.

Table 1. Defining Community-Based Enterprises

Features	Community Partnering Initiative (also in Gibson, 2009: 116-129)	SIBAT (see http://www.sibat.org/communityenterprise.shtml)	Peredo and Chrisman (2006)
Ownership	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
Leadership	Community members lead the enterprise	Led by popularly elected officials of the organisations	Led and managed by community members
Activities	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.
Aims	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
Sustainability	Financially sustainable or in to	Financially sustainable	Financially sustainable

process of being so

Table 1 above shows that what is characteristic of CBEs is that ownership belong to community-members and not to anyone else. In this case, non-government organizations, individual entrepreneurs, foundations, cooperatives, and those listed by Dacanay (2007) in her rapid appraisal may not be considered as community-based enterprises, as several of these are not owned by community members themselves (e.g. NGOs, foundations, individual entrepreneurs) or are only partly owned by community members but also by other stakeholders as in the case of cooperatives. However, there is no available data to show the magnitude of CBEs in the country but there are specific case studies (see Gibson, 2009: 116-129 and AusAID/PACAP 2002) documenting community-based enterprises and their initial results.

Lacking a comprehensive list of community-based enterprises in the Philippines, it can be said that the case study highlighted in this paper is just one among the many community-based enterprises operating in the country. However, the choice of the study is based on three qualifying characteristics; (1) that the case study should qualify using the primary definition of CBEs indicated in table 1 above, (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.

There is a reason for case selection criteria. Firstly, this paper would like to investigate community-based enterprises, to distinguish it from cooperatives, social enterprises and other forms of organizations. Secondly, the interest in agricultural communities is owing to the economic characterization of the country, especially the countryside. Finally, the study would like to look into poor provinces in the country as it would like to locate the how CBEs respond to the challenges of poverty and destitution. With these as criteria, the Multisectoral Alliance for the Development of Negros (MUAD-Negros) based in Negros Occidental was chosen.

2. The Case of MUAD-Negros

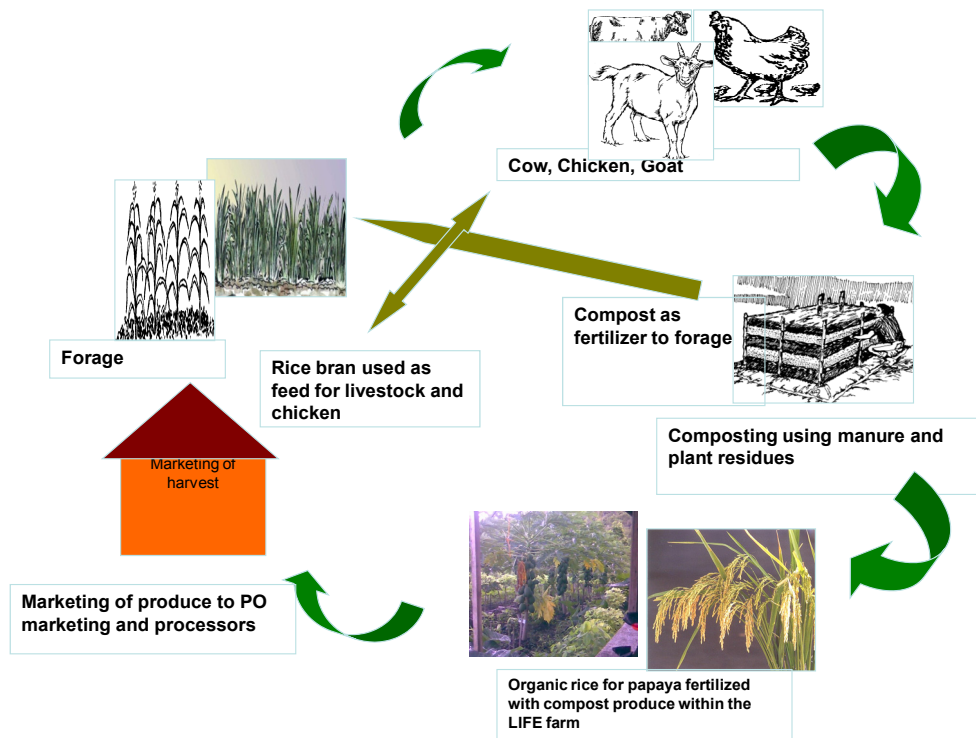
MUAD-Negros is a multi-stakeholder alliance of non-government organizations, foundations, local government unit representatives, and people's associations established in 1987 as a collective response of development organizations to address major economic setbacks due to the collapse of the sugar industry in the middle of the decade and the overwhelming devastation caused by typhoons and other natural calamities. Since the time of its organization, MUAD-Negros engaged with several funding agencies to implement various programs on the environment, reproductive health, micro-enterprise development, farming technology, and capacity development, among others. Its first few funders were Miserior, the Philippines Canada Human Resource Development Program, the Association of Foundations, the Philippines-Australia Community Assistance Project, and the Foundation for Philippine Environment.

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. It applied for funding assistance from PEF in the amount of seven million pesos (P7.4 M, P5 M in loan fund) to implement the "Provincial Development Fund for the Improvement of Small Income Families" (PDFISIF). Two years after, the second phase of the program was approved by PEF with another five million peso loan fund with a corresponding 2.5 M grant. This was also the time that MUAD was able to particularize and define its development strategy, more particularly the Livestock-based Integrated Farming Enterprise (LIFE).

MUAD-Negros trained farmer participants in the production of organic papaya and rice in their farms; both crops fitted to the soil condition and farm location of the farmers and also possess high market value even at

the local market in Bacolod city, the provincial capital. The farmers were encouraged to re-organize their farms to be sufficiently cushioned against droughts and heavy rains that frequently occur in the area. Farmers were then trained in diversified farming through the LIFE model where farmers organize their farms where inputs and outputs are interdependent – farmers plan foliage for use of its livestock, livestock manure and plant residues are used to fertilize rice or papaya (main crops) and other plants, and all farm produce are sold to a marketing cooperative owned by the farmers themselves. This framework is shown in Figure 1 below:

Figure 1. Livestock-integrated farming enterprise



Secondly, MUAD organized a marketing cooperative that was tasked to pick up papaya and rice from the farms, employ a quality control system, and deliver these to contract buyers. The marketing cooperative has its own delivery truck and visits farms based on production schedules to pick up products. This process did not only assure farmers of a ready market for their produce, but it also encouraged them to do more and invest in their farms because they are certain that goods will get a fair price as compared to selling them to private individual traders.

Substandard farm products, like in the case of organic papaya for example that does not conform to size specifications, are brought to processing center. Other products that do not command high farm gate prices because of stiff competition like ginger and turmeric, are also brought by the marketing cooperative to the processing center for value adding processes. The processing center produces dried fruits, powdered drinks, candies, jams, jellies, from the production of the LIFE farms. These are then transported by the marketing cooperative to display centers and traders. In this case, product development at the processing center is critical, as this does not only need a careful reading of market forces, but also matching market demand with the available farm products raised by the farmers.

For the last 5 years or so, this process yielded significant results. To date, the marketing cooperative is already able to deliver to traders around 2 tons per week of organic papaya in the “bagsakan center” located

in Bacolod City, the provincial capital, that are all sold at the end of the day. The same process will also be done with the livestock in the beginning of 2014.

The organization of the value chain, with corresponding actors, is indicated in Figure 2 below:

Figure 2. Value Chain of the CBE

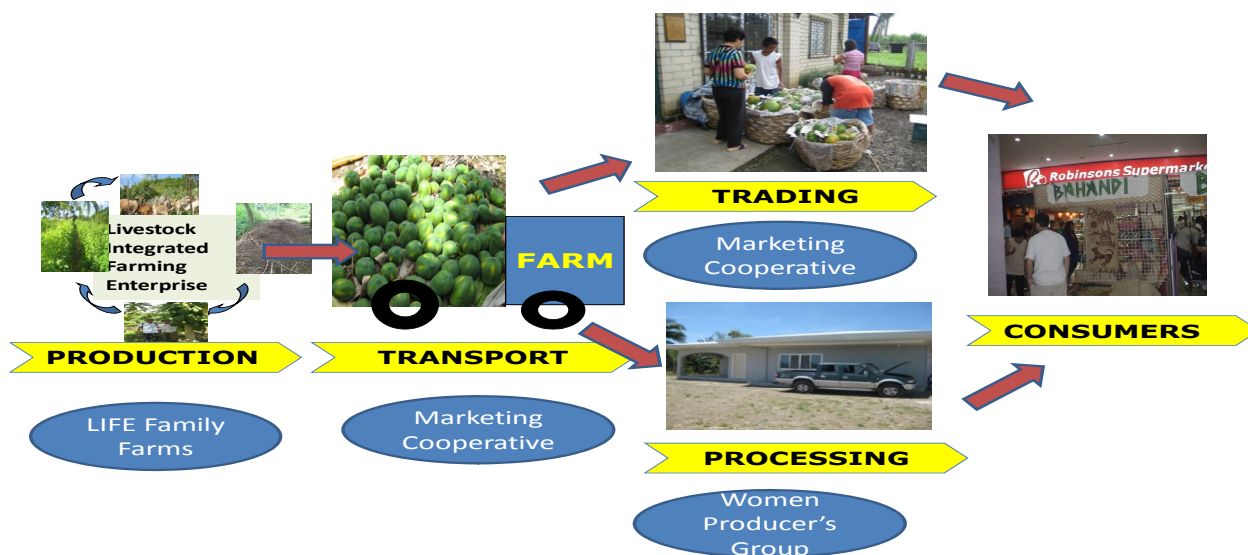


Figure 2 shows that there are at least three major collectives that are impacted on by this enterprise. These are the LIFE Family Farms, the marketing cooperative, and the women producer’s groups. We characterize these using the table on CBEs earlier illustrated in Table 1. The results are presented in Table 2 below:

Table 2. Analysing Stakeholders Using the CBE lens

Features	LIFE FAMILY FARMS	MARKETING COOPERATIVE	WOMEN’S PRODUCER GROUPS
Ownership	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
Leadership	Led by the household head (the father, in most cases)	A board of directors elected by its members	A board, elected by its members
Activities	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 different bottled, dried or preserves
Aims	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
Sustainability	Going towards sustainability	Going towards sustainability	Going towards sustainability

As indicated above the MUAD case presents itself as a strong example of a CBE where ownership of the value chain agents are collectively shared by members of the community. It fosters a system of co-

responsibility, as the value chain will not work without each one particular member of the collectives contributing meaningfully to the process. The organization of the value chain into units that are collectively owned, and community-based ensured that farmers get a good price of their products and guarantees that efforts of each are not wasted and each one benefits, while at the same time, contribute to the environment. A common problem in the province of Negros Oriental is the declining fertility of the soil, brought about by decades of heavy fertilizer use because of the sugarcane plantations.

However, it must be noted, that despite the fact that the CBE has been operating for almost 9 years now, each of the actors in the value chain are still grappling with the issue of sustainability. Farms face the risk of declining availability of farm labour, as the younger generation are more inclined to work elsewhere than in the farms. The marketing cooperative and the women's groups are operating sustainably, but not profitably enough to warrant long-term expansion.

Through this project, 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 in 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. But the remaining 40% did not have significant increase in income, largely due to lack of effort on their part to improve productivity, or the lack of capacity to do so because of the labour intensive nature of farming (e.g. aging households).

As a consequent process in organizing the value chain, it became necessary to organize the LIFE farms into collectives. To have strength in addressing their common needs, the farmers organized themselves into farmers' organizations, namely: Kanlaon Green Brigade – Alay sa Kalikasan (KGB-AKO), Benejewan ISF Farmers Associations (BISFFA), Dolis Farmers Association Inc. (DFAI), Malatas Paghumayan Pantao Upland Farmers Association (MAPUFFA) and Tres Marias Agrarian Reform Beneficiaries Association (TMARBA). The table below shows the nature of these associations and their advocacies, apart from their livelihood enterprises:

Table 3. Farmers Organisations and their Social Aims

Association	Organizational Details	Social Aims
KGB AKO	Composed of active local forest protection volunteers	members are committed to serve voluntarily to safeguard the resources of Mount Kanla-on Natural Park from further destruction
BISSFA	Composed of 70 small farmers who are involved in forest rehabilitation and livelihood development activities	Members engage in watershed rehabilitation activities
DFAI	composed of 43 members 24 male and 19 female they are mostly marginal farmers engaging in dagyaw, production of fruits and vegetables and marketing of agriproducts	Committed to uphold and practice sustainable agriculture
MAPUFFA	organized and registered with the Securities and Exchange Commission in 2005 with total members of 47 (27 male and 20 female)	Engaged in sugarcane production to as a collective to provide social insurance to its members
TMARBA	Organized and registered with the Department of Labor and Employment – Bureau of Rural workers. The total members of the group is 75, 42 of which are male and 33 are female.	TMARBA members, agrarian reform beneficiaries, are committed to practicing sustainable agriculture.

As indicated above, several of the organizations opted to register or gain accreditation. In the current context in the Philippines, participation of organizations in local governance, accessing funding and technical support from government and donor institutions, and engaging in financial transactions with banks and

other formal financial institutions requires registration. It can also be noted that all of the associations are engaged in environmental activities. This is but expected, as their livelihood depended on natural resources, it is necessary for them to manage natural resources effectively. Finally, as a consequence of their participation in the CBE, assets of the people's organizations increased by an average of 196%, from an average base figure of Php1.27M (1Php = 0.245 USD).

Finally, the CBE was also able to improve relationships of MUAD, the farmers groups, and the communities with other organizations. As can be recalled, MUAD started off with funding support from the Peace and Equity Foundation but with the results shown by the CBE, MUAD was able access support from the Swedish Cooperative Center and the Karl Kubel Stiftung to enhance its enterprise framework and improve the CBE further. Later, it was also able to access support from the World Bank, the Eco-Agri Foundation, and the Foundation for Philippine Environment. Currently, it was able to access and receive support for farm and watershed development in the amounting of Php7.7 million (1Php = 0.245 USD). It also leveraged support from the local government units where it operates, the national government's Department of Interior and Local Government, and local foundation Negros Women for Tomorrow Foundation. In this case, we can say that the MUAD enterprise was able to establish relationships with a multitude of stakeholders, covering governments, funding institutions, and the private sector. These relationships strengthened the CBE and in the process benefitted its owner-members.

The findings of the research show at least three significant learnings. Firstly, that the proper match between the earning patterns of families, the availability of resources (natural, human skills), and the presence of active and consistent product demand (locally), hastened the success of the organic papaya and rice chain. The major intervention that MUAD-Negros did was to facilitate the various processes leading to the desired outcomes. The CBE was not just successful as a business, but as a tool in reordering the incentive structure of the community, and building a just and equitable business climate where producers get a fair share of the profit. In the past, farmers are not encouraged to increase farm production beyond subsistence level because of the view that traders capture the profits. With the marketing cooperative in place, this changed things. As a consequence, production increased by 15% for all farms from baseline.

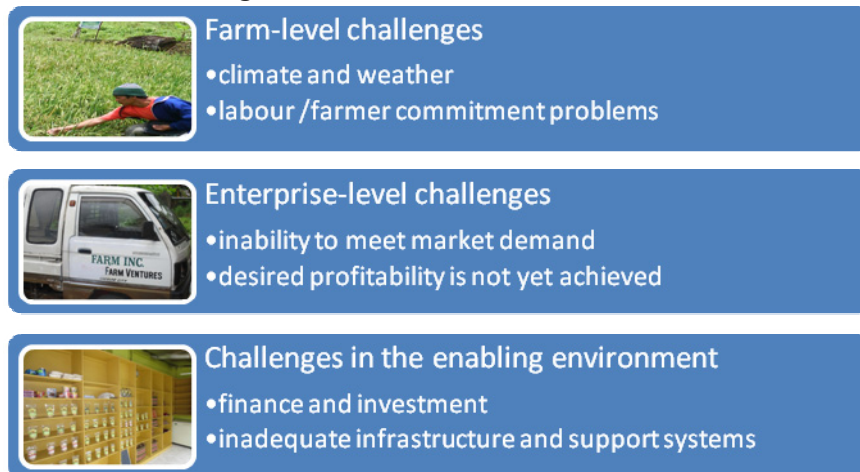
Secondly, transaction costs of farmers are high, especially in acquiring the information of input and output flows, more so in terms of credit access, even when farmers are organized into common-end collectives. A major constraint is the inevitable force of the markets that quash the relative gain farmers would have earned from the exchange, especially for those areas far from the town centers and where transport of commodities is difficult and burdensome. The CBE was able to put up a replacement strategy to serve both as a low-cost agricultural input retailer and a conscientious buyer of agricultural produce.

Thirdly, there is no possibility that the farmers and their groups would be able to organize the value chain on their own as the impediments are large, and even funding institutions are slow to trust small, unregistered, people's organizations that do not have bank accounts (when they started). In this case, MUAD was able to fill the role of facilitator of the process. This is critical because MUAD is not an outsider, but essentially, owned by the organizations that it seeks to assist. The interest to make things succeed and to see things through is very high because the success of the CBE is the success of MUAD. This is unlike project driven CBEs in other contexts, where the facilitators have fixed terms of five years or so, that when the project folds up, sustainability is at risk though attempts were made to set up self-sustaining structures (Canares, 2007: 14).

3. Constraints, Challenges and Difficulties

The case, however, is far from perfect. The CBE has to contend with several inhibiting factors on a daily basis. We present these constraints, challenges, and difficulties in at least three layers, summarized in figure 3 below:

Figure 3. Constraints, Challenges, and Difficulties of the CBE



Challenges at the farm level. In the farms, there are at least two problems, one of which is macro in context and nature. First, climate and weather problems have affected both the organic rice and papaya. Frequent raining during flowering time for the papaya affects yield significantly while lack of it also affects organic rice production. Weather patterns (wet and dry season) have become unpredictable in recent years that farmers had difficulty in adapting in terms of farm scheduling.

Secondly, there is still variable commitment in some of the farmers to the enterprise and in sustaining their LIFE farms. Even among farmers, there is no provider of a collective guarantee that when they continue engaging in collective production, their livelihood is guaranteed, especially in a context where there are several worse examples in collective production due to mismanagement, corruption. Despite the fact that risks are essential components of entrepreneurship, in the views of the farmers though, the risk may be shared, but the responsibility, oftentimes, is not. An analysis of literature and case studies within the country suggests that these became so because of several push factors. Considered one push factor is the level of economic self-sufficiency of its members. In cases when economic self-sufficiency is high, the urgency of individual incentive is low and thus the higher chances to continually invest in a collective enterprise. The challenge is to ensure that the economic gains at the collective level continually result to economic gains at the level of the individual participant.

This problem is compounded by the lack of farm labour in the households. In most agricultural communities in the country, the farmers are an ageing subset of the population as the younger generation prefers to work elsewhere than in the farms.

Challenges at the enterprise level. The desired profitability of the CBE is not yet achieved, also conditioned by problems at the farm level. For example, local market for organic papaya is large, more than the 2 metric tons that the marketing cooperative is able to deliver. There is also a separate market for papaya processing in fruit drying factories but the enterprise is still not able to cater to them. But the CBE is also not able to commit more as it relies on the capacity of the current LIFE farms to deliver. Thus, the market is large, and this is not met by MUAD and is therefore fulfilled by bigger players. For example, even the papaya sold at supermarkets in Bacolod City come from the corporate giant DOLE Philippines and an emerging player, Dizon Farms.

This could have been remedied had MUAD expanded its LIFE farms coverage. However, MUAD is not also able to increase its outreach to more communities and families because of lack of operational funds. MUAD currently relies on donors for it to be able to hire agricultural technicians and community organizers to help farmers set up LIFE farms. It also requires assistance to successfully adapt its LIFE technology to climate change. MUAD cannot do these given its current resource base. However, in the social and solidarity economy concept, this could have been a transgression of basic philosophies, as investments in enterprises should have been unleashed from within.

Finally, both the marketing cooperative and the processing centers need updating of its equipment to ensure that these are still efficient to serve enterprise purposes. The hauling truck is rapidly depreciating and depreciation fund may not be enough to purchase a new unit. There are drying facilities that need fabrication that may require huge capital investment. As earlier indicated, these two entities are operating at a margin, but the profit margin is not enough to finance capital investment requirements.

Challenges at the enabling environment. Unfortunately, the enabling environment is still deficient in terms of providing opportunities for the scaling up of CBEs. There is still a lack of trust of the banking sector on collectives, despite legal formalisation. In several cases, banks do not lend to agricultural enterprises because of the high risks involved and also given the failure of community-led agricultural enterprises in the past to pay their liabilities. While the farmers associations assisted by MUAD have increased their assets through collective savings, this is not enough to finance large capital investments. Financial institutions are needed, but loan products are more suited to commercial non-agricultural businesses than to agri-based CBEs run by farmers. The heterodox economic structure is until now not positioned to cater to financing needs of alternative economy.

In the case of the CBE here, where LIFE farms are located in remote, poor areas, roads are also not built to standards to enable a less costly and more efficient transport of goods from the farms to the markets, and ensure that transport trucks last longer. For organic rice, if irrigation systems are available and reliable, production could have been consistent and predictable. Like in most developing economies, infrastructure is a prevalent problem that does not only affect households but enterprises as well. Also the government of the Philippines' support to CBEs is deficient. The Department of Trade and Industry, for example, prefer, and are mandated to assist exportable commodities and are biased against small producers. CBEs then, and other similar establishments, lack the support systems in building their capacities. These support systems need not necessarily come from governments but from a set of networks and relationships that strengthen CBEs.

Finally, CBEs are also taxed in the same way as other corporate enterprises. In this case, the CBE has to contend with approximately 30% tax rates on income, as well as in the transfer of goods or services. The taxation pattern suppresses the processing center, for example, to scale up production as payment is not the only one which is onerous, but also the administrative processes that are related to it.

4. Is there a future for CBEs? For SSE in the Philippines?

Given the discussion above, what are the implications of this to the future of CBEs, in particular, and to SSE, in general?

It does seem that challenges abound for CBEs as well as SSE in the Philippines in an age and time where neo-liberal economics dominate the development agenda. The findings in this paper resonate with earlier studies on social and solidarity economy. Miller (2010; 10) for example, identifies financing as the most significant logistical challenges for the social and solidarity economy. Business taxation applied to CBEs

and social enterprises is also highlighted as a major challenge in a Philippine study (Gibson, 2009: 129) and so does the continuing bias towards export-led industrialisation (Cahill, 2005: 1) affecting growth and scaling up of community enterprises.

Undoubtedly, for CBEs to sustainably exist within this context, it needs a strong policy framework from the Philippine government so that challenges identified relating to roles and responsibilities of the state and other actors can be adequately addressed. ILO (2011: 27) proposes for example, that these policies should include not only legal and regulatory framework, but also provisions that would ensure “development of and access to appropriate technologies” and “access to solidarity credit and financing”.

In the House of Representatives in the Philippine Congress, a bill has been filed in April 2012 regarding the development and promotion of social enterprises to ensure poverty reduction. The bill provides for the creation of a social enterprise fund with mandatory allocation from the government, the implementation of a social enterprise capability building and sustainability program, tax exemption for those with annual income of not more than Php10M, compulsory social security enrolment of workers, and special credit windows for social enterprises in four of the country’s state-owned commercial banks. If this bill is approved, this is already a significant step not only for CBEs but for the social economy in general for the whole country, especially when the programs as contained within the bill are fully implemented.

But laws, even when coupled with tangible projects, are not enough. For CBEs to thrive, and for social and solidarity economy for that matter to effectively challenge the status quo, CBEs and other actors need to strengthen networks and relationships and map a wider value chain similar to what MUAD has started for its CBE. The same recommendation is echoed in the recent meeting of SSE scholars, practitioners, and advocates in Asia (Loh, 2013; 30), as individual, disjointed efforts may not be able to withstand the challenges of the neo-liberal model. This needs to involve not only governments but also producers, innovators, community development practitioners, exporters, financial institutions, marketing companies, consultants, cargo forwarders, shipping companies and all economic actors that would help scale up and sustain not only CBEs but other players in the social and solidarity economy.

The strategy that MUAD did was replacement – to replace the trader on its own, as well as the processors who may take advantage of farm producers. But in a larger context, this may not be feasible, as this would involve replacing all major actors from the farms to the world market. Miller (2010: 10) suggested a provision of shared services, where networks of social enterprises create “aggregations of financial power of many small enterprises.....that can leverage economic power at scales of efficiency similar of that of larger companies”. This, in a way, is replacing dominant powerful companies in the chain to provide insurance, research and development, financial services, legal expertise, technical support, among others. But the feasibility of this, given a protracted and disjointed development of SSE in the Philippines is at question. If at the current state of things MUAD as a CBE is unable to scale up operations and expand its value chain, then the more it is difficult to actually make these networks a reality in the near future.

What the MUAD CBE case however highlighted are two emerging realities that are affecting CBEs more particularly those of agricultural communities. But these challenges cannot be addressed by legislation or the establishment of networks as suggested above. The impact of the changing climate is not a problem particular to their enterprises only. However, because the CBE is dependent on agriculture, they are the worst hit. Secondly, the attractiveness of urban employment as compared to farming has been drawing the younger population from the rural countryside to the cities, resulting to an ageing farming population. This is aggravated by a growing preference for out-of-farm education, as shown by the decline in enrolment to agriculture-related courses in Philippine universities and colleges. It’s a circuitous web – one needs to establish farming as a lucrative enterprise to attract the young, but to do so, you need able people to make it happen, the young included.

As community-based enterprises normally rely on human and natural resources within their communes, these problems are expected to arise. As such, the future of CBEs is largely reliant on the state of the natural environment and the availability of human resources apt to the task. This can also be said even of the current structure of the economy. As indicated in the RIPPSS-authored “Declaration of the Social and Solidarity Economy movement at Rio +20”, there is a crisis in both values of actors as well as of the environment that needs immediate remedy – something that the current capitalist economy will not be able to address.

While the MUAD CBE implemented efforts to address watershed problems and declining soil quality, forests are degraded elsewhere and mono-cropping sugarcane farms are heavily infused with inorganic fertilisers and pesticides. While farmers in MUAD are committed to a sustainable economy, others elsewhere are not. As a matter of fact, even some farmers who own and till the LIFE farms at some point get tired and go back to their old ways of cultivating the soil, as the pressures outside to the usual comfortable ways are hard to resist.

Establishing, and scaling up CBEs, and SSE for that matter, is not just about economics. As pointed out by Quinones (2013: 54) even organizations purportedly advocating social economy can be co-opted by the mainstream capitalist system. It’s also about cultural values playing a pivotal role (Peredo and Chrisman, 2006: 314), and a need for a system of education that would teach an alternative view of the economy rooted on solidarity and cooperation (Miller 2010: 9). In its most radical sense, it 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).

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