

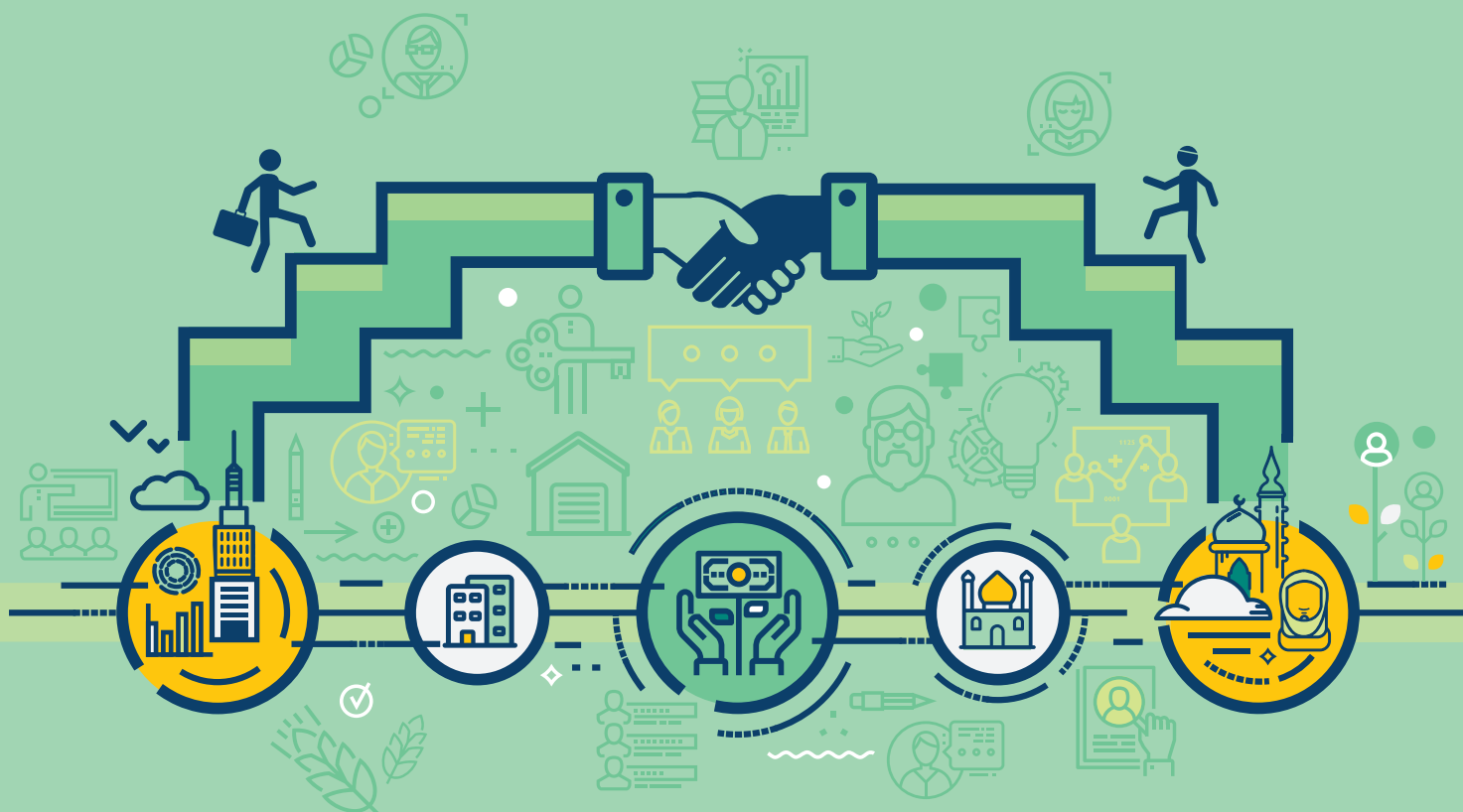


EUROPEAN UNION



REACHING THE FARTHEST FIRST

The State of Social Enterprise in the Philippines



CSO-SEED

STRENGTHENING CIVIL SOCIETY PARTICIPATION IN
SOCIAL ENTERPRISES EDUCATION AND DEVELOPMENT



Philippine Social Enterprise Network

REACHING THE FARTHEST FIRST

The State of Social Enterprise in the Philippines

This publication has been produced with the assistance of the European Union and the United Nations Economic and Social Commission in Asia and the Pacific. The contents of this publication are the sole responsibility of the CSO-SEED Project Implementing Agencies and can in no way be taken to reflect the views of the European Union and ESCAP.

Social Enterprise is
A business, with a primary
Social and/or environmental
purpose, which re-invests
to advance its
purpose or Mission.





EUROPEAN UNION

FOREWORD BY THE EU AMBASSADOR



The relationship between the European Union and the Republic of the Philippines is a longstanding one, which has broadened and deepened remarkably in recent years. Over the past four decades, the EU has been a major partner of the Philippines and has contributed more than a billion Euro (more than Php 60 billion) of grants to combating poverty and raising standards of living for the poor. This is echoed once again in the seven-year EU strategy for the period of 2014-2020 which is anchored on the Philippine Development Plan and puts focus on inclusive growth, a high trust society and a globally-competitive knowledge economy.

The overall framework of the EU development policy is the “**European Consensus on Development**” which sets out a shared vision and framework for action for development cooperation for the EU and its Member States. The Consensus takes account of a range of global challenges and the 2030 Sustainable Development Agenda, including using the structure of the 5P’s: People, Planet, Prosperity, Peace and Partnership. Poverty eradication remains the primary objective of development policy under the new Consensus. According to the European Consensus, the levels and geography of poverty and inequality have shifted and developing countries have become increasingly diversified. By 2030 the majority of the world’s poor will be concentrated in fragile and conflict-affected states and in sub-Saharan Africa, although substantial pockets of poverty will remain in some middle-income countries like the Philippines. Reaching the poor in such divergent situations requires varying approaches. Inequality within countries is a growing concern for growth and stability. Over 70% of the world’s population live in countries where inequality has increased over the last two decades.

The publication *Reaching the Farthest First* is a significant undertaking under the project jointly funded by the European Union and the British Council entitled “Strengthening Civil Society Participation in Social Enterprise Education and Development, (CSO-SEED)” which attempts to measure the current size and scale of social enterprises in the Philippines. Although the implementation of the project is focused only in the Autonomous Region of Muslim Mindanao (ARMM), the publication covers 206 social enterprises all over the Philippines and shall serve as an important baseline reference for the CSO-SEED project.

The EU support under the CSO-SEED project is in line with the inclusive growth through job creation focus of the EU strategy in the Philippines. Social enterprises as both a job creation and poverty alleviation tool, reaching the most impoverished and marginalised sector of society is a growing sector where its breadth and depth need to be understood more in order to create bigger impact. I hope that this publication will contribute to a better understanding of the operations of social enterprises and its potential for generating more jobs and for empowering communities and increasing their participation in the overall economy.

Franz Jessen

Ambassador

Head of Delegation

European Union to the Philippines



MESSAGE FROM THE BRITISH COUNCIL



The British Council aims to promote a friendly knowledge and understanding between the people of the UK and people worldwide, making a positive contribution in all of the countries where we operate and a lasting difference to the UK's security, prosperity and influence.

Our Global Social Enterprise programme is one of the ways we put this mission into practice. Social enterprise and social investment offer a mechanism of harnessing business activity for social and environmental ends. They offer a route beyond aid and grant-giving – a third way of addressing entrenched problems.

Drawing on the success of UK's approach to the sector, British Council in the Philippines initiated its own social enterprise programme in 2009. To date, we have trained close to 1000 individuals across the country through our programme. In the earlier years, our role has been to increase the awareness on social enterprise and to build the capacity in the sector. With European Union (EU) support, we expanded our reach to the Autonomous Region in Muslim Mindanao in 2016 working with civil society, including cooperatives, non-profits and academia, government and chambers of commerce to build a robust social enterprise environment in ARMM, complementing traditional livelihood models. This project is called CSO-SEED or Strengthening CSO Participation in Social Enterprise Education and Development (CSO-SEED) for Decent Work, Job Creation and SME Development.

This report *Reaching the Farthest First: The State of Social Enterprise in the Philippines* is borne out of a strong partnership with the EU, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Philippine Social Enterprise Network (PhilSEN) and a joint desire to offer insight into an important sector. It seeks to provide an estimate of the size and economic contribution of social enterprises to the Philippine economy.

I hope that the results of the research will give the sector and its stakeholders an intimate understanding of general trends, strengths and challenges that can inform both policy and practice.

The findings and conclusions of this research provide a clearer picture of social enterprises in the Philippines. The social enterprise movement in the Philippines is growing and evolving fast. The report offers a snapshot of the state of social enterprises in the country and an evidence-based baseline that can guide future action.

Most importantly, I would wish to thank the individuals that participated in this research and the people of the Bangsamoro for their enthusiasm and active participation in CSO-SEED.

Nicholas Thomas

Country Director

British Council – Philippines



MESSAGE FROM PHILSEN

Social enterprises in the Philippines may be characterised as responses to the current development paradox of high poverty and inequality despite constant economic growth. Social enterprise stories in the country are moving not only increasing incomes of households but also remain true to certain causes such as poverty alleviation, gender empowerment, social inclusion, environmental awareness, among others.

Oftentimes when we relate to government and legislators, we are asked about the number of social enterprises, where are they located geographically and sector-wise and the extent of impact that these do for the people and the communities.

This research then is a very good attempt to qualify these questions beyond the anecdotes. It attempts to provide evidence of the growing sector, the promise of engaging both governments and the private sector and the challenges the sector face.

While we have initial gains to build upon, policy-makers are still enjoined to focus on the consistent social enterprise narrative of employing, engaging and empowering sectors which are almost always left behind, if not the farthest behind. Putting them in the forefront of social enterprise initiatives coupled with private sector and government support paints a picture that we can change the paradoxical story we are in – that of high economic growth with high poverty and growing inequality.

It is in this context also that the Philippine Social Enterprise Network together with the PRESENT Coalition, a group SE and like-minded organisations, resource institutions and advocates, have been pushing for the Poverty Reduction through Social Entrepreneurship (PRESENT) Bill to recognise the positive contributions of social enterprises in the Philippines.

We thank our partners in the British Council, the European Union and UNESCAP for trusting us in this endeavour. The same level of appreciation also extends to all who have participated in the survey. As we always say in the Network, let's continue to do good, do well and do right!

The PhilSEN Board of Trustees and Staff



About the United Nations Economic and Social Commission for Asia and the Pacific

The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region.

The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

About the ESCAP – British Council partnership

In February 2017, the British Council and ESCAP signed a collaborative agreement to promote the growth of social enterprise and impact investment across the Asia-Pacific region as a means of supporting progress on the Sustainable Development Goals (SDGs).

Together we are cooperating to provide research, analysis, training, policy dialogues and offer guidance to support policy makers and other stakeholders in formulating and implementing policies and strategies that foster social enterprise and create enabling environments for impact investment.

The social enterprise survey in the Philippines is an example of this work and will provide information as to the size and scale of the social enterprise sector in the country.

Social enterprises harness trade, investment and business activity towards social and environmental objectives and are increasingly recognized as critical drivers of innovation for sustainable development.

ACKNOWLEDGEMENTS

We would like to acknowledge the European Union, the Economic and Social Commission for Asia and the Pacific (ESCAP), Social Enterprise UK and the Philippine Social Enterprise Network (PhilSEN) for this report. We would also like to thank the organisations who shared their contacts with us so we could conduct our survey:

- Balay Mindanaw Foundation, Incorporated (BMFI)
- Foundation for a Sustainable Society, Inc. (FSSI)
- Members of the Poverty Reduction through Social Entrepreneurship (PRESENT) Coalition
- The Department of Trade and Industry (DTI) and DTI-ARMM

and other organisations who helped to disseminate the survey in their respective networks. Many thanks to Ms Lisa Dacanay of the Institute for Social Entrepreneurship in Asia for her peer review feedback. We would also like to thank our research team Patricia Georgina Gonzales and Gomer Padong of PhilSEN, Dan Gregory of Social Enterprise UK and Emily Darko of Unltd for their expertise and ensuring that the methodology is consistent with global research; and to Angel Flores and Tristan Ace of the British Council Global Social Enterprise Programme for their inputs and guidance. We would also like to acknowledge our research assistants who helped conduct surveys over the phone and compiled survey data. Finally, thanks to all the non-government organisations, cooperatives, micro, small and medium enterprises, social enterprises and entrepreneurs who filled out the survey.

TABLE OF CONTENTS

Foreword by the EU Ambassador	3
Message from the British Council	4
Message from PhilSEN	5
About the United Nations ESCAP	6
Acknowledgements	7
Acronyms	11
State of social enterprise in the Philippines	12
Introduction	14
Study Methodology	17
Study aims	17
Overview	17
Social enterprise classification	19
Social enterprise database and sampling	21
• <i>Database</i>	
• <i>Sample size and selection</i>	
Survey tool and analysis	21
• <i>Data analysis</i>	
• <i>Confidentiality and subsequent use of the data</i>	
Data to estimate total number of social enterprises	22
• <i>Methodology</i>	
Overview: country content and existing research on social enterprise	26
Philippine country context	26
Social enterprise policy findings	29
• <i>Policy findings</i>	
Existing research on social enterprise in the Philippines	31
Overview of key actors in social enterprise in the Philippines	33
Study findings	41
Social enterprise survey sample	41
Social enterprise leadership (i.e Owners, CEOs, Directors etc.)	42
• <i>Age</i>	
• <i>Gender</i>	

Years of operation	44
Location: Where were respondents based?	45
Geographical reach	45
Legal status	46
Area of focus	47
• <i>Objectives</i>	
• <i>Sectors</i>	
Social impact	49
• <i>Primary mission</i>	
• <i>Beneficiaries</i>	
Job creation from social enterprises	49
Turnover and profit/surplus use	50
• <i>Profit and turnover</i>	
• <i>Turnover Expectations</i>	
• <i>Use of profit/surplus</i>	
Growth plans and barriers	52
• <i>Growth plans</i>	
• <i>Barrier to growth</i>	
Finance sources and constraints	53
• <i>Sources of funding and finance</i>	
• <i>Financing constraints</i>	
Estimate of the number of social enterprises in the Philippines	55

Conclusions **56**

<i>Bibliography</i>	57
---------------------	----

Annex 1: Interviewees and consultation workshop participants **58**

<i>Outreach events and workshops</i>	
--------------------------------------	--

Annex 2: Survey questions **59**

Annex 3: Reporting and caveats **67**

LIST OF FIGURES AND TABLES

20

TABLE 1

Social enterprise inclusion criteria

26

TABLE 2

Quick facts on the Philippine's economic and social structure

30

TABLE 3

Social enterprise relevant policies

33

TABLE 4

Incubators, accelerators and workspaces in the Philippines

34

TABLE 5

Impact investors in the Philippines

35

TABLE 6

Non-profits and NGOs in the Philippines

36

TABLE 7

Chambers of commerce, industry associations and business advisory bodies in the Philippines

37

TABLE 8

Higher education institutions, research and ecosystem support organisations in the Philippines

39

TABLE 9

Forums and networks in the Philippines

47

TABLE 10

Social enterprise objectives

47

TABLE 11

Social enterprise sectors

49

TABLE 12

Job creation by social enterprises surveyed

50

TABLE 13

Use of profit/surplus

52

FIGURE 1

Growth plans

53

TABLE 14

Barriers to growth

53

TABLE 15

Sources of finance

54

TABLE 16

Top 3 finance constraints

55

TABLE 17

Sources of information for total number of social enterprises

ACRONYMS

A

ACSEnt	Ateneo Center for Social Entrepreneurship
AGSB	Ateneo Graduate School of Business
ANP	Association of Negros Producers
APPEND	Alliance of Philippine Partners in Enterprise Development
ASEC	Asian Solidarity Economy Council
ASEAN	Association of SouthEast Asian Nations
ASoG	Ateneo School of Government
ARMM	Autonomous Region of Muslim Mindanao

B

BMFI	Balay Mindanaw Foundation, Inc
BP	Batas Pambansa
BPI	Bank of the Philippine Islands
BSP	Bangko Sentral ng Pilipinas

C

CALABARZON	Cavite, Laguna, Batangas, Rizal, Quezon
CAR	Cordillera Administrative Region
CARL	Comprehensive Agrarian Reform Law
CCAP	Community Crafts Association of the Philippines
CEO	Chief Executive Officer
CODE-NGO	Caucus of Development NGOs
CSO	Civil Society Organisations
CSO-SEED	Civil Society Participation in Social Enterprise Education and Development
CSR	Corporate Social Responsibility

F

FSSI	Foundation for a Sustainable Society, Inc.
FTI	Foundation for These-Abled Persons, Inc.

G

GDP	Gross Domestic Product
GK	Gawad Kalinga
GRDP	Gross Regional Domestic Product

H

HDI	Human Development Index
-----	-------------------------

I

INAFI	International Network of Alternative Financial Institutions
IRR	Implementing Rules and Regulations
ISEA	Institute for Social Entrepreneurship in Asia

M

MIMAROPA	Mindoro, Marinduque, Romblon, Palawan
MSME	Micro, Small and Medium Enterprises

N

NCR	National Capital Region
NGO	Non-Government Organisations
NFCPWD	National Federation of Cooperatives of Persons with Disabilities
NIR	Negros Island Region

P

PAPs	Programmes, Activities, Projects
PBSP	Philippine Business for Social Progress
PCA	Philippine Coffee Alliance
PCCI	Philippine Chamber of Commerce and Industry
PDP	Philippine Development Plan
PhilSEN	Philippine Social Enterprise Network
PRESENT	Poverty Reduction through Social Entrepreneurship
PRRM	Philippine Rural Reconstruction Movement
PSA	Philippine Statistics Authority
PWD	Persons with Disabilities

R

RA	Republic Act
----	--------------

S

SE	Social Enterprises
SEPPS	Social Enterprises with the Poor as Primary Stakeholders
SPPI	Sentro ha Pagpauswag ha Panginabuhì, Inc.

U

UK	United Kingdom
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W

WFTO	World Fair Trade Organisation
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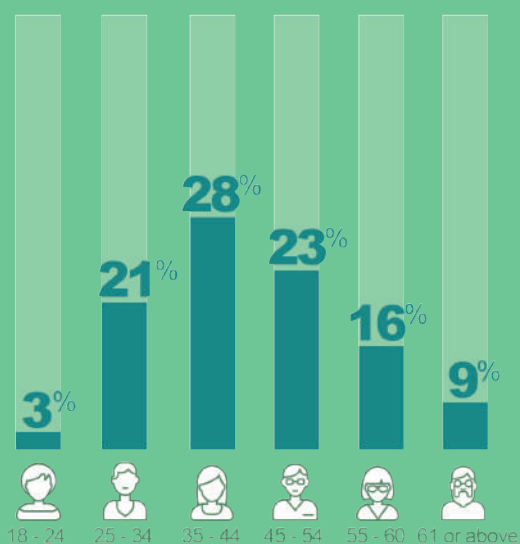
THE STATE OF SOCIAL ENTERPRISE IN THE PHILIPPINES

Social enterprise activity in the Philippines is taking off – the number of social enterprise start-ups has more than tripled in the last decade alone. We surveyed 206 social enterprises and found that:

A NEW WAVE OF YOUNG SOCIAL ENTREPRENEURS IS EMERGING

Philippine social enterprises have experienced a recent spike in the number of new start-ups. While most social enterprises are led by people 35 to 44 years old, youth leadership is prevalent among the new entrants.

Age of Social Enterprise Leaders



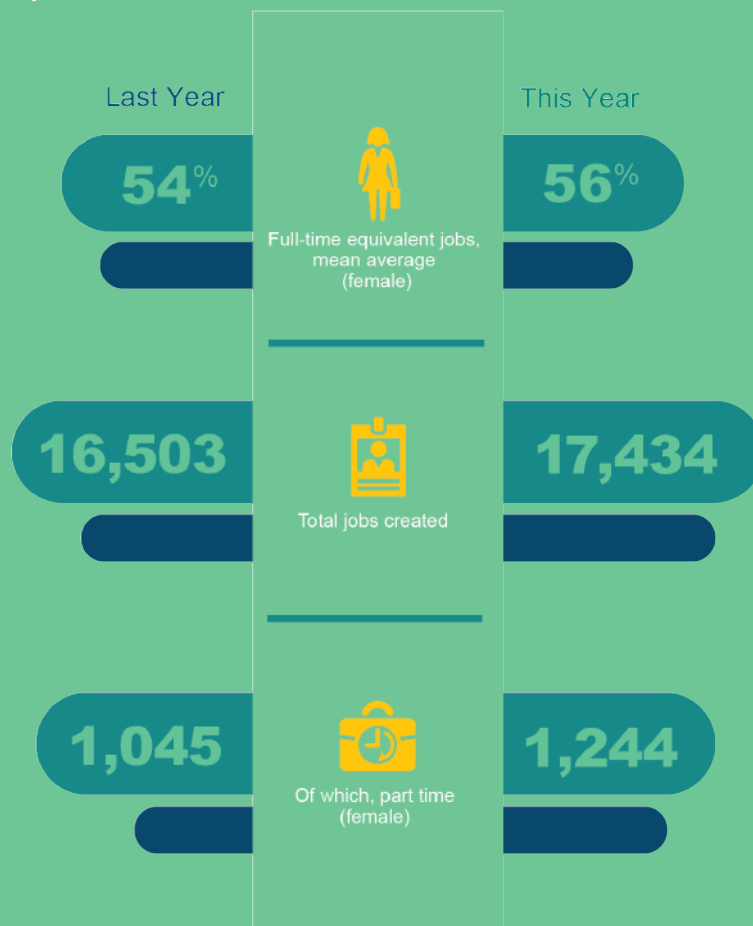
SOCIAL ENTERPRISES ARE EMPOWERING WOMEN

More than half of the jobs created in the past year benefitted women and newer social enterprises are more likely to be led by women.



THE ECONOMIC IMPACT OF SOCIAL ENTERPRISE IS SIGNIFICANT

The social enterprises surveyed had a median turnover of US\$23,990 in 2016 and most expect this to grow in the coming year. They employ 17,434 full-time staff in total and 75% anticipate staff numbers will likewise increase this year.



Of the 34% growth in jobs in the Philippine economy, it is estimated that 5% come from social enterprises.

GROWTH IS IN THE HORIZON

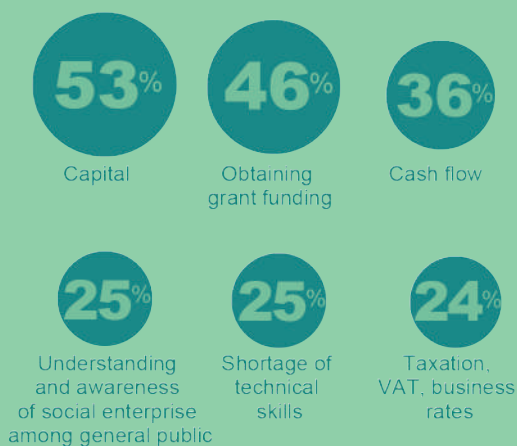
Most of the social enterprises surveyed have multiple strategies for achieving growth over the next year. More than 60% of social enterprises seek to attract new customers and clients and develop new products and services.

Growth Plans

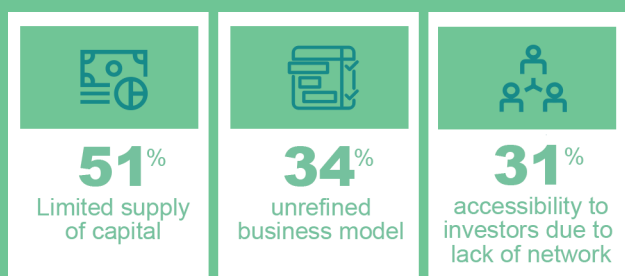


Start-up and early stage social enterprises were most concerned with financial constraints whereas mature social enterprises cited the shortage of technical skills as their main barrier to growth.

Barriers



TOP 3 FINANCING CONSTRAINTS



SECTORS AND OBJECTIVES

Agriculture is the most common sector of operation for Philippine social enterprises. Education, business development, financial services and employment creation are closely tied as the next most predominant sectors social enterprises in the country are engaged in.



The top objectives are



SOCIAL ENTERPRISES CONSIDER THAT THEY BENEFIT MULTIPLE GROUPS:

Local community	72.33%
Organisations (NGOs, micro and small businesses, social enterprises, and religious groups etc.)	58.74%
Women	54.37%
Employees of your organisation	53.88%
Farmers and landless rural workers	47.09%

164,473
SOCIAL ENTERPRISES

Based on the very small unrepresentative sampling process, there may be as many as 164,473 social enterprises currently operating in the Philippines, with growth expected.



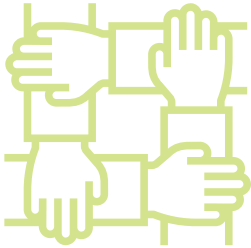
01. INTRODUCTION

Social enterprise is gaining ground in the Philippines. Anecdotal evidence from the emergence of social start-ups, incubators and accelerators and social finance prove this. Non-government organisations (NGOs) and civil society organisations (CSOs) are also now looking at social enterprise as an organisational model to ensure longer term sustainability of their operations. To date, however, there is little quantitative evidence of social enterprises in the Philippines, including details about their operations and their impact.

This study presents initial quantitative information obtained from a survey of 206 participating social enterprises in the Philippines, to serve as a baseline for measuring the growth of social enterprise activity in the country and to help understand the current profile of activity. The results suggest an emerging and optimistic social enterprise sector buoyed by new entrants, diversified leadership, rapid innovation and a strong drive to address social issues. The impact of the sector is significant – it created more than

17,000 jobs last year and generated approximately US\$21 million in value. Although most have their headquarters in the national capital, their reach often extends to the rural countryside.

The study's title "Reaching the Farthest First: The State of Social Enterprise in the Philippines" is an apt description of the way the sector has progressed in the past years.



As a dynamic and fast-growing economy, inclusive growth is a key challenge for the Philippines. The fragility of communities due to disasters and conflict compound the difficulties. Social enterprises favour inclusion of the most vulnerable and marginalised and provide an avenue for those left behind – a platform for voice and economic participation. The research shows that social enterprises are viable businesses that address gaps and issues within communities. The sector has ripe potential and support from a wide range of stakeholders is vital for its growth to continue. In underdeveloped communities, social enterprises can be the missing link to ensuring that even those hardest-to-reach are able to benefit from the gains of the Philippines's globalising and emerging economy.

Ultimately, the research aims to raise awareness on, increase understanding, and encourage support and make recommendations for how to grow the sector among existing and potential social enterprise practitioners, policymakers, the private sector, investors and the general public.

**SOCIAL ENTERPRISES
HAVE PLAYED A
PIVOTAL ROLE
IN GENERATING
EMPLOYMENT,
ALLEVIATING
POVERTY, IMPROVING
A LOCAL COMMUNITY
AND EMPOWERING
MARGINALISED
GROUPS.**



02. STUDY METHODOLOGY



THE PRIMARY AIM OF THE STUDY IS TO FACILITATE THE UNDERSTANDING OF THE PROFILE OF SOCIAL ENTERPRISES IN THE PHILIPPINES BY PROVIDING AN ESTIMATE OF THE CURRENT SIZE AND SCALE OF THE SOCIAL ENTERPRISE SECTOR.

The study also assesses existing policies affecting social enterprises in Philippines, and the extent to which higher education institutions and support organisations in the country provide social enterprise-relevant services. This research aspires not only to provide a baseline of the current condition of the sector, but also to serve as an input in guiding action and policy to improve the environment that social enterprises operate in.

Through this, the Philippine Social Enterprise Network (PhilSEN) hopes to embolden the social enterprise sector and develop a roadmap to further assist and coordinate developments within the sector. The study is likewise useful for the British Council in light of their Global Social Enterprise Programme, particularly in evaluating their impact and tracking how the sector develops in the coming years, as well as providing baseline data for the Strengthening Civil Society Participation in Social Enterprise Education and Development for Decent Work, Job Creation and SME Development (CSO-SEED) Programme funded by the European Union and implemented and co-funded by the British Council.

Although there are limitations to our work, it is hoped that it will allow other actors to judge progress and identify possible intervention points for growing the sector. As such, the authors welcome feedback on the results presented and information about similar studies taking place in the Philippines and across Asia.

ABOUT THE CSO-SEED PROJECT

Strengthening Civil Society Participation in Social Enterprise Education and Development or CSO-SEED aims to improve civil society participation in policy reforms to develop an environment conducive to decent work, job creation and SME development. The project will realise this goal by using social enterprise as a development pathway.

CSO-SEED's focus location is in the Autonomous Region in Muslim Mindanao or ARMM, along with other Bangsamoro areas in Mindanao. These are areas that have been affected by conflict and underdevelopment for over four decades.

CSO-SEED aims to build a stronger SME sector through the promotion of social enterprise, considered a sub-category of SME. The focus on social enterprise development will in turn deliver an innovative approach to the areas of decent work and job creation. The approach offers a sustainable and empowering way to support inclusive economic development, reducing barriers to economic security, particularly for vulnerable groups.

This project is funded by the European Union and co-funded and implemented by the British Council. The project is implemented through a consortium of organisations namely Balay Mindanaw Foundation, Inc., Foundation for a Sustainable Society, Inc. and the Philippine Social Enterprise Network.

SOCIAL ENTERPRISE IN ARMM

Social Enterprise can play a role in supporting the development plan of ARMM and the other Bangsamoro areas. These organisations focus on achieving wider social, environmental or community objectives. Key issues such as poverty, lack of access to potable water, sanitary facilities and energy, poor education outcomes and hunger, among others can be addressed through social enterprises. With support from government and the business sector, civil society can play a pivotal role in social enterprise development in the area.

Approaching the issue of decent work, job creation and SME development in post-conflict or conflicted areas require innovative and empowerment approaches. We see social enterprise as a viable means. The collaborative nature of the approach is very pertinent to post-conflict societies, helping deeply fractured communities achieve collective productivity.

Through CSO-SEED which runs until 2018, we can demonstrate in a specific geography (ARMM and other Bangsamoro areas) social enterprise experience that combines policy actions, capacity building and practical applications through small grants for CSOs. Whether it is within the space of service delivery or trade, social enterprises are well-placed as an organisational model to respond to sustainable development goals.

CSOs overall can play an important role at the national and local level in raising awareness of the importance and the creation of an enabling environment for inclusive and responsible businesses. This has the potential to directly create jobs for communities, thereby improving the lives of the employed and their families.

Project Reach

1.33

million Euros or 68 million Pesos funding (75% EU, 25% British Council)



300

social enterprise leaders

60

social enterprise



20

advocacy-oriented CSOs

10

social enterprise intermediaries



20K

indirect beneficiaries of the social enterprise education and development grants

The survey of social enterprises sought the following information:

- Year of establishment and legal registration form
- Turnover and profit generation and use
- Employees, by gender, type of contract (i.e. full-time or part-time), and in comparison to the previous year
- Number of beneficiaries reached, type of beneficiary
- Gender and age of leadership
- Social enterprise sector and focus/core objectives
- Location and sphere of operation (regional, national, international)
- Profit/impact focus
- Growth expectations and plans, and barriers faced
- Sources of finance and funding, including proportion of income from grants/donations
- Top 3 constraints to financing
- If respondent would describe their organisation as a social enterprise

The primary methodology utilised to collect this data was a survey of social enterprises. Parallel to this, a brief sampling process was conducted to estimate the total number of social enterprises operating in the Philippines. A review of policy, support services and higher education activity relevant to social enterprise was also done.

SOCIAL ENTERPRISE CLASSIFICATION

A crucial part of the methodology design phase was adopting a definition of social enterprises to be targeted for the survey. The definition of social enterprise, while relatively consistent and well established in some parts of the world such as the UK, can still be contentious. Given the lack of a globally agreed definition, the research team decided not to impose a strict definition of social enterprise, but to operationalise a clear process of identifying social enterprise instead.

The process involved asking survey respondents questions that could be used as inclusion or exclusion criteria without

Five main phases to the research

Methodology design, validation and development



Social enterprise database and survey sample

Social enterprise survey data collection and analysis



Desk based research and interviews for the policy, support services, and higher education data

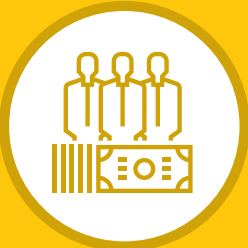


Survey and data collection to inform the total number of social enterprises



informing them of a specific definition, and allowing for a definition to be applied afterwards based on a combination of these criteria (see Table 1).

For the purposes of this report, the research team has settled on a combination of criteria which all had to be met for a respondent to be considered a social enterprise. It is neither suggested that these criteria together form a watertight or universal definition of social enterprise, nor that others should adopt it. It is simply the combination of criteria that the research team found most appropriate for the purposes of this study, based on lessons from a wide range of contexts, other research around the world and feedback from key national stakeholders in the four countries.

TABLE 1: SOCIAL ENTERPRISE INCLUSION CRITERIA

<div><div><div>PRIMARY CRITERIA</div><div>Impact – core mission of the organisation</div></div><div><p>Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly?</p><div><div><input type="checkbox"/> Profit first</div><div><input type="checkbox"/> Social/environmental mission first</div><div><input type="checkbox"/> Both jointly</div></div></div><div><div></div><div>Organisations reporting that their core mission put 'profit first' were eliminated.</div></div></div>	<div><div><div>PRIMARY CRITERIA</div><div>Income source</div></div><div><p>What proportion of your income comes from grants?</p><div><div><input type="checkbox"/> 0 - 24%</div><div><input type="checkbox"/> 25 - 49%</div><div><input type="checkbox"/> 50 - 74%</div><div><input type="checkbox"/> 75 - 100%</div></div></div><div><div></div><div>Organisations reporting '75–100%' from grants were eliminated.</div></div></div>	<div><div><div>SECONDARY CRITERIA</div><div>Profit/surplus use</div></div><div><p>If you do make a profit/surplus, how is it used?</p><div><div><input type="checkbox"/> Growth and development activities</div><div><input type="checkbox"/> Rewards to staff and beneficiaries</div><div><input type="checkbox"/> Profit sharing with owners and shareholders</div><div><input type="checkbox"/> Cross subsidising</div><div><input type="checkbox"/> Reserves</div><div><input type="checkbox"/> Funding third party social/ environmental activities</div><div><input type="checkbox"/> Others</div></div></div><div><div></div><div>Organisations selecting 'Profit sharing with owners and shareholders' only were eliminated IF they had also selected that they were 'profit first'.</div></div></div>
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SOCIAL ENTERPRISE DATABASE AND SAMPLING

DATABASE

A social enterprise database was created using online research, existing information that the partners already had, and through support from stakeholders (such as access to their databases, networks and portfolios). Once compiled, the database was used as an initial contact-list throughout the duration of the research, complementing information from events and stakeholder consultations.

SAMPLE SIZE AND SELECTION

Existing databases of known social enterprises, micro, small and medium enterprises (MSMEs), cooperatives and non-government organisations (NGOs) were used as a starting point, followed by engagement with key stakeholders to access their networks and portfolios.

The survey sample was non-randomised. The approach taken was to reach as many organisations that were reasonably likely to meet the social enterprise criteria used for the study. The databases were not sufficiently large to be divided into sub-national or other sub-sets for more systematic sampling, and using stakeholder portfolios, memberships and networks for outreach also meant that a formal sampling process was not possible. As such, the survey results are an indication of social enterprise activity, and not a full representation of such activity.

Survey responses were secured through three main sources:

- **Outreach events** – inviting people to social enterprise-relevant events and asking them to complete the survey there or subsequently
- **Emails to organisations** likely to be social enterprises – identified through online research for the compilation of the SE database, through contacts established through outreach events, and through contacts reached through stakeholders (e.g. their networks and portfolios)
- **Telephone calls** to potential respondents identified through desk-based research, event attendance and stakeholders



Events were held in the capital city and ARMM. Because of outreach work were only focused in these areas, the data is likely to be biased towards social enterprises based there.

SURVEY TOOL AND ANALYSIS

An online survey tool was developed for the Philippines to compile the survey data. The survey questions used in the Philippines are detailed in Annex 1.

DATA ANALYSIS

The minimum target number of responses was 200 but a total of 206 verified social enterprises completed the survey, exceeding the objective.

Once the target number of responses was achieved, data was downloaded from the online survey tool into Excel and analysed using descriptive statistical techniques. Primary data analysis was supplemented by secondary analysis to explore patterns across geographical areas, sectors, ages and sizes of ventures, and genders of leaders.

CONFIDENTIALITY AND SUBSEQUENT USE OF DATA

All survey data is treated as confidential, other than where explicit permission has been given to share information (basic demographic and contact details).



DATA TO ESTIMATE TOTAL NUMBER OF SOCIAL ENTERPRISES

METHODOLOGY

A component of the study was to estimate the total number of social enterprises operating in the country. This calculation was challenging and it is important to note that figures provided can only be viewed as rough estimates (see Darko et al [2016] for information on estimates in the UK). To make these estimates, the team conducted mini-surveys, or surveys that comprised only of the three (3) criteria questions in Table 1, to samples of MSMEs, NGOs and Cooperatives. Specifically:

- A brief survey of a small sample of 54 MSMEs was conducted to ascertain the proportion of these organisations which emphasise social/environmental mission/s first. This percentage was multiplied by the total number of MSMEs operating in the Philippines to obtain an estimate of MSMEs in the country which are social enterprises.
- A sample of 105 NGOs was surveyed on their income source and NGOs, which had less than 75% of funding comprising from grants, were considered social enterprises. This proportion of the sample was similarly multiplied by the total number of NGOs registered in the country to obtain the estimate of NGOs that are social enterprises.
- Both criteria questions were administered to a small sample of 67 Cooperatives, from which the resulting prevalence rate of social enterprises and subsequently, the partial estimate was obtained.
- Data from the social enterprise surveys on proportion of respondents that meet the social enterprise criteria was also used to validate whether the proportions obtained through the NGO and MSME sampling approach were reasonably accurate (for example, if 5% the survey respondents that reported they were MSMEs met the social enterprise criteria, then – given the survey respondent bias towards social enterprises – it would be very unlikely that the MSME sampling exercise should show that more than 5% of MSMEs are social enterprises).

Due to the difference in sample sizes, a survey weighting adjustment was applied to reduce biases in the final estimates. In addition to this basic data collection, the methodology and results were validated with key stakeholders, and further qualitative information was sought from key informants and through online research to verify findings. For example, this includes information on the proportion of NGOs that are trading (selling goods or services, as opposed to relying on donations and grant income). Source of such information proved extremely limited. This, combined with the sampling process being small and complicated by limited data and contacts, has meant that this report gives less prominence to findings on total social enterprise numbers than was originally envisaged. It is believed findings offer a first attempt at this calculation, but that the methodology, resource allocation and available data needs to improve before more accurate estimates of social enterprise numbers are achievable.



CASE STUDY: CREATING A SUSTAINABLE FARMING COMMUNITY THROUGH A SOCIAL ENTERPRISE

Standing under the scorching heat, the 57-year-old Mang Kikoy looks afar, wondering if he still has crops to harvest this season. For the past four months, rain has been scarce and the prolonged heat eventually shrank and withered his plants.

Mang Kikoy embodies the life of 180,000 farmers in Isabela when a dry spell hit the province in 2013. In four months of reduced rainfall, more than 3,000 hectare of land dried up, losing more than Php33 million worth of crops.

Despite its title as the rice and corn granary of the Philippines, Isabela faces poverty aggravated by strong typhoons, frequent drought spells and climate change. After a major disaster, food supplies are cut short, children are stopped from going to school and with little or no savings at all, farmers tend to borrow capital from loan sharks who charge extremely high interest rates and bargain farmers' products after harvest.



ORGANIC AGRICULTURE IS A FARMING TECHNIQUE THAT USES NATURAL INPUTS LIKE ANIMAL MANURES AND CROP WASTES TO PRODUCE QUALITY CROPS WITHOUT HARMING THE ENVIRONMENT

EMBRACING ORGANIC AGRICULTURE AS PRIMARY ADVOCACY

To ease the problems shouldered by farmers, the non-government organisation Parish Youth of Gamu (Payoga NGO) promoted organic farming to address the root of indebtedness – the acquisition of costly synthetic fertilisers and the occurrence of natural calamities.

Organic agriculture is a farming technique that uses natural inputs like animal manures and crop wastes to produce quality crops without harming the environment and the people working in it.

Contrast to chemical farming, organic agriculture enriches the soil and is cheaper with the use of existing resources in the farm. A farmer who plants 1.8 hectare of land needs Php6,000 for 20 bags of organic fertiliser compared to at least Php20,450 worth of chemical fertiliser bags in one planting season. Chemicals also post higher costs in succeeding years since its regular use develops dependency, so greater amount is needed to sustain the same yield of crops every year. Prolonged use also depletes the soil with micro-organisms necessary to bear nutritious crops.

With seminars and trainings provided by the organisation, Mang Kikoy and the 2,650 farmers in Isabela, shifted from chemical to organic farming.

THE SHIFT TO PAYOGA/KAPATAGAN MULTIPURPOSE COOPERATIVE

To sustain its advocacy, Payoga NGO decided to venture in nursery, trading and marketing, selling of livestock and production of organic fertiliser as a cooperative. On top of these are free livelihood, sustainable agriculture and zero management training, values formation and community service like giving of seeds to households and school children.

The cooperative's organic fertiliser "Greenfriend" is made up of biodegradable raw materials like chicken, bat, carabao manure and rice straw; formed by mixing these materials with carbonised rice hull, agricultural lime, legume, and enzymes in 80% water.

Farmers who collect rice straw get Php500 for every 250kg while Php30–45 for 50kg of chicken, bat, and carabao manure. Members who compile the mixture during harvesting and packaging also earn Php16 per 50kg.

From 45,000 in 2006, the production of "Greenfriend" bags has momentarily increased to 280,000 in 2015. Regular employees also reached 70 and each member benefits from the low buying price of an organic fertiliser bag at Php210 compared to dealers and government offices which buy each bag at Php230 and Php245, respectively.

The cooperative also markets farmers' products to private companies and government at marked-up prices. Members who are contracted to produce seedlings are also given patronage refund and shared dividends of about 70% of the total earnings of the cooperative at the end of the year.



WAY BACK 2001, FARMERS ARE STILL HESITANT ABOUT ORGANIC FARMING AND THE IMPACT OF CLIMATE CHANGE. BUT WITH THE TURN OF EVENTS, THEY ARE NOW THE ONES WHO REFUSE CHEMICAL FARMING AND ENCOURAGE OTHER FARMERS TO PRESERVE THE ENVIRONMENT FOR THE NEXT GENERATION.

MS. JULIE MADRID

ESTABLISHING NETWORK OF ALLIANCES TO FORWARD THE ADVOCACY AND SOCIAL ENTERPRISE

As the cooperative grew in terms of membership, so is its determination to encourage more farmers to practice organic farming. It linked up with resource institutions, local government, other government agencies and the Isabela Social Enterprise (Local Economy Development Network composed of 14 social enterprises in Isabela).

Looking back, Ms Julie Madrid, general manager of Payoga/Kapatagan MPC, can now say that majority of what the cooperative envisioned has

been realised. But among its achievements is the increased awareness of the farmers on protecting the environment.

'Way back 2001, farmers are still hesitant about organic farming and the impact of climate change. But with the turn of events, they are now the ones who refuse chemical farming and encourage other farmers to preserve the environment for the next generation,' says Madrid.

By becoming a social enterprise, Payoga/Kapatagan MPC sees more opportunities to sustain itself while spreading its mission of promoting organic agriculture and transforming the lives of farmers all throughout the farming communities of Isabela.

03.

OVERVIEW: COUNTRY CONTEXT AND EXISTING RESEARCH ON SOCIAL ENTERPRISE

This section briefly sets out the current social, political and economic landscape in the Philippines to provide an overview of the context within which social enterprises are operating. It then sets out existing research on social enterprise in the country, and then details existing organisations which support social enterprise either explicitly or exclusively, or as part of a wider mandate.

TABLE 2: QUICK FACTS ON THE PHILIPPINES’S ECONOMIC AND SOCIAL STRUCTURE



Sources: Philippine Statistics Authority (PSA) and Central Bank of the Philippines (BSP).

LUZON

- National Capital Region (NCR)
- Cordillera Administrative Region (CAR)
- Region I – Ilocos
- Region II – Cagayan Valley
- Region III – Central Luzon
- Region IVA – CALABARZON
- Region IVB – MIMAROPA
- Region V – Bicol

VISAYAS

- Negros Island Region (NIR)
- Region VI – Western Visayas
- Region VII – Central Visayas
- Region VIII – Eastern Visayas

MINDANAO

- Autonomous Region in Muslim Mindanao (ARMM)*
- Region IX – Zamboanga Peninsula
- Region X – Northern Mindanao
- Region XI – Davao
- Region XII – Cotabato
- Region XIII – Caraga

*treated independently in island group analyses

The Philippines is a lower-middle-income country in Southeast Asia. It is the 13th most populous country in the world with 103 million people; of which 68.3% are below 35 years old (Philippine Population Commission, 2017).

In 2016, the Philippines was one of the fastest growing economies in Asia with 6.8% GDP growth. If this level of growth is sustained, government projections predict that the Philippines will reach upper-middle-income status by 2022 (Philippine National Economic and Development Authority, 2015).

Although the economy is growing quickly, growth is not inclusive. Poverty levels remain high, and there are too few opportunities for the country's many young people. In 2015, one in five Filipinos was considered poor, living on less than US\$1.25 per day. Almost 6% of the labour force are unemployed, while 20% are underemployed. Labourers and unskilled workers remain the largest occupational group (versus managers, service workers, and farmers, forestry workers and fishermen) comprising 32% of total employed in January 2016.

Between the most and least developed regions, the disparities in social and economic aspects are stark. In 2015, the Gross Regional Domestic Products (GRDP) of NCR was at Php5 billion, while that of ARMM was at Php99 million. Further, the Poverty Incidences of the two regions in 2015 were at 4% and 54%, correspondingly.

As things stand, job creation is falling short of what is needed. The economy depends heavily on demand for labour from overseas, as it has for decades. In the five years to 2014, 2.3 million Filipinos migrated to work, 49% of whom were aged between 25 and 34. There were nearly 10 million overseas Filipinos in 2014 and their remittances made up around 10% of GDP.

The country's Human Development Index (HDI) has been increasing consistently over time reflecting improvements in life expectancy at birth, education and income per capita. The 2015 HDI value of 0.682 placed the Philippines in the medium human development category. Comparatively, however, the Philippines is straggling behind its neighbours in East Asia and the Pacific where the average is 0.720.

IN 2015, ONE IN FIVE FILIPINOS WERE CONSIDERED POOR, LIVING ON LESS THAN US\$1.25 PER DAY. ALMOST 6% OF THE LABOUR FORCE ARE UNEMPLOYED, WHILE 20% ARE UNDEREMPLOYED

Source: Philippine Institute for Development Studies, 2015

A sprawling archipelago, the Philippines is resource-rich with 300,000-square kilometre land area covered by forest ecosystems and fertile agricultural grounds. It is one of the 18 mega-biodiverse countries in the world, containing two-thirds of the earth's biodiversity and between 70% and 80% of the world's plant and animal species (Convention on Biological Biodiversity, accessed 2017).

However advantageous the Philippines' geography has been, it has also been detrimental in some instances. The Philippines has a mountainous terrain located in the Pacific Ring of Fire and Typhoon Belt, making it vulnerable to natural calamities such as earthquakes, volcanic eruptions, typhoons, storm surges, flooding, and landslides, among others. One of the most recent and devastating natural calamities to have hit the country was Typhoon Haiyan in 2013 which destroyed 70–80% of the area in its path and affected 12.9 million people or 13% of the country's population.

Despite these challenges, the opportunities abound for this emerging economy. The country's working age population is one of the fastest growing in the world. Up to 1.5 million people will join the workforce every year for the next ten years, and the proportion of people of working age will continue to rise until the early 2030s. This demographic profile – underpinned by good human capital indicators such as high literacy rates (96%) – presents an opportunity for a lasting economic transition, but also raises the stakes for the country's future.



SOCIAL ENTERPRISE POLICY FINDINGS

As of this writing, there are no direct policies intended for social enterprises in the Philippines. The concept and practice is emerging in both private sector activities and government initiatives, but it still has not been legally defined or formally institutionalised.

There is however, a current effort from social enterprise practitioners and support institutions to lobby for a dedicated piece of legislation for the sector. Consolidated by the Poverty Reduction through Social Entrepreneurship (PRESENT) Coalition and sponsored by some senators and representatives of congress, the PRESENT Bill proposes a policy that 'promotes an environment conducive to the development and growth of a vibrant social enterprise sector engaged in poverty reduction, economic and social development'. If passed and implemented, the law will push for the adoption of social enterprise as an inclusive growth strategy in development plans, institutionalise training and education in social enterprise development, encourage research and development, increase accessibility of funding, and facilitate the market integration and expansion of the sector.

Social enterprises in the Philippines use a variety of legal forms and organisational models, the most common are micro, small and medium enterprises, non-government organisations, cooperatives, microfinance institutions, fair trade organisations, and sector or area-based enterprises (Dacanay, 2007). Hence, we make the assumption that policies affecting these types of organisations impact social enterprises as well.

Table 2 sets out key legislation affecting social enterprises, which offer potential insight as to where change in legislation could support social enterprise development (where none is yet social enterprise-specific).



TABLE 3: SOCIAL ENTERPRISE RELEVANT POLICIES

ENTERPRISE LEGISLATION	
Corporation Code of the Philippines (B.P. 68)	The Code defines the structure, principles, and legal obligations of any organisation registered as either a stock, for profit or non-stock, non-profit corporation.
Philippine Cooperative Code of 2008 (R.A. 9520)	The Code lays out the foundations for a conducive environment and effective support system to be afforded cooperatives in recognition of their potential as vehicles of economic development and social justice.
Go Negosyo Act (R.A. 10644)	The Act aims to facilitate ease of doing business in the country by hosting business centres, creating a start-up fund, providing technical assistance, and developing curricula or training programmes for enterprises, especially for micro, small and medium-sized ones.
Magna Carta for Micro, Small and Medium Enterprises (R.A. 9501)	Declaring the support for MSMEs as a policy of the State, the Magna Carta legislates expansion of courses and development programmes and preferential procurement for MSMEs. It also aims to facilitate their access to funding and support services, improve their networks or linkages, and provide them with proper incentives.
Barangay Micro Business Enterprise Law of 2002 (R.A. 9178)	To integrate those in the informal sector with the mainstream economy, this Law rationalises bureaucratic restrictions imposed on businesses and grants them incentives.
SOCIAL LEGISLATION	
Social Reform and Poverty Alleviation Act of 1997 (R.A. 8425)	The Act encourages the poor to engage in economic activities through cooperatives and microfinance institutions. It legislates a fund dedicated to capacity building for MFIs and their beneficiaries.
Comprehensive Agrarian Reform Law of 1998 (R.A. 6657)	With a vision of equitable land ownership and empowered agricultural workers, the CARL redistributes public and private agricultural lands to landless farmers irrespective of previous tenurial arrangements and provides technical and financial support to said beneficiaries.
NGO LEGISLATION	
Microfinance Non-Government Organisations Act (R.A. 10693)	This encourages the development of microfinance NGOs that 'provide the poor direct access to reasonable and affordable credit, business development opportunities, human development services', savings and other programmes.
EDUCATION & CAPACITY BUILDING	
Youth Entrepreneurship Act (R.A. 10679)	The Act promotes the cultivation of the entrepreneurial spirit in the Filipino youth through the development of standardised academic programmes on finance and entrepreneurship, provision of specialised training and mentoring programmes, establishment of incubation labs and creative spaces, and extension of grants and other support services.
STRATEGY	
Philippine Development Plan 2016-2022	The PDP serves as the national blueprint for attaining socio-economic development in the medium-term which government agencies will follow and private entities will align themselves with. It identified social entrepreneurship as a viable strategy to expand economic opportunities, and set an increase in the proportion of MSMEs (which most SEs are part of) as a key outcome in determining progress.

EXISTING RESEARCH ON SOCIAL ENTERPRISE IN THE PHILIPPINES

The Philippine Social Enterprise Network (PhilSEN) defines social enterprises in the Philippines as ‘social mission-driven organisations that create wealth through products or services, [and distribute this equitably], enabling the poor and marginalised to become key economic players and lead better lives.’ This definition, however, is only one interpretation of the term ‘social enterprise’ among those used in local conversation. Other descriptions of ‘social enterprise’, although roughly similar to that of PhilSEN’s, have their nuances. For example, a representative of Small Enterprises Research and Development Foundation (SERDEF) interpreted social enterprises as ‘organisations that apply commercial strategies to maximise improvements in human and environmental well-being.’

Social enterprises in the country evolved organically, with some practitioners claiming that they were unwittingly engaged in the sector long before the concept’s prominence. More structured social enterprises emerged in the form of cooperatives or as offshoots of corporate social responsibility (CSR) and NGO or government social welfare programmes. More recently, however, there has been an emergence of a ‘new breed’ of social enterprises or ‘firms that operate on a triple bottom line; [adopting] business solutions to social problems and as such become vehicles for profit, community upliftment and moral imperatives’ (Ballesteros & Llanto, 2017). Dacanay, in an interview, noted a similar pattern of development in the domestic sector, characterised by a first wave or surge of social enterprise activity in the 1980s from what she calls ‘pioneer social entrepreneurs’ and a second ongoing wave from ‘new generation social entrepreneurs’.

SOCIAL ENTERPRISE AS GAME CHANGER IN A CORPORATE-LED ECONOMY BY LISA DACANAY, ISEA

The article argues that the ‘paradox of high poverty and inequality despite economic growth’ in the Philippines can be resolved by a transition from a corporate-led market to an ethical and social economy through social entrepreneurship. She focuses on Social Enterprises with the Poor as Primary Stakeholders or SEPPS, defined in her earlier publication (Dacanay, 2012) as ‘social mission-driven, wealth creating organisations that have: at least a double bottom line (social and financial), a principal objective of poverty reduction or improvement of the quality of life of the poor, and a distributive enterprise philosophy’.

These SEPPS, according to another study by ISEA in 2015, primarily cater to the ‘enterprising poor, farmers, agricultural workers, indigenous people, poor in urban communities, persons with disabilities, unemployed and underemployed, and the women cutting across these segments’ by providing them with ‘increased, diversified and sustainable sources of income, increased capacity to cover basic



household needs and improved quality of life’, upward economic mobility out of poverty, etc.

The potential of social enterprises to solve the paradox is overwhelming – 32 SEPPS surveyed by ISEA in 2012 had a combined outreach of about half the country’s poor.

A rapid appraisal of secondary data by the Institute for Social Entrepreneurship in Asia (ISEA) Dacanay, 2007 estimated the number of social enterprises in the Philippines to be 30,000, the majority of which were social cooperatives. The rest of the count comprised microfinance institutions, fair trade organisations, NGO-initiated earned income enterprises, sector or area-based enterprises serving specific groups, and small entrepreneur-initiated enterprises with a clear social agenda. Social enterprises in the country, especially those who have the poor as their primary stakeholders, are thought to be motivated by the paradox of growth without development and the failure of the government and the market to completely resolve this problem (Dacanay, 2012). In a follow up study in December 2013 entitled *Poverty Reduction and Women Economic Leadership: Roles Potentials, and Challenges of Social Enterprises in Developing Countries in Asia*, it pegged the number to almost 24,000 social cooperatives and micro-finance institutions operating in the country.

A recent study by the British Council, *A Review of Social Enterprise Activity in the Philippines*, gives a qualitative introduction to the current social enterprise landscape in the Philippines, which this study aims to build on with quantitative corroboration. The Review describes the social enterprise sector as being concentrated in the capital and focused on markets serving the very poor. Generally, social enterprises in the Philippines were characterised as producer-based organisations whose efforts went primarily into the integration of their goods/services into the broader value chain and the distribution of the profits obtained from such to their low-income stakeholders. There is a solid and growing support environment for social enterprises, which help social entrepreneurs navigate through and resolve the most pressing issues of their practice such as inadequacy of skilled human resources and inaccessibility of finance.

Other studies by Dacanay (2012, 2016) present strategies and practices derived from a close study of Filipino social enterprise narratives.

While support for the sector is still at its nascent stage, government has started to take notice. In the past two years, state-run think tank Philippine Institute for Development Studies (PIDS) has produced two discussion papers on the subject. The first study released in 2016 focused on *Mainstreaming SMEs and Employment Creation* where the importance

SOCIAL ENTERPRISES IN THE PHILIPPINES WERE CHARACTERISED AS PRODUCER-BASED ORGANISATIONS WHOSE EFFORTS WENT PRIMARILY INTO THE INTEGRATION OF THEIR GOODS/ SERVICES INTO THE BROADER VALUE CHAIN AND THE DISTRIBUTION OF THE PROFITS OBTAINED FROM SUCH TO THEIR LOW-INCOME STAKEHOLDERS.

of social enterprises in helping enhance the role of SMEs in sustainable was recognised. Social enterprises, according to the study, operate in markets in order to address social needs and reduce inequality.

In a follow-on 2017 study, PIDS is urging the creation of an enabling environment for social enterprises as such businesses, although small, can contribute to the attainment of inclusive growth in the country. The discussion paper notes that social enterprises are major agents for inclusive growth and sustainable development because of its greater attention on the well-being of the community. However, the current policy environment in the country is yet unresponsive to the growth of social enterprises.¹

¹ https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1704_rev.pdf

OVERVIEW OF KEY ACTORS IN SOCIAL ENTERPRISE IN THE PHILIPPINES

The support environment for social enterprises in the Philippines is dynamic and highly diversified. There are a lot of organisations – both home-grown and foreign – that directly provide assistance to social enterprises through financing, mentoring, etc., and which indirectly (but still substantially) shape the space they operate in through research, policy reform, etc. Most key actors are based in the capital Manila but have extended their reach to the countryside.



TABLE 4: INCUBATORS, ACCELERATORS AND WORKSPACES IN THE PHILIPPINES

Business incubators, accelerators and workspaces are organisations that offer support such as business development services, equipment and space, and information resources to help and nurture new and small businesses in their difficult and vulnerable early stages of development.



**Gawad Kalinga
Enchanted Farm**

Envisioned to be 'a Farm Village university, a Silicon Valley for social entrepreneurship, and a Disneyland for social tourism', the GK Enchanted Farm is 'a platform for social entrepreneurs wanting to help local farmers and create wealth in the countryside'.



Kickstart Ventures

Kickstart Ventures provides funding and mentoring to start-ups which have the potential to solve relevant social, economic and/or environmental problems.



IdeaSpace, Inc.

Motivated by the belief that 'technopreneurship' can contribute to nation-building, this non-profit organisation helps tech start-ups develop innovations and transform these into successful commercial products/ services through a combination of incubator and accelerator programmes.



Impact Hub Manila

By offering co-working spaces, incubation programmes, opportunities for networking and collaboration, content and other support services, Impact Hub Manila aims to 'inspire, connect and enable people to sustainably impact society'.



Villgro

An early stage impact investor and incubator that funds, mentors and support for-profit social enterprises that are building solutions to impact the poor.

TABLE 5: IMPACT INVESTORS IN THE PHILIPPINES

Impact investors are institutions and groups that seek to make a positive impact by investing in enterprises that generate specific social and/or environmental mission in addition to financial gain.

	Impact Investment Exchange Asia	'IIX Foundation empowers marginalised people and protects the planet by scaling the positive impact of social innovators, through fostering growth, maturity and market readiness of Impact Enterprises and other social innovators.'
	NeoFin Foundation	NeoFin is a social impact investor for environment-friendly power generation solutions in emerging markets.
	Oikocredit International	An international cooperative that provides loans, capital and capacity building to microfinance institutions, cooperatives, fair trade organisations, MSMEs and renewable energy projects which promote sustainable development.
	Ashoka Philippines	With the vision, Everyone A Changemaker™, Ashoka supports social entrepreneurs by providing critical financial support and helping them achieve maximum social impact.
	Foundation for Sustainable Society, Inc.	FSSI is a social investment organisation managed by 20-member networks of development organisations committed to support social enterprises through social entrepreneurship. Since 1995, it has been developing economically sound and environmentally-friendly social enterprises in marginalised communities that are owned, managed and operated by the poor.
	MicroVentures, Inc.	MVI is composed of dedicated professionals who aspire to be the leading partners of micro-entrepreneurs in the country. Through micro-financing, they empower socially and economically challenged families. Hapinoy, a programme of MicroVentures, aggregates and organises the country's informal sari-sari stores into a network and community.
	Xchange, Inc.	Xchange, Inc. is an impact investment firm established in 2012, which provides both financial and non-financial support services to early-stage social enterprises.
	Peace and Equity Foundation	Adopted social enterprise development as a strategy to transform poor households to become self-sustaining. PEF invests in social enterprises related to agriculture and provision of basic social services. PEF as a foundation serves to transform organisations into viable and scalable social enterprises. It has created also created the Peace and Equity Holdings, Inc. to act as investor in for-profit organisations whose SE ventures are matured enough to achieve scale; and the Social Enterprise Institute that will prepare enterprise and entrepreneurs investor-ready.

XCHANGE, INC.

Xchange, Inc. is an impact investment firm established in 2012, which provides both financial and non-financial support services to early-stage social enterprises. Currently, it supports eight social enterprises – some of which, such as Hapinoy, Rags2Riches and BayaniBrew, are already recognisable brands in the local market.

The organisation extends financial support through a variety of instruments such as equities and loans. Their main work, however, comes in the form of incubation programmes for the social enterprises they are engaged with. Different from the norm, these programmes do not have set durations or modules – Xchange is committed to seeing these enterprises through from their start-up to their growth phases

through extensive, attuned and prolonged support. 'It's a long build', as Greg Perez, the Director of Xchange, described their efforts. The type, range and depth of their services vary with each social enterprise – for some, their involvement is limited to giving executive advice; whereas for others, they take the deep dive and get involved with the operational details.

Xchange not only helps individual social enterprises, but also strives to contribute to building the general ecosystem where the sector can thrive. It owns and manages Co.Lab, a shared working space in Manila, which provides a venue for the social and the commercial to interact and collaborate. In any of its efforts, Xchange tries to maximise their equation, {social} enterprise x incubation = impact.

TABLE 6: NON-PROFITS AND NGOS IN THE PHILIPPINES

NGOs are non-profit organisations that are devoted to the promotion of people's interests and works to empower the poor through their various services and programmes.

	Philippine Rural Reconstruction Movement, Inc.	PRRM transforms and empowers rural communities by advocating responsive governance, corporate social responsibility, social entrepreneurship, human development and natural resources management.
	Philippine Business for the Environment, Inc.	An advocate of 'greener business for greener environment', the PBE portfolio includes management of industry waste exchange and green procurement programmes, publication of business and environment content, and coordination with governments and businesses to consolidate or align efforts.
	Philippine Business for Social Progress	The largest corporate-led social development foundation in the country, PBSP is committed to poverty reduction through the practice and promotion of corporate social responsibility.
	Caritas Manila, Inc.	Caritas Manila is the lead Church non-profit organisation operating in the Philippines, with social services and integrated family development programmes for the poor and the vulnerable. Its key intervention programmes for poverty alleviation are in education and economics to benefit its youth and family partners.
	Eagle's Wings Development Foundation, Inc.	Eagle's Wings has the primary purpose of developing and strengthening the capacity of social entrepreneurs through its Value Chain Development Programme. It is one of the major movers behind the Asia Solidarity Economy Forum and ASEC.
	Foundation for These-Abled Persons, Inc.	Established by individual members of the National Federation of Cooperatives of Person with Disability (NFCPWD) and its supporters, FTI is an enabler of PWD organisations to be economically self-sufficient and meaningfully participative in an inclusive and supportive environment.
	Social Enterprise Development Partnerships, Inc. (SEDPI)	SEDPI's vision is to be a sustainable group of social enterprises for the economic empowerment of the poor. SEDPI provides services to organisations that aim for economic empowerment of the poor. These organisations include, but are not limited to, international aid organisations, government institutions, microfinance institutions such as cooperatives, rural banks and non-government organisations, migrant organisations, local and international funding agencies, academic institutions and social enterprises among others.

TABLE 7:**CHAMBERS OF COMMERCE, INDUSTRY ASSOCIATIONS AND BUSINESS ADVISORY BODIES IN THE PHILIPPINES**

Chambers of commerce and business associations are designed to promote and protect the interests of their members through a variety of programmes and services that are designed to promote an enterprise in a particular locality. These groups often also help to shape the policy that relates to the business and the overall economic environment of their locality.



Association of Negros Producers

The ANP promotes and lobbies for the interests of small and medium scale producers in Negros. It promotes cooperation among producers, between producers and the government, and between producers and business sectors.



Philippine Coffee Alliance

Formed in 2013, the PCA is a network of 53 organisations that aims to help coffee farmers improve their way of living. PCA aims to be the platform for them to have a unified stand and voice, to be heard as a stakeholder in the industry. It also intends to connect the small stakeholders to the government and industry.



Philippine Chamber of Commerce and Industry

The PCCI not only serves as a representative of Philippine businesses to government and international institutions, but also extends support services to its members such as networking and technical consultations.



Community Crafts Association of the Philippines, Inc.

Established to empower community-based craft producers engaged in Fair Trade and improve their quality of life through sustainable development, CCAP delivers entrepreneurial development and value formation programmes, facilitates the producers' integration into markets, and advocates Fair Trade Principles to a wider audience.



ASEAN Business Advisory Council - Philippines

This is the 'localised council of the ASEAN Business Advisory Council tasked to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration and identify priority areas for considerations by the ASEAN Leaders.'



Cebu Chamber of Commerce and Industry

Cebu Chamber of Commerce and Industry embarked on the Mentor Me Programme in 2016, a joint undertaking of Go Negosyo and Department of Trade and Industry, envisioned to create a business culture geared towards a more healthy economy. Conducted by business owners and entrepreneurship practitioners, the programme helps micro, small and medium entrepreneurs scale up their businesses through a 12-week coaching.

TABLE 8: HIGHER EDUCATION INSTITUTIONS, RESEARCH AND ECOSYSTEM SUPPORT ORGANISATIONS IN THE PHILIPPINES

	British Council	Developing social enterprise through policy, education and training programmes on social enterprise. Operates 'Active Citizens' programme geared towards fostering social entrepreneurs. Implements the CSO-SEED Programme geared towards social enterprise development in ARMM.
	Institute for Social Entrepreneurship in Asia	ISEA is a Philippine-based, nine-country 'consortium of thought leaders from among SE leaders and support institutions primarily engaged in social enterprise education and research.
	Ateneo Center for Social Entrepreneurship (ACSEnt)	'ACSEnt's fundamental priority is developing an ecosystem comprised of multi-sector partners to support and enhance the creation of programmes in research, education and training, advocacy and incubation.'
	Philippine Center for Entrepreneurship (Go Negosyo)	Through caravans, seminars, multimedia campaigns and publications, Go Negosyo aims to 'demystify entrepreneurial success and popularise entrepreneurship as an alternative to unemployment, job-seeking or migration', and as a viable strategy to alleviate poverty.
	Ateneo de Manila University	Aside from the dedicated Master in Social Entrepreneurship programme it offers, ADMU hosts a variety of other SE-related introductory seminars, leadership forums, youth initiatives, and trainings.
	De La Salle University	The University's La Sallian Social Enterprise and Economic Development Programme aims to establish and operationalise a social enterprise incubation facility, mainstream social entrepreneurship and social innovations, integrate learnings from community engagement and development into the curriculum, and partner with public and private organisations for capacity building and knowledge sharing.
	University of the Philippines	Through its College of Social Work and Community Development, courses on community enterprise and cooperative development are offered to practitioners, policymakers and academics.
	Father Saturnino Urios University	FSUU offers a baccalaureate degree in social entrepreneurship as part of their Business Administration undergraduate program.
	PAMULAAN Center for IP Education University of Southeastern Philippines	A ladderised approach to degree courses as well as short-term training courses on Bachelor of Science in Social Entrepreneurship. This is part of their leadership and capacity building program which responds to creating sustainable development mechanisms for Indigenous Peoples in the Philippines.
	Bayan Academy	Bayan Academy provides learning opportunities for entrepreneurs, organisations, corporate social responsibility units, and other academic institutions. Although it has established programmes such as the Grassroots Entrepreneurship and Management Program for entrepreneurs, it can also tailor learning modules around a client's needs.

INSTITUTE FOR SOCIAL ENTREPRENEURSHIP IN ASIA (ISEA)

ISEA is a consortium of social enterprise thought leaders, practitioners and support institutions from nine Asian countries. Its body of work comprises of three main components: research, education and platform-building.

ISEA produced several publications such as the book, *Measuring for Social Impact* (Dacanay, 2009), and the research paper, *Benchmarks for Transformational Partnerships in Agricultural Value Chains* (Dacanay, 2016) together with its members. The Institute is one of the leading proponents of social enterprise education in the country. It has partnered with the Ateneo Graduate School of Business (AGSB) and the Ateneo School of Government (ASOG) to design and deliver the Master's in Entrepreneurship Social Enterprise Development programme and the Introduction to Social Entrepreneurship course, respectively – the first and only of their kind in the country at the moment. In 2016, the organisation, in partnership with the Bank of the Philippine Islands (BPI) Foundation and the AGBS, spearheaded the Business Schools for Impact Asia initiative, which convened faculty members of the capital's business,

and management schools to promote and cascade the social entrepreneurship pedagogy. In addition to this, ISEA has also taught specialised courses to representatives of businesses, civil society organisations and government agencies who wished to integrate the principles and practice of social entrepreneurship in their respective fields of work.

ISEA tries to convene all the different actors in the social enterprise sector and build a platform where they can interact and collaborate. It hosted the Social Enterprise Advocacy and Leveraging Conference in Asia or SEAL-Asia themed, "Transforming Economies through Social Entrepreneurship: Towards the Post 2015 Agenda." The second SEAL Asia is set to take place this year, 2017, in Bali, Indonesia. ISEA also played a huge part in rallying the sector's stakeholders to come up with and lobby for the PRESENT Bill.

In an interview, ISEA's founding president Dr Lisa Dacanay emphasised that the strength of ISEA is in its network and its holistic approach towards social enterprise development.

ATENEO CENTRE FOR SOCIAL ENTREPRENEURSHIP (ACSEnt)

In 2012, four of the Ateneo de Manila University's colleges came together to form ACSEnt. The Ateneo School of Management, School of Social Sciences, Graduate School of Business and School of Government had social enterprise-related activities in their respective colleges but wanted to integrate their efforts and create a dedicated social enterprise education and development institution; hence ACSEnt. The Centre has four thrusts, namely: advocacy, training and development, incubation and research.

As part of its advocacy work, the Centre hosts the annual National Social Entrepreneurship Conference which provides a platform for those knowledgeable and curious alike to discuss a variety of relevant social enterprise-related topics such as the concept's definition, the practice's challenges, and the sector's experience. The ACSEnt also designs and delivers customised training and development programmes to social enterprises, NGOs, government agencies

and corporate social responsibility arms of private businesses. These programmes vary depending on the organisation's current business model and on their objective, i.e. whether they want to integrate social entrepreneurship to their business or other. Part of the Centre's office is dedicated to social enterprises under their incubation programme that wish to sell and/or advertise their products. The ACSEnt, in partnership with the Bank of the Philippine Islands (BPI) Foundation, provides mentoring or business development advice to social enterprises in their growth stage, i.e. 0–3 years old, to help them forward to the acceleration phase where they will be ready to deal with impact investors and play a bigger role in the industry. For its research work, the Centre has partnered with ISEA to find ways in which they can collaborate, and use the existing information to improve the delivery of their other programmes.

The Centre has multiple initiatives currently in place and in the pipeline for the future. Through its four thrusts, it is committed to providing the social enterprise sector with the support it needs to thrive.

TABLE 9: FORUMS AND NETWORKS IN THE PHILIPPINES

	Philippine Social Enterprise Network (PhilSEN)	<p>This network of NGOs, development institutions, people's organisations, and cooperatives engaged in social enterprise promotion and development is committed to building the capacities of its members through a variety of technical services, and to advocating policy reform, such as that proposed in the PRESENT Bill, that would create a more nurturing environment for social enterprises.</p>
	Caucus of Development NGO Networks (CODE-NGO)	<p>CODE-NGO is a group of NGO, PO and cooperative networks. It extends support services (e.g. capacity-building) to and manages coordination among its member networks, and advocates for poverty reduction and good governance.</p>
	Association of Foundations (AF)	<p>The country's first network of non-government foundations, AF enables its members to deliver sustainable programs that serve their communities through assistance in financing, capacity building, research and consultancy, and advocacy.</p>
	Alliance of Philippine Partners in Enterprise Development	<p>APPEND envisions a progressive society where people live with dignity, sufficiency and responsibility towards others. It commits to help eradicate poverty and to promote national transformation by contributing to the development of socially-responsible micro and small entrepreneurs.</p>
	International Network of Alternative Financial Institutions-Philippines	<p>Founded in Peru in 1995, 24 microfinance institutions and NGOs from Africa, Latin America and Asia form the INAFI Network.</p>
	World FairTrade Organisation – Asia and WFTO – Philippines	<p>WFTO Asia and WFTO Philippines are consortiums of producers and marketing and development organisations that commit themselves to enabling disadvantaged producers through the promotion and integration of Fair Trade principles and practices in their livelihoods.</p>
	Sustainable Integrated Area Development Initiatives in Mindanao-Convergence for Asset Reform and Regional Development (SIMCARRD)	<p>SIMCARRD Inc. is a Mindanao-wide NGO network based implementing programmes on participatory governance, asset reform, sustainable agriculture, social enterprise, and peace-building. Under its Social Enterprise programme, SIMCARRD undertakes actual social enterprise projects promoting community-based sustainable agriculture and livelihoods; access to markets through alternative and collective market engagement/linkage by local communities; and addressing sustainability issues of local service providers.</p>

POVERTY REDUCTION THROUGH SOCIAL ENTREPRENEURSHIP (PRESENT) COALITION

The PRESENT Coalition is an alliance of social enterprise practitioners, advocates, NGOs, and members of the academia who have joined together to advance social entrepreneurship as an approach to poverty eradication and economic development. It was formed in 2012 as an initiative to unite what was once a fragmented social enterprise sector. It now serves as a microcosm, voice and action network of the emerging Social Enterprise Sector. The Ateneo School of Government (ASoG) and Foundation for a Sustainable Society (FSSI) are the Conveners. Its bases of unity and action are to: (1) push for the enactment and implementation of the PRESENT Bill, (2) undertake a nationwide education campaign on social enterprises as vehicles for poverty reduction, and (3) develop standards and benchmarks for self-regulation and development of the sector.



04. STUDY FINDINGS

SOCIAL ENTERPRISE SURVEY SAMPLE

Survey data was collected between November 2016 and March 2017. A total of 256 organisations completed the survey. Using the social enterprise inclusion criteria (see Figure 1), 206 respondents were classified as social enterprises for the purposes of this study (80.47%).

In addition to being asked to complete the criteria questions, respondents were also asked whether they consider themselves to be social enterprises. Of the 206

respondents classified as social enterprises, 155 consider themselves to be social enterprises.

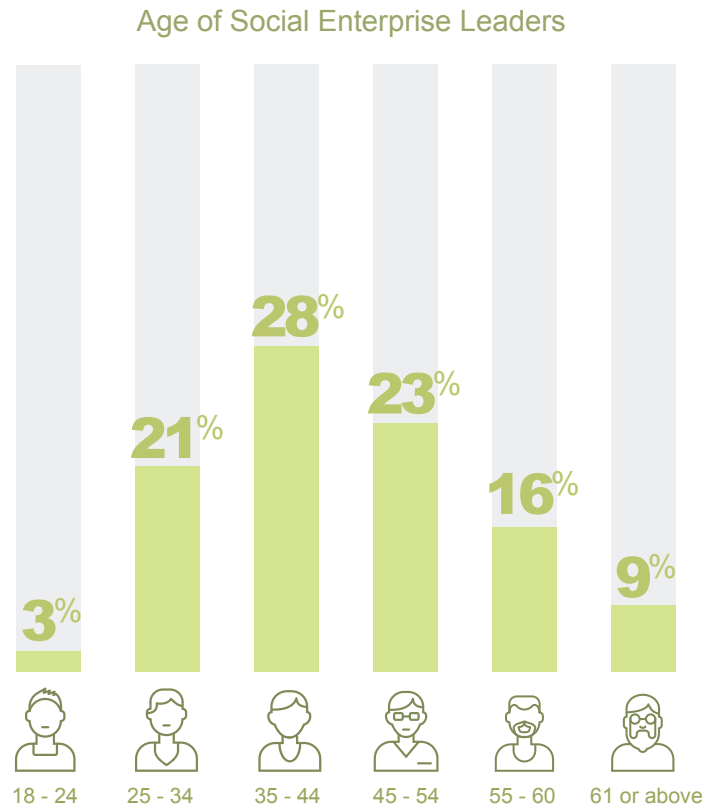
Fifty respondents from the 256 organisations were not classified as enterprises: 38 derive 75% or greater of their income from grants; seven put the emphasis on profit above social/environmental mission; and five only used their profit for sharing with owners and shareholders.

SOCIAL ENTERPRISE LEADERSHIP

AGE

Social enterprises in the Philippines are mainly led by people between 35 and 44 years of age. This is a younger demographic compared to mainstream businesses where the average age of CEOs is 58 years.² About a fifth of social enterprises are headed by the youth or people below 35 years old, and approximately a tenth are led by people aged over 60.

In terms of regional data, social enterprise leadership in NCR and ARMM is predominantly young whereas leadership in Luzon and Visayas is skewed towards the 61 and above age group. Further, the proportion of male social enterprise leaders is greater than their female counterpart regardless of the age group. Regardless of age group, the proportion of male social enterprise leaders exceeds that of its female counterpart.



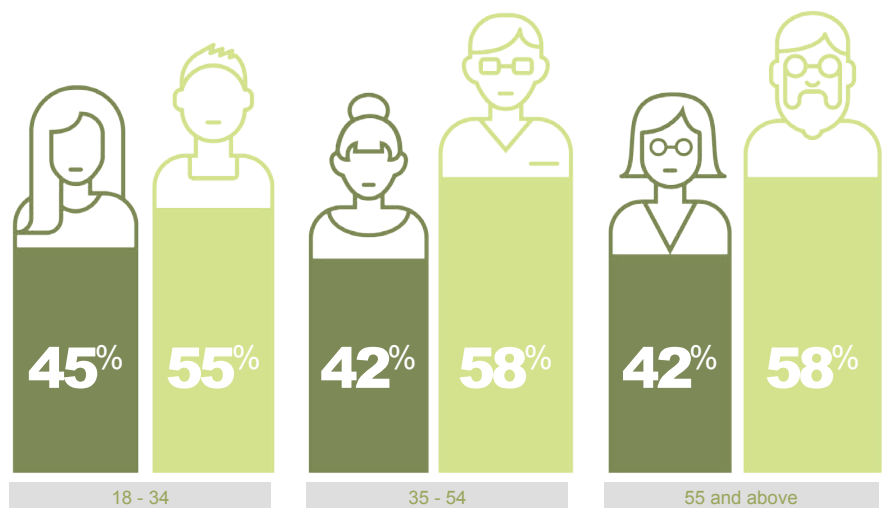
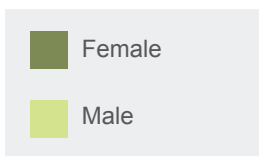
GENDER

Forty-four percent of the social enterprises surveyed had women leaders, while 56% are led by men. The close parity is consistent with findings for the general business sector. An International Labour Organisation report, *Women in Business and Management: Gaining Momentum*, ranked the Philippines fourth among 80 countries with the highest proportion of women managers, at 48%. There is a greater share of women-leaders in younger social enterprises compared to the more mature ones.

Compared to data from similar studies conducted by the British Council in South Asia, women leadership of social enterprises is higher in the Philippines at 44 percent. In India, Pakistan and Bangladesh, around 20% of social enterprises are led by women.

AT 44 PERCENT FEMALE LEADERSHIP OF SOCIAL ENTERPRISES IN THE PHILIPPINES IS HIGHER RELATIVE TO SOUTH ASIA.

Age of SE Leaders by Gender



² <http://blogs.ft.com/ftdata/2015/09/11/half-of-the-global-ceos-are-in-their-50s/>



MORE THAN JUST FISHING

The fish that flopped in Jhonie Salcedo's hands wasn't exactly something a fisherman would be proud of. He tossed it back to the water. Maybe he'd catch it again someday when it grew. With a sigh, he turned and inspected his net. His haul had been suffering lately, and he thought it had something to do with his old equipment. His suspicions were confirmed when he found a hole the size of his hand. This was the fifth tear this month. He looked over the shore. It would take him about an hour to get back, change into comfortable clothes, and get some sleep. Instead Jhonie thought about his family, made some temporary repairs, and threw his net back to the sea.

Every day Jhonie ventured into the ocean aboard his boat. He didn't mind the splinters in the wood or the cracks along the paint job. It didn't matter to him that he needed to work on his net when he could have been resting. He only wished that he had more time to spend with his family. He wanted to give the best he could for them, and make sure they had food on the table every day. Jhonie was always looking for an opportunity to better provide for his family. That

opportunity came when Sentro ha Pagpauswag ha Panginabuhì, Inc (SPPI) approached him with an offer to become a seaweeds farmer.

Jhonie was hesitant at first to try something new. However, he saw his friends working on their seaweed farms. He saw how consistent their harvests were, and how seaweeds farming wasn't as difficult as he thought. Eventually he tried it, and accepted SPPI's offer. SPPI provided Jhonie with seedlings and starting materials to build a farm. He also received technical support, seaweeds farming instructions and lessons, and access to a network of buyers and sellers. This was a refreshing change for Jhonie who was used to the overly-competitive fishing market in his area.

After several months, Jhonie has expanded his farm. Now, whenever their children have free time, Jhonie and his wife teach their sons seaweeds farming. Jhonie has accomplished something he never thought possible, bonding with his family while earning his livelihood.

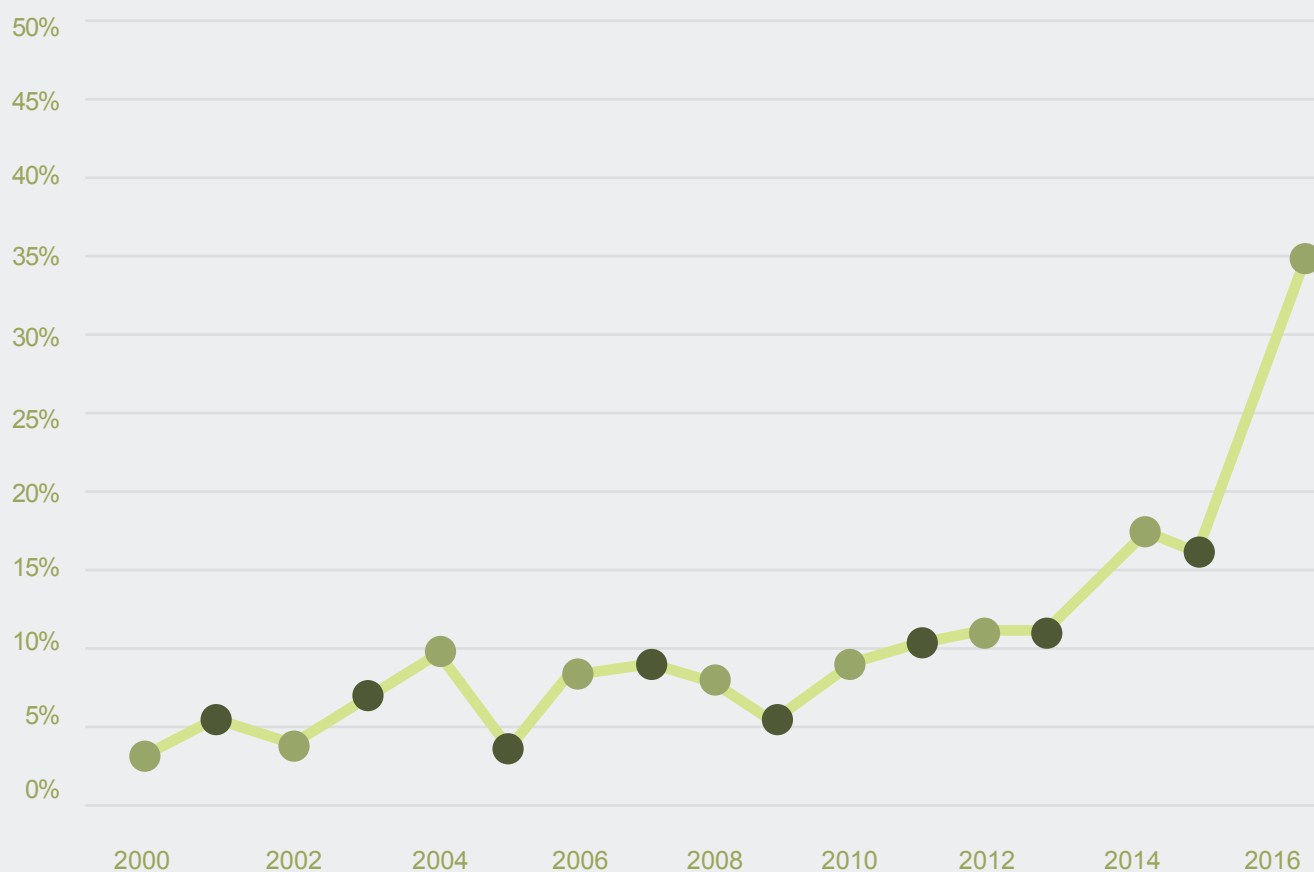
YEARS OF OPERATION

In recent years, there has been a significant increase in the number of social enterprises starting up (19% annual average). Over 75% of the social enterprises surveyed began their operations in the last decade. Of those surveyed, the previous year alone has seen the most number of social enterprises established, with twice the number of start-ups than the two previous years and three times more than the figure three years prior. Regardless of

the age of the social enterprise, however, the majority of the start-ups start-ups have their headquarters in the NCR.

A similar trend can be observed economy-wide for all establishments in the Philippines where on average, 25,659 new businesses are established each year (2010-2013 Data from the 2013 Annual Survey of Philippine Business and Industry released February 2017). Likewise, the oldest and youngest businesses are concentrated in the NCR.

Number of social enterprises starting up across time



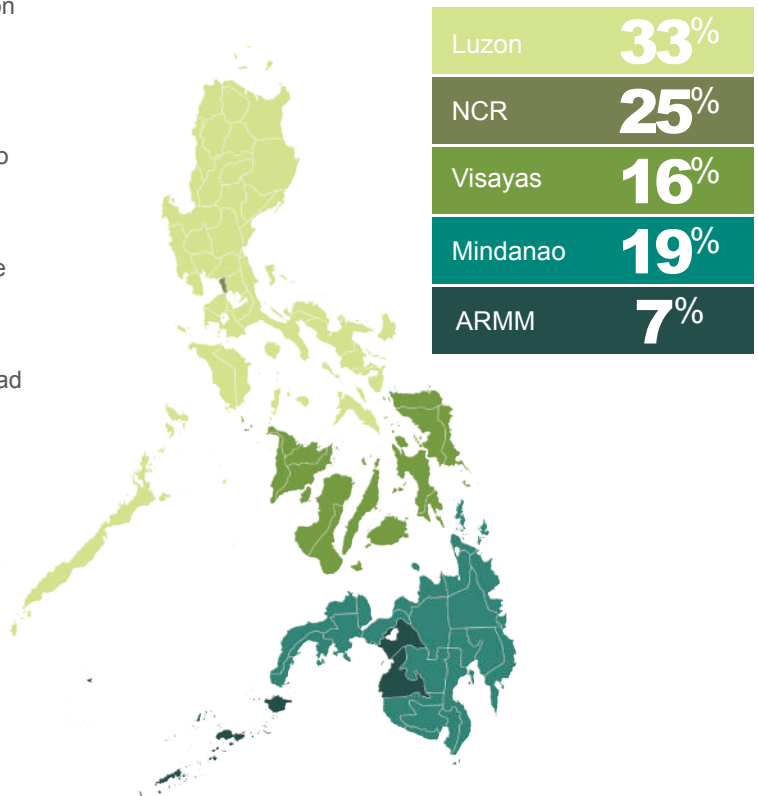
For this study, social enterprises established 0–5 years ago, i.e. 2011 to 2016, are considered start-ups; whereas those established 6–15 years ago, i.e., 2001–2010, are categorised as social enterprises in their early stages. Finally, social enterprises established 16 years ago or beyond are classified as mature social enterprises. Most early-stage and mature social enterprises are registered as non-stock, non-profit corporations; whereas majority of start-up social enterprises are legally organised as stock, for-profit corporations. The reason behind the shift in the preferred legal form of social enterprises over time may be worth exploring further. Anecdotal, earlier social enterprise initiatives originated from development organisations trying to make their operations more sustainable, whereas more recent activities are brought forth by entrepreneurs deciding to integrate social causes into their business.

LOCATION: WHERE WERE THE RESPONDENTS BASED?

In the survey, each respondent was asked in which region it had its headquarters. However, for purposes of this study, the unit of geographic analysis that was used was the major island group (obtained simply by aggregating regions by the island group it belonged in), except for two regions – NCR and ARMM. The NCR and ARMM were treated independently and with special interest since they represent the most and least developed areas in the country, respectively.

By major island group, the majority of the respondents had their headquarters in Luzon (33%). About a quarter were based in NCR, and just under a fifth (19%) in Mindanao. The Visayas Region had the smallest number of social enterprises participating in the survey (16%). The NCR has a relatively larger share of respondents compared to the total and relative to the island groups – a result that may be expected since the majority of businesses are concentrated in the NCR. It is the centre of economic activity with a total of 212,408 establishments or 22% of the total number of establishments in the country (2012 List of Establishments, released December 2013).

Percentage of Respondents by Island Group



MOST SOCIAL ENTERPRISES IN THE PHILIPPINES OPERATE AT A LOCAL OR PROVINCIAL LEVEL WITHIN THE COUNTRY. ORGANISATIONS WITH A LOCAL OR PROVINCIAL GEOGRAPHIC REACH ARE PRIMARILY ORGANISED AS COOPERATIVES.

GEOGRAPHICAL REACH

Most social enterprises in the Philippines operate at a local or provincial level within the country (48.06%). Meanwhile, 26% operate nationally, 20% regionally, and 6% internationally. Seventy-four per cent operate as independent organisations whereas the rest operate as a subsidiary of another organisation.

Social organisations with a local or provincial geographic reach are primarily organised as cooperatives; while social enterprises operating at national level are most commonly registered as non-stock, non-profit corporations. On the other hand, majority of stock, for-profit corporations operate at a national level. The NCR has the largest proportion of social enterprises operating at international (10%), and national (54%) levels. Local and provincial-level social enterprises are concentrated in Mindanao (61%); while regional-level social enterprises are concentrated in the ARMM (42%). Most social enterprises within the Visayas island group also operate at a regional scale.

LEGAL STATUS

Social enterprise is not yet legally recognised as a distinct type of business entity in the Philippines. Hence, social enterprises are registered as single proprietorships, partnerships, non-stock and non-profit corporations, stock and for-profit corporations, or cooperatives. Based on the survey, most common among these are social enterprises registered as non-stock, non-profit corporations (31%), followed by cooperatives (21%) and then, stock, for-profit corporations (17%). Least common are partnerships (4%), and about a tenth of social enterprises are either unregistered or still in the process of registering. Other respondents classified themselves as government entities or associations (7%).

According to the 2012 Updating of the List of Establishments (National Statistics Office, released November 2013), the most common legal organisation for establishments in the Philippines is single proprietorship (83%) since it is the simplest form of business organisation and is not encumbered by strict regulatory laws and rules imposed upon corporations and partnerships. Stock and for-profit corporations follow in second (14%), partnerships in third (1.2%), non-stock and non-profit corporation in fourth (1%), and cooperatives last (0.8%).

The majority of mature social enterprises are organised as non-stock, non-profit corporations; whereas young social enterprises take a stock, for-profit legal form. Most cooperatives and non-stock, non-profit corporations are mature social enterprises; while most stock, for-profit corporations are young organisations.

Most of the non-stock, non-profit organisations surveyed are from the ARMM (47%); whereas most of the stock, for-profit ones are based in the NCR (31%). Cooperatives are most common in the Visayas (38%), and single proprietorships in Mindanao (33%).

The highest numbers of staff were observed for social enterprises registered as non-stock, non-profit corporations. Most social enterprises surveyed are micro or small in size, based on the official employment categorisation of the Philippine government. Micro enterprises correspond to businesses with one to nine employees; whereas, small businesses are those with ten to 99 employees. Cooperatives were mostly small enterprises, whereas stock, for-profit and non-stock non-profit corporations were predominantly medium-sized enterprises with between 100 to 199 employees. Similarly, the highest turnover belonged to social enterprises legally recognised as non-stock, non-profit corporations.

Legal Status of social enterprises

Legal Status	Number	Percentage of respondents
In the process of registering/not yet registered	22	11%
Single proprietorship, not yet registered	28	14%
Partnership, not yet registered	8	4%
Non-stock, non-profit corporation	64	31%
Stock, for-profit corporation	36	17%
Cooperative	44	21%
Others	14	7%

AREAS OF FOCUS

OBJECTIVES

Most of the social enterprises surveyed had multiple objectives, the top three being employment generation, poverty alleviation, and community development.

For the ARMM, the most common objectives of social enterprises are creating employment and supporting vulnerable peoples. For Luzon, Visayas and the rest of Mindanao, the most common objective is creating employment; whilst in NCR majority of the social enterprises aim to improve a community.

The top objective for male-led social enterprises is poverty alleviation, while employment generation was first among female-run social enterprises.

TABLE 10: SOCIAL ENTERPRISE OBJECTIVES

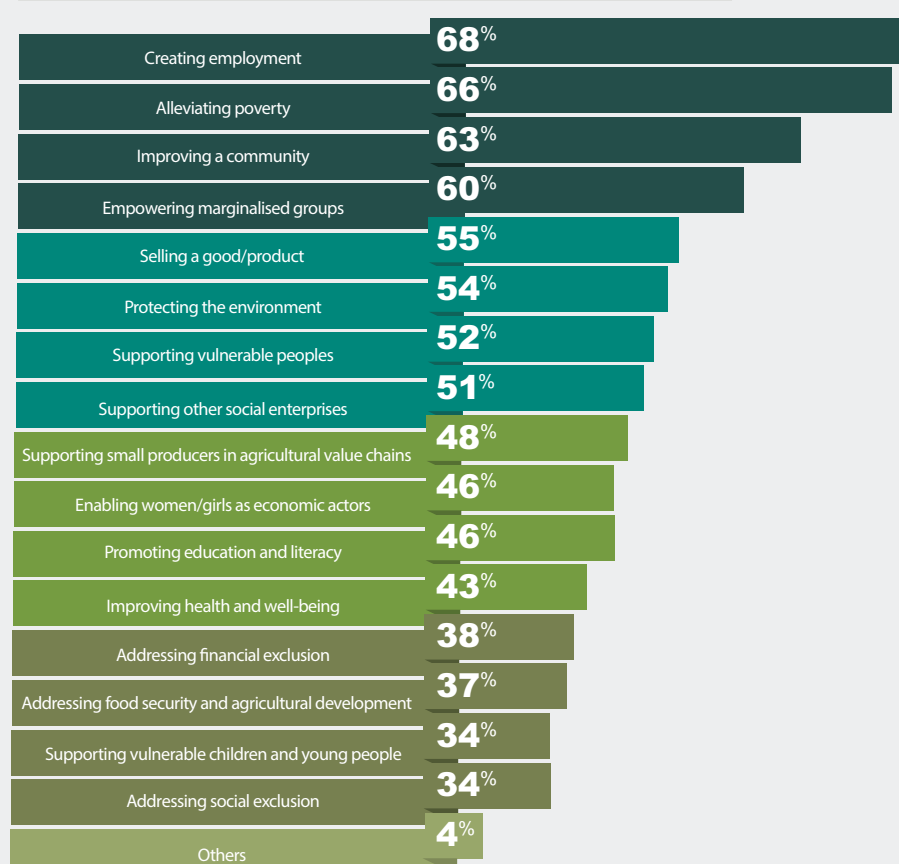
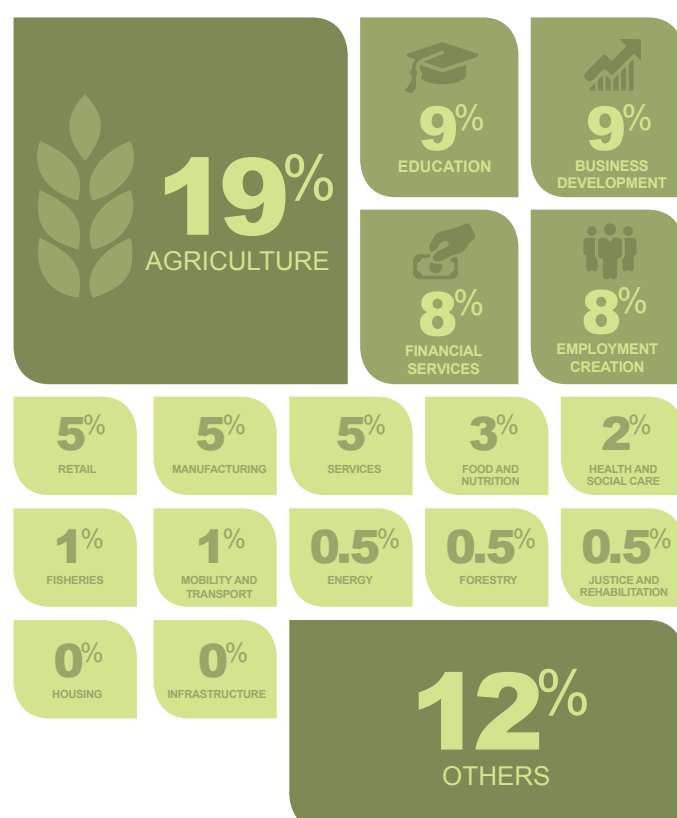


TABLE 11: SOCIAL ENTERPRISE SECTORS



SECTORS

The survey reveals that nearly a fifth (19%) of Philippine-based social enterprises work in the agricultural sector. Education, business development, financial services and employment creation are closely tied as the next most predominant sectors social enterprises in the country are engaged in, each at about 8%–10%. The least common social enterprise sectors are energy and clean technology, forestry, and justice and rehabilitation (0.49%). None of the social enterprises surveyed were involved in housing and infrastructure. Finally, 12% of the survey respondents categorised the sector they belonged in as something outside of the options provided. The 'Other' areas of focus named are the youth, peace-building and religion. Other social enterprises noted that they did not belong to only one sector but to a combination of such, e.g. manufacturing using agricultural inputs.

The agricultural sector continues to be the primary area of interest. In the past 15 years, social enterprises that have been established focus their services in this sector. More mature social enterprises are concentrated in the financial service sector.

Except for the NCR, majority of social enterprises in all island groups are primarily engaged in the agricultural sector. In ARMM and Mindanao, the second most common sector is education; in Luzon, manufacturing; and in Visayas, business development and financial services.

The social enterprises primarily engaged in agriculture are concentrated in the Central Luzon, Eastern Visayas and Northern Mindanao regions. Most regions have a

greater proportion of social enterprises in the agricultural sector than any other sector (11 out of 18). The NCR is the most diverse in terms of its social enterprises' sector involvement. The most common sector for social enterprises in NCR is education, followed by financial services and livelihood/employment tied in second place.

Based on the survey results, the business development, fisheries, food and nutrition, justice and rehabilitation, and retail sectors are dominated by women-leaders, whereas agriculture, education, financial services, health and social care, livelihood and employment, manufacturing, transport, and services sectors are predominantly male-led.

CASE STUDY: GOOD FOOD COMMUNITY

Good Food Community is a regional agriculture-based social enterprise driven by the principle of Community Shared Agriculture (CSA). Consumers subscribe to CSA farmshares for commitment periods of their choosing. A subscription entitles a consumer to fruit and/or vegetable packs organically grown and sustainably harvested by the beneficiary communities.

Although headquartered in NCR, all of its 100 beneficiaries belonging to indigenous peoples and farmer groups are from rural areas in Luzon. For six years and counting, Good Food Co. has been shaping a new food ecology wherein consumers eat healthy and producers farm sustainably.

CASE STUDY: ECOWEB

Ecosystems Work for Essential Benefits, Inc. or ECOWEB envisions a peaceful and progressive society living in a safe environment. It aims to realise this by fulfilling its mission: 'Building Partnerships, Empowering Communities', and by working to achieve four major goals: safe environment and resilient communities, improved social relationships, sustainable livelihoods of communities and management of Natural Resources, and enjoyment of basic human rights.

Based in Iligan City in Mindanao, one of their five major programmes is Sustainable Livelihoods Program through Social Enterprise. ECOWEB promotes sustainable agriculture, food productivity enhancements and develops community social

enterprises following value-chain approach. This is implemented in a convergent approach integrating the concerns for the environment, gender and peacebuilding in empowering communities to create its own wealth sustainably.

Notable efforts around this area of their work are the social enterprise development of coffee, abaca, and bamboo production benefitting 832 households of indigenous peoples and farmers of Iligan hinterlands and partnership with the Lanao Comrades Multi-Purpose Cooperative, a cooperative formed by former rebels and combatants producing organic fertiliser for upland rice production. The former rebels are now entrepreneurs who have opted to 'farm for peace.'

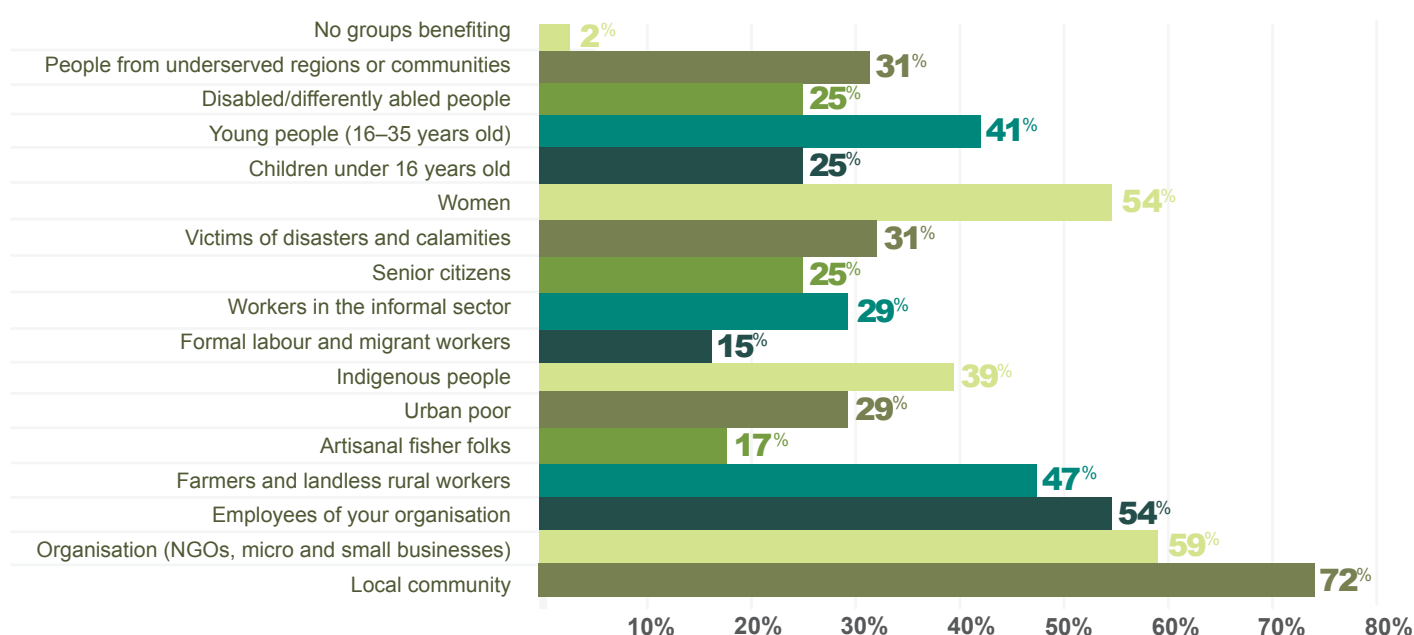
SOCIAL IMPACT

PRIMARY MISSION

Of the social enterprises surveyed, 68% stated that their purpose was to pursue profit and a social/environmental impact jointly, whereas 32% put social/environmental impact before profit.

BENEFICIARIES

Almost all social enterprises surveyed reported catering to several beneficiary groups. The top beneficiary groups of the respondents were local communities (72% of social enterprises), other organisations (59%), women (54.37%) and, employees of their organisation (54%). In total, these social enterprises have benefitted nearly 4.7 million individuals over the past year, an average of 22,794 per social enterprise. The definition of beneficiaries includes both direct and indirect impact. So this number will include the family or community impact created by social enterprises.



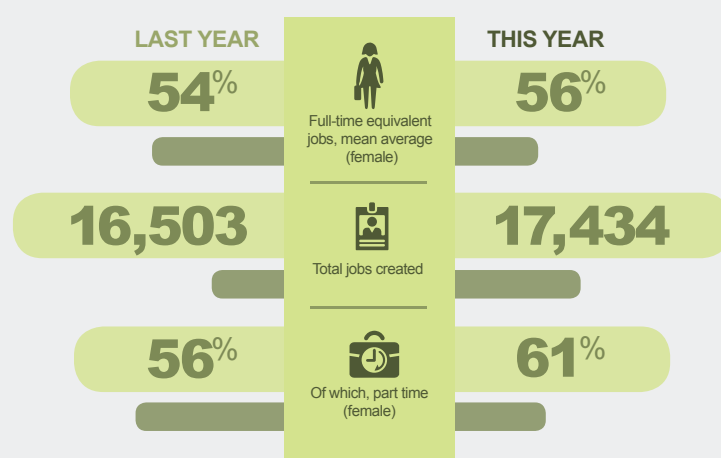
JOB CREATION FROM SOCIAL ENTERPRISES

Social enterprises surveyed employ an equivalent of 17,434 full-time staff in total, and an average per social enterprise of 85 staff.⁴ Social enterprises in the Philippines have significantly contributed to employment, and even increasingly, over the past two years.

Job creation has increased from the previous year where average full-time employment increased by 5% and the total number of jobs by 6%. There are significantly more full-time employees than part-time workers in the social enterprise sector.

Social enterprises are also empowering women whereby more than half of those employed are women. Furthermore, 90% of respondents believe that hiring will increase in the coming year. Total economy-wide employment in the Philippines grew by 34% from 2010 to 2013.

TABLE 12: JOB CREATION BY SOCIAL ENTERPRISES SURVEYED



A majority of the social enterprises surveyed (75%) expect their staff numbers to go up to a small or large degree in the next year. A few expect their employment to stay the same (13%), and even fewer expect a decrease (2%).

⁴ Full-time equivalent work is calculated by counting two part-time workers as one full-time worker. The actual number of hours worked by part time workers was not captured by this study.

TURNOVER AND PROFIT/ SURPLUS USE

PROFIT AND TURNOVER

Fifty-six per cent of the social enterprise respondents reported making a profit or surplus. Profit-making is most common among social enterprises in the NCR. Sixteen out of 18 regions have an equal or greater proportion of profitable social enterprises than non-profitable ones. This highlights that although a young sector, social enterprises are demonstrating a level of financial sustainability, which with the right type of ongoing support, has the potential to increase.

Forty-two among the social enterprises surveyed provided information on their turnover (21%). Based on the survey, social enterprises in the Philippines on average and omitting outliers, earned US\$490,000 in the previous year.

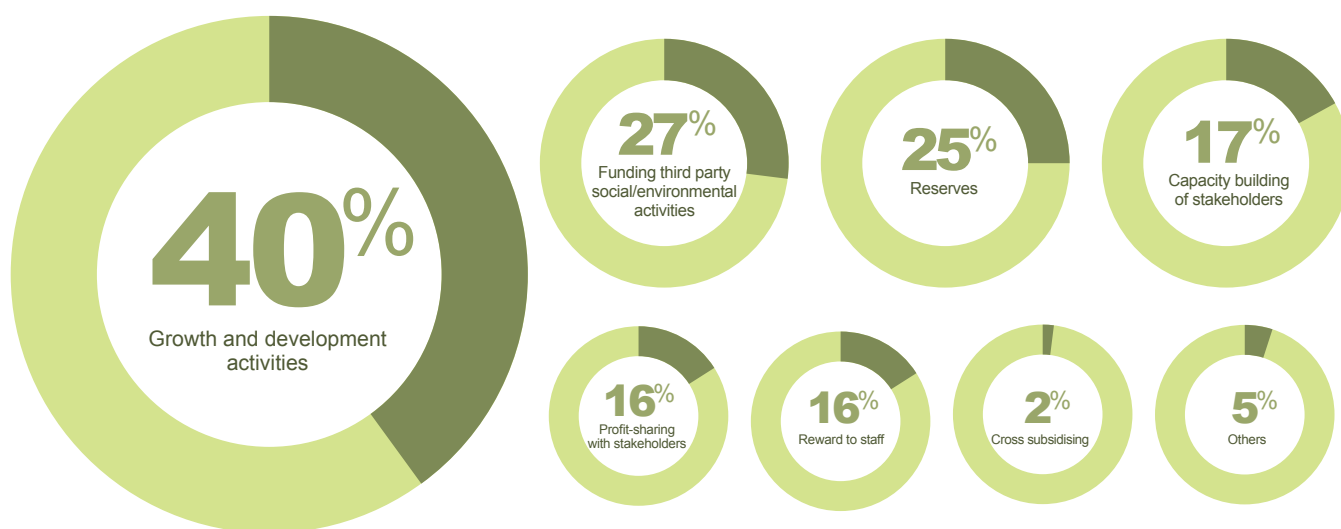
This means that the sector generated US\$20.59 million the same year.

The total amount of profit may be extremely biased downwards given that the estimate was obtained through a survey with a small sample and since most of those surveyed did not share information on their turnovers (75%). General businesses earned an average of US\$1.2 million in 2013, and a total of US\$276 billion. With inflation and growth, these latter figures may be larger in the year 2016. Comparing these values, one may conclude that the social enterprise sector still only makes a small part of the Philippine economy. The organisations with the highest turnovers were concentrated in the NCR.

TURNOVER EXPECTATIONS

A clear majority of the social enterprises (86%) expect their turnover to increase, either substantially or by a little, by the next fiscal year. Six per cent expect the same, and about

TABLE 13: USE OF PROFIT/SURPLUS



5% expect some decrease. Male-led social enterprises appear to be more optimistic than female-led organisations. A clear correlation between the staff numbers cannot be established but all of the respondents who reported their turnover are positive that their profits will increase to some degree in 2017. Those who anticipated turnover growths in the next year are also expecting staff expansions.

USE OF PROFIT/SURPLUS

Most of the participating social enterprises selected multiple uses of profit/surplus. The most common use of profit/surplus reported was for growth and development activities (40%), followed by funding third party social/environmental activities (27%), and reserves (25%). This demonstrates an optimistic appraisal of future growth potential.

GETTING TO THE ROOTS OF SUCCESS THROUGH CASSAVA

‘Whenever we sell corn to traders, we will ask for additional 50 pesos so we could eat,’ said 50-year old Ebisa Verial. She and other farmers in Sitio Balugo tend corn farms that yield bare returns. After paying traders for high-priced farming inputs, the remaining income is hardly sufficient for the needs of the family, let alone emergency situations that may come up. In spite of these, Verial aspires that her family and the community to where she grew would progress one day.

Soon enough, change was bound to happen as members of the Balugo Farmers Multi-Purpose Cooperative (BFMPC), Agri-Aqua Development Coalition (AADC) and municipal Department of Agrarian Reform (DAR) visited the community to introduce cassava farming and enterprise development in the late 2000.

After a series of trainings and learning visits which pointed to cassava as a resilient cash crop that has the potential of preserving the quality of soil with its low requirement for fertilizers, 26 corn farmers joined the BFMPC to become the initial growers of cassava. With the help of the three organisations, they acquired a 50-year contract for the supply of granulated cassava to San Miguel Corporation (SMC), one of the biggest private cassava assemblers in the country.

Eight months after planting, members of BFMPC made their first harvest of cassava. Each farmer with at least one hectare of land harvested more than 20,000 kilos of dried cassava, which were sold to the cooperative at Php8 per kilo or a total sales of Php160,000. After deducting Php30,000 for planting inputs and labor costs, each farmer earned a net total of Php130,000.

As the BFMPC continued assisting its members in production, trading and capacity building, more farmers were encouraged to shift to cassava. From an initial number of 26, the cooperative’s membership grew to 84 in 2016. Around 290 farmers also converted their whole land to cassava or intercropped it with traditional crops such as corn and sugarcane.



To date, lands dedicated to cassava increased from seven hectares at the start of the enterprise to 506 hectares.

As for Verial, cassava came as a blessing. After years of hard work, she was able to buy two hectares of land to expand her cassava farm, 35 pigs, a mini-grocery store, and a motorcycle. From a barong-barong (shack), she now has a concrete house, and sending her children to school is not a problem anymore.

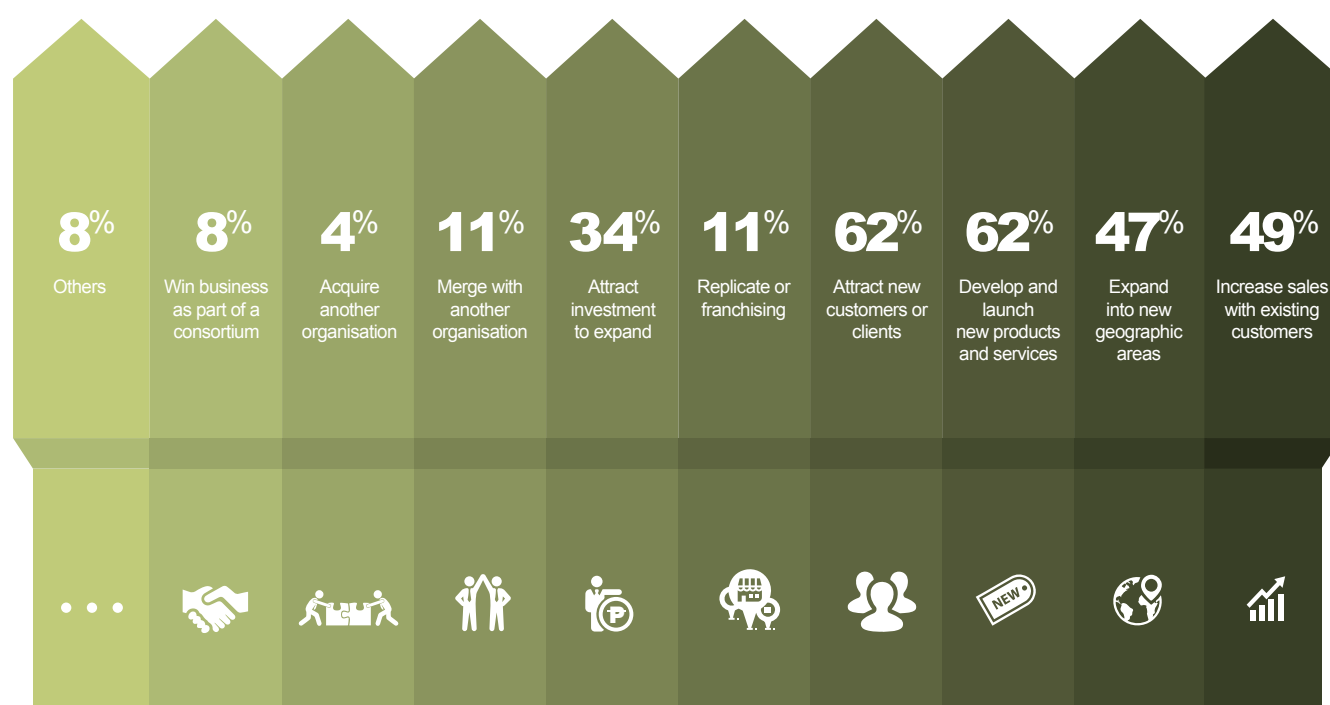
The enterprise developed further with BFMPC’s partnership with FSSI, whose support helped the cooperative acquire a warehouse where the cassava would be stored, chipped, and granulated. Even with the growth of demand for cassava, BFMPC is confident, especially with the various organisations on its side, that pushing for the kind of entrepreneurship that benefits the poor and the environment will make things easier and more meaningful.

GROWTH PLANS AND BARRIERS

GROWTH PLANS

Most of the social enterprises surveyed have multiple strategies for achieving growth over the next year. Chief of which is attracting new customers and clients (62%), and following closely is developing and launching new products and services (62%), this highlights a commitment to innovation, a common trait associated with social entrepreneurs. It is encouraging to see a desire of well over half of social enterprises in the Philippines making a commitment to innovation and to improve what they have to offer. The third most common plan adopted by the respondents is increase sales with existing customers (49%).

FIGURE 1: GROWTH PLANS

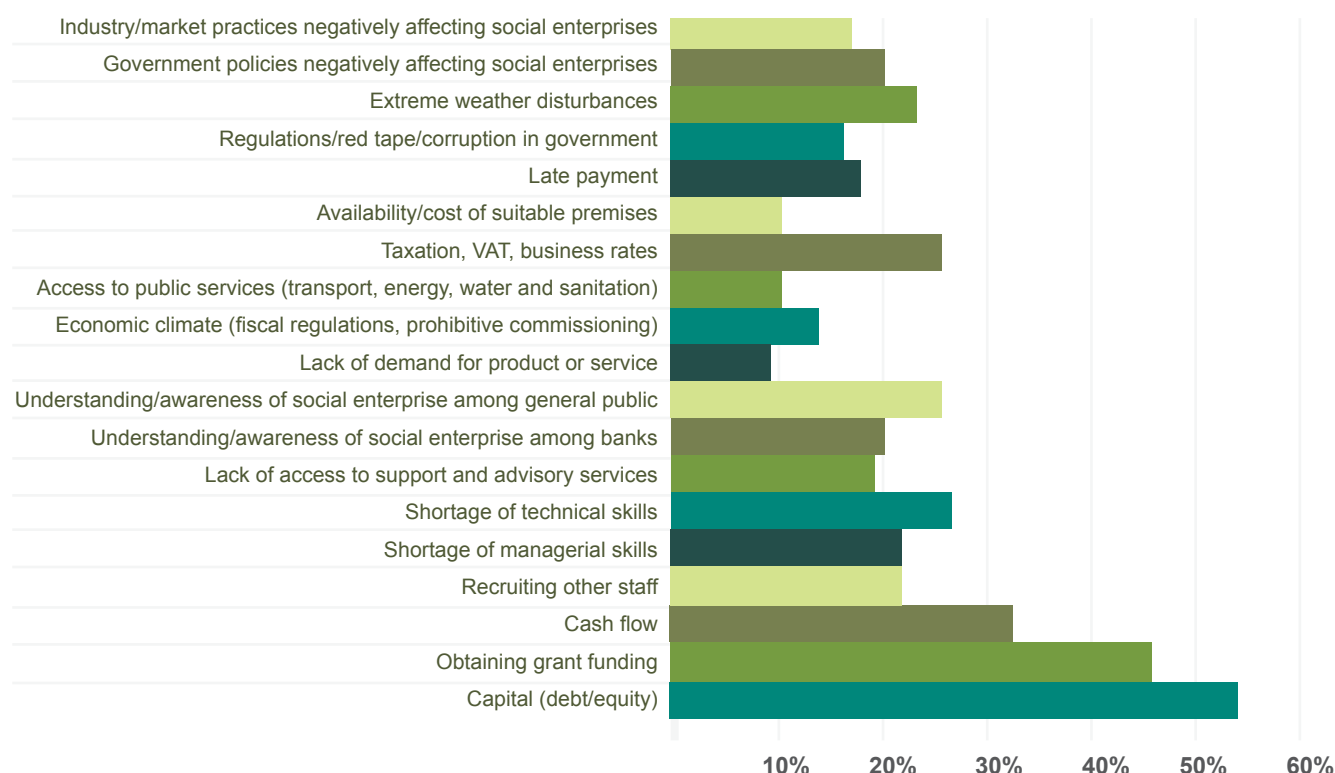


To increase social impact, most organisations plan on increasing both their scale (69%) and depth of impact (50%). Depth of impact refers to quality rather than quantity. This means that while numbers are also important, including how many families benefited, it is about the depth of such benefit and its influence on their daily living. In order to focus on the depth of impact created, social enterprises claim to focus more on the replication of organisations. After the initial success, social enterprises prefer to replicate instead of scaling the venture.

BARRIERS TO GROWTH

Participating social enterprises identified multiple barriers to growth, the most common being issues with obtaining capital (53%). Forty-six per cent reported having difficulties in obtaining grant funding, and 32% see cash flow as a substantial growth barrier for their enterprise. Among the barriers mentioned, only a few social enterprises considered lack of demand for their product or service as a hindering factor. A rapid assessment of the data would show that the nature of the most pressing issues for social enterprises in the Philippines are financial or monetary. This is followed by human resource concerns.

THE MOST PRESSING ISSUES FOR SOCIAL ENTERPRISES IN THE PHILIPPINES ARE FINANCIAL.

TABLE 14: BARRIERS TO GROWTH

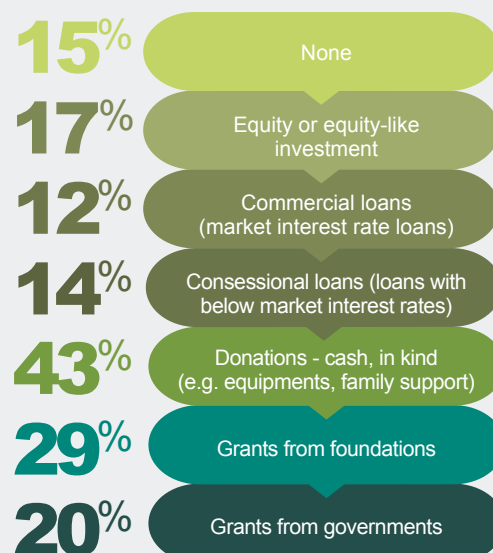
At least 20% from each age group considered capital as a significant barrier to growth. However, this is more prevalent in start-up and early stage enterprises. The same two preceding statements apply to the cases of grant funding, cash flow, and shortage of technical skills. