

## Opportunities from Ondoy: From calamity to social enterprise

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Jojo: I am a social development worker in the Philippines interested in ‘helping Filipinos help themselves’ (Gibson *et al.* 2009).

Ann: And I am a geographer researching urban community-based food economies in the Philippines.

We first worked together in 2008 in Mindanao in the Southern Philippines as part of a documentary film crew. At the time I was co-ordinating an ANU action research project piloting alternative economic development strategies and Jojo was working for our project partner Unlad Kabayan, an NGO promoting migrant savings for alternative investment. Over the past few years in different ways we have both been building on the ideas presented in the film. Two of the guiding ideas we want to pick up on in this presentation are as follows.

A ‘social enterprise is a business that puts environmental and social objectives on the agenda as well as profit making. It is undertaken to provide community benefit directly’ (Gibson *et al.* 2009). May-an Villalba, Director of Unlad Kabayan, explains

‘A social entrepreneur recognises a social problem and employs entrepreneurial skills to develop and manage a venture that creates social change. Whereas a business entrepreneur measures performance in terms of profits and returns, a social entrepreneur measures her [or his] success in terms of the impact her venture has on society’. (Gibson *et al.* 2009)

When researchers, local governments and NGOs adopt a community partnering approach to social enterprise development they shift focus from needs to assets through building on existing community economic practices and resources and involving community members as key economic decision makers.

Organizations and key individuals are often the catalyst that helps people like Ronie Pempeña featured here to see themselves differently, as active citizens in local economic development.

Ronie is a Banaba resident who lost his job after a stroke left him semi-paralyzed.

*Jojo: What is your skill?*

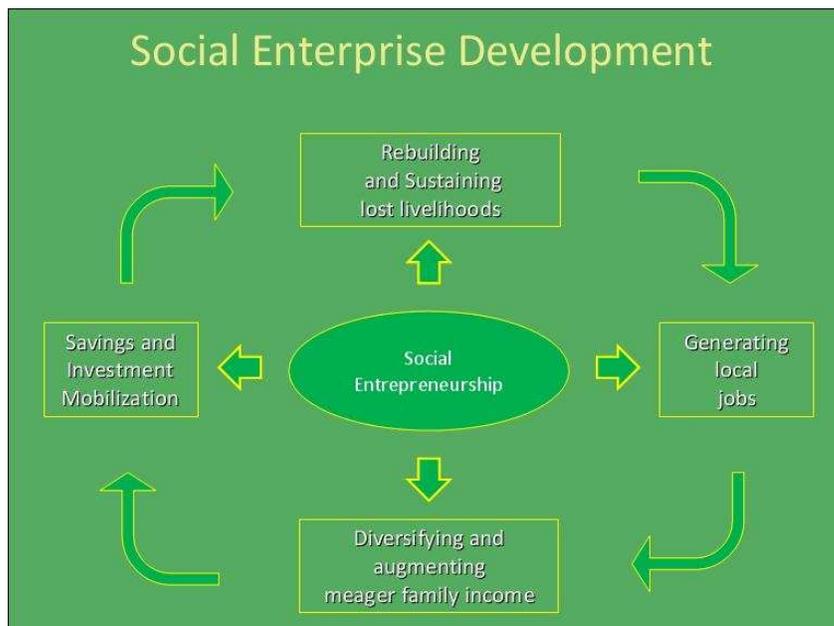
*Ronie: I was a foreman in construction work.*

*Jojo: Your skills fit this job. We need a conscientious foreman to oversee the cash for work phase of our project.*

2 weeks later...

*Ronie: I am very grateful that despite my physical limitations, they still give me a chance to work. Especially that I am the only one earning for my family. This is the first time I feel I am paid fairly. With the money Ronie earned through the project he was able to pay someone else to fix his house which was damaged by Ondoy floods.*

Social enterprise development projects have been criticised as too utopian and idealistic and as isolated attempts to re-think economic development (Cameron and Gordon 2010, Cameron 2009, Gibson-Graham and Cameron 2007). Taking these concerns on board our interest is two fold:



- how to scale up social enterprise development so that widespread community benefit is realised and
- how to build sustainable enterprises better placed to deal with future ‘calamities’.

To examine these issues we draw on a large scale project involving more than 1500 households in the ward of Banaba in Metro Manila which took place as part of livelihood re-building post typhoon Ondoy in 2009.

Ann: The analogy we often use in our work on building community economies is of seeing the community potential as a glass ‘half full’ instead of half empty for example seeing unemployed workers like Ronie as an asset in the form of willing and able labour.

Jojo: I have seen that sometimes the glass is already completely full. Not overflowing with the assets mindset but rather full up with limitations. A mentality that says I can’t make a difference or change my situation, I can only ask for a hand-out. And this is a reason why many ventures fail.

When Ondoy hit Manila in 2009, in a matter of six hours Metro Manila was flooded. Banaba was one of the hardest hit areas. We can see here the devastation. At the same time Ondoy was an asset. It helped communities to dream again, to hope and to empty the full glass of a closed mind.

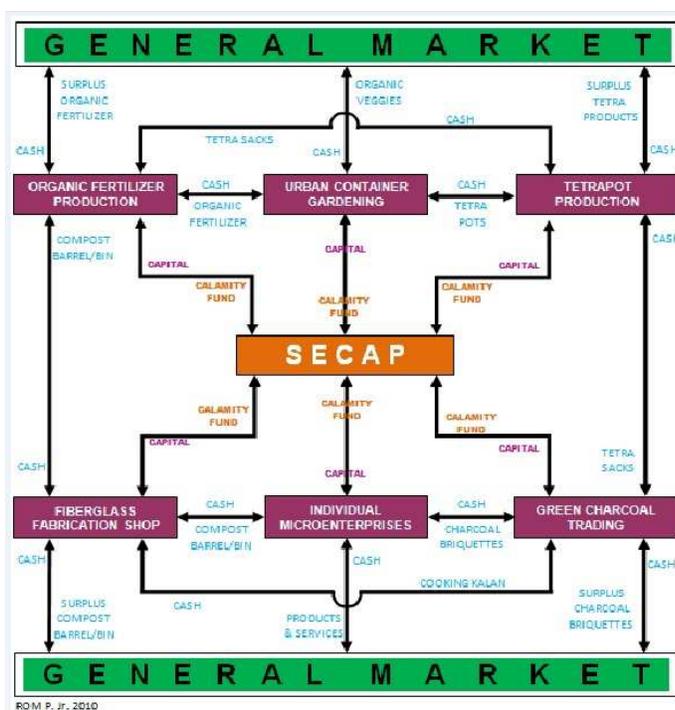
One of the first challenges for the project was to convince funding agencies to prioritise livelihood rebuilding over relief provision. The local livelihood committee explained to funding agencies not to give every household a hand-out but rather ‘a helping hand’ and to support their vision of community rebuilding (Hill forthcoming). Rey Ureta a senior consultant representing HEKS was a great support in this regard volunteering his time to show the community how to pickle vegetables. He wanted to actively participate in the livelihood re-building and training activities.

The 'Cash for Work' clean up phase of the project was important in changing the community mindset. Workers paid P382 a day which is the minimum daily wage in Metro Manila, were asked to contribute P50 each (about one dollar AUD) to cover the cost of tools and gloves. In making this contribution they became financial contributors in their own right and had something to show for it in the form of quality shovels and rakes. Asking the community for their counterpart (tools) helped to shift focus from what they needed to what they had to offer.

Cash for work also involved a shift in focus from thinking about the individual to thinking collectively. Whilst initially small work teams were assigned different tasks in different areas, when they discovered a vast amount of rubbish illegally dumped in the river, all 166 workers combined forces in a collective clean up.

After business planning livelihood assessments and on-site training activities Phase 3 of the project, the social enterprise capital augmentation program or SECAP was developed. The focus was on harnessing all the raw materials including waste resources that were already available in Banaba and on developing enterprises that would invest directly back into the local economy.

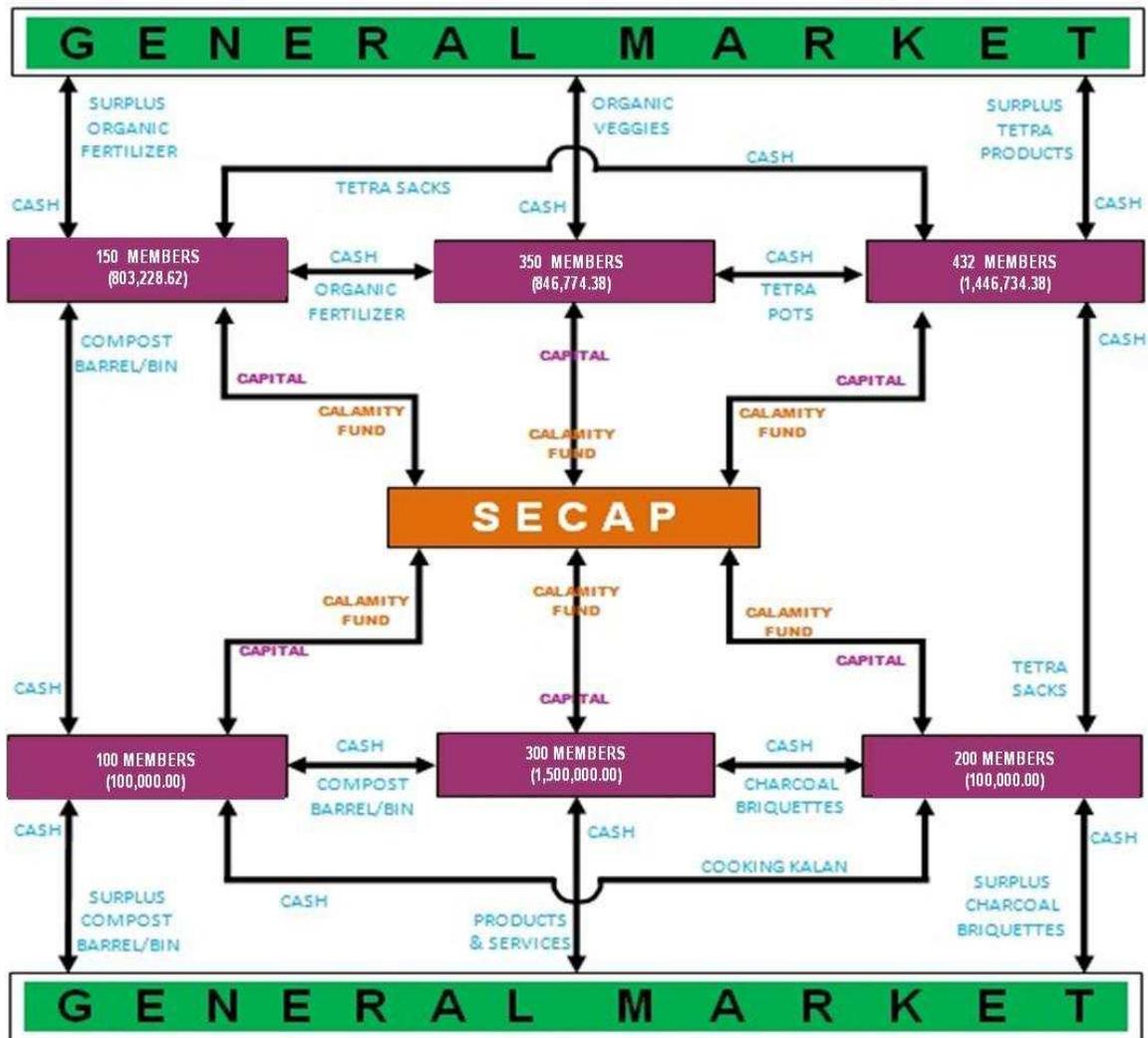
Two SECAP schemes have been developed for livelihood assistance. The first scheme is called Individual Capital Assistance (ICA). Under ICA families can avail themselves of up to P 5,000 capital. Over a 5-month period, borrowers are required to pay back the principal, a SECAP sustainability contribution (5%) and personal savings (3%). The principal is recovered from each borrower and rolled into one community calamity fund in preparation for subsequent disasters. In May 2010 the first round of funding was issued via quite a stringent process. 220 qualified applicants were given capital to revive businesses lost to Ondoy such as fish vending, 'sari-sari' stores, rice-trading and barbeque stands. As of now funding overseers claim more than 80 per cent of the funds have been returned and many entrepreneurs are now in their second phase of lending.



The second scheme, Group Business Capital Assistance (GBCA) involves a much larger number of families including those who failed to qualify for the individual assistance and those who recognized the value of pooling financial resources. In this case 1232 individuals waived their rights to a household benefit in favor of the group enterprise. They formed groups of at least 10 members and submitted loan applications with business plans for livelihood projects they were interested in. Applications were screened against social and environmental criteria and for economic viability.

Approved livelihood projects were then integrated based on the products and services they could offer each other. The SECAP framework identifies 5 group enterprises and the individual enterprises and the potential

flows of cash and finished products between them. Enterprises are designed to be interdependent and to create a market for each others finished products. For example the compost group makes container gardening growing medium and sells that to the urban container gardening enterprise. We are calling this deliberate strategy ‘social enterprise clustering’.



ROM P. Jr. 2010

The ‘scale up’ implications of pooling human and financial resources are significant. The slide shows the members of each group and the start up capital allocated to each enterprise.

The following YouTube clip recently aired on Filipino national and international television showcases the Banaba based enterprises from the perspective of one key actor, local people’s organisation (PO) Buklod Tao.

<http://www.youtube.com/watch?v=LtqZsxnZzo>



The clip presents a very rosy picture of the SECAP enterprises in full swing and it serves as good promotional material for attracting future funding and connections with markets such as SM Shopping Mall. We go ‘behind the scenes’ of the YouTube clip and consider some of the challenges that Banaba have encountered in the past 6 months. We ask where to from here for Banaba social enterprise development?

As of May 2010, Buklod Tao featured in the clip has a new project interest to parallel SECAP - an 18 month project on

increasing disaster preparedness. The main focus is on building gabion walling (galvanised wire with compacted rock inside) along a two to three kilometre stretch of the Banaba river bank. This serves to repel rising flood waters and to increase the community’s sense of security in inhabiting the area. The wall is being built by batches of students from elsewhere in the Philippines and by volunteers from abroad. So Buklod Tao is now tapping in to an unpaid labour pool outside the local area. This is depriving local resident of work and skill development opportunities. And Buklod Tao is sourcing *volunteer* labour but could instead increase local cash for work in Banaba. Our sense is that the focus is on wall building rather than local livelihood generation.

Also increasingly Buklod Tao human resources are being channelled into beautification and look good endeavours such as growing fancy European variety lettuces for a high end markets and shopping malls outside of Banaba. To explain: SECAP is coordinated from the premises of Buklod Tao. This space is also where the tetra-pot production occurs. The innovation of the tetra-pot is one of the reasons SECAP has met with early success. The tetra-pot is a ‘funky’ product with political and funding leverage. It uses low cost waste materials at hand and demonstrates environmental action and recycling. With the early success of tetra-pots and SECAP, Buklod Tao is rapidly becoming a centre for ideas and resource management in the urban context and a node of demonstrated best practice in relation to urban container gardening. It is attracting a lot of visitors and becoming a tourist landmark.

We question whether this focus is detracting from SECAP activities or enhancing them? At this stage it is too early to judge. What we offer instead is directions we feel Banaba economic development could move in, in order to foster the social enterprise clustering they have begun.

### Strategy 1

The tetra-pot enterprise initially planned to organise Banaba residents into collectives of trash pickers or ‘raw-mat suppliers’ as they are know in the project. But currently they are purchasing tetra-packs from one contractor outside of Banaba who delivers a bulk truck load of tetra packs each week. As a social enterprise tetra-pot production should be generating local employment. They could do this by increasing their buying price for tetra-packs from 25 centavos to 40 centavos per clean piece to make the job more worthwhile for Banaba collectors. At this rate, on a good day a raw-mat supplier could collect 1000 packs and earn P400.00 which is above the Manila minimum wage. Also if the raw-mat suppliers were well organised and allocated collection districts they could collect from schools all across Manila for example.

In many areas waste pickers are still drawn to work in the large waste dump sites where high value items such as e-waste (electronics) can be found. But it is hazardous, dangerous and dirty work and often there are health issues to contend with such as tetanus and heavy metal contamination. Organising waste collectors, offering them fairly paid work and employing them as raw-mat suppliers is a social enterprising opportunity which invests directly in community well-being.

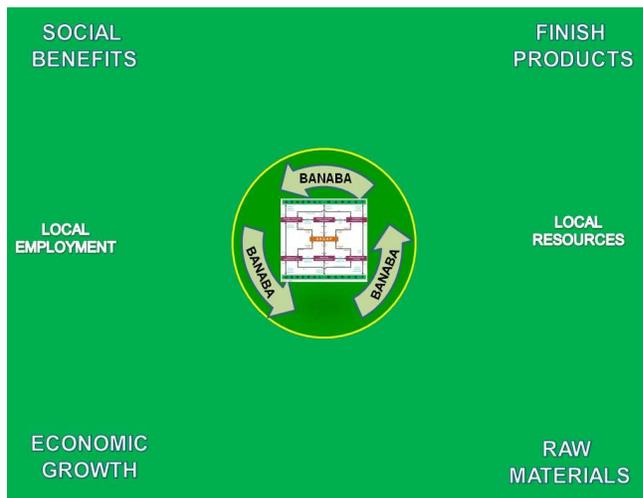
### Strategy 2

The compost making enterprise has not as yet developed the ‘chit system’ they proposed in the planning phase – that is an alternative local currency for households who donate their kitchen waste. Incentivising the collection of waste could extend to household recyclables as well. Chits are earned depending on the amount of waste collected. Participating households can then trade in chits at any of the SECAP enterprises including the 200 plus individual enterprises. Elsewhere in the world alternative currencies have been very useful during times of economic hardship. This system could be implemented in Banaba as a disaster preparedness and resilience strategy.

### Strategy 3

Seek out on-going social enterprise support. As of October 2010 Unlad Kabayan Migrant Services Foundation has taken over the role of support NGO. As pioneers in social enterprise development, they play a key role in nurturing Banaba’s fledgling enterprises and in helping groups to reflect on their own successes and failures. The enterprises are balancing their need for financial stability with accountability to the SECAP flood-survivors who waived rights to their individual funding. Supportive partners also play a key role in helping develop the capacities and resilience of social entrepreneurs in the project.

Take Lyn Ramos for example. Lyn was initially the Urban Container Gardening enterprise manager but she has now become the Livelihood Point Person for Banaba. She is also now the president of Buklod Tao. When I met Lyn (Ann speaking), her plans to seek work abroad as a contract worker were still up in the air. Jojo explained over lunch with Lyn ‘we are asking her to stay on and not take employment in Bahrain’ (paraphrasing). Lyn has a crucial role to play but she will need the support of Unlad Kabayan to maintain and impart the SECAP vision.



Currently SECAP is at a cross-road facing decisions about how to grow and sustain each enterprise. Whether to adopt a conventional business model or a social enterprise model; how to blend good business with social agenda is the pressing concern.

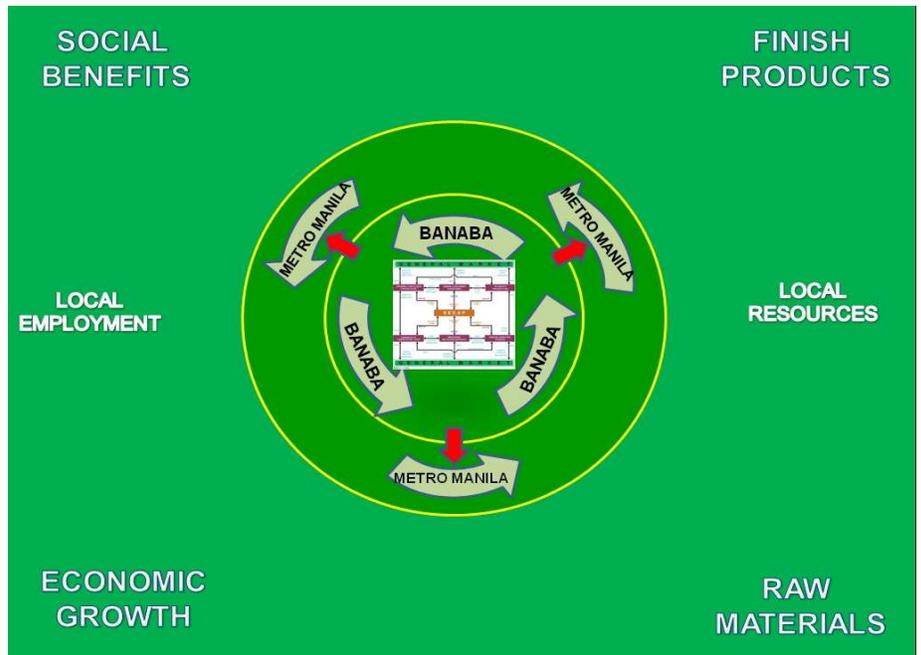
#### A model for social enterprise clustering

The model we put forward is to start where you are with what you have (also see [www.communitypartnering.info](http://www.communitypartnering.info)). Focus on saturating the local market and utilising available resources in the local area. Then

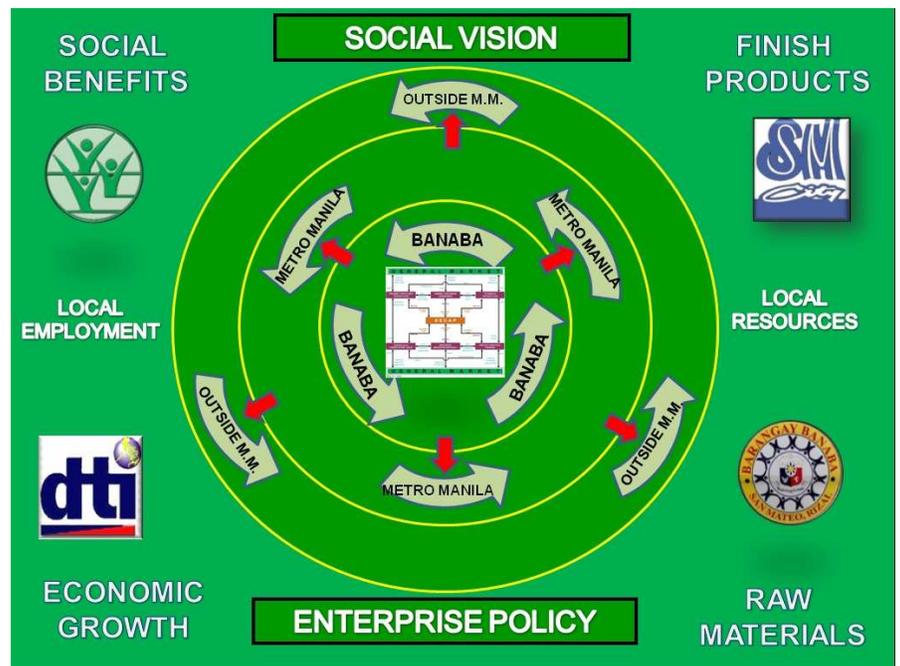
gradually enterprise development can spiral outwards depending on what synergies and opportunities for growth are deemed socially and economically viable.

From the Banaba case we identify key learnings for social enterprise clustering

- With funding adopt the mindset of the helping hand rather than the hand-out
- Establish the community's counterpart from the outset. You can't negotiate your own community development needs effectively if you start from zero.
- Harness local resources and assets through sourcing raw materials and employees from your neighbourhood and invest back in the local community by supplying products for local markets



- Ensure on-going regular contact with an individual or organisation who can educate and empower the community and step in as a catalyst for change when they are needed
- Changing mindsets is both a 'bottom up' and a 'top down' process which takes time. Maintain a network of keen and positive minds who understand and share your vision and who will lobby for change on your behalf



## References

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Cameron, J. 2009 'Experimenting with Economic Possibilities: Ethical Economic Decision-Making in Two Australian Community Enterprises', in Ash Amin (ed.) The Social Economy: International Perspectives on Economic Solidarity. London: Zed Press, Chapter 5, 92-115.

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Gibson, K and Hill, A., Maclay, P. and Villalba, M.A., 2009 'Building Social Enterprises in the Philippines: Strategies for Local Development', a DVD available online at [www.communityeconomies.org](http://www.communityeconomies.org)

Hill, A. Forthcoming 'A helping hand and many green thumbs: Local government, citizens and the growth of a community-based food economy', Local Environment

## Useful websites

Diversified and Associative Livelihoods <http://www.youtube.com/watch?v=LtqZsxnHnZo>

[www.communityeconomies.org](http://www.communityeconomies.org)

[www.communitypartnering.info](http://www.communitypartnering.info)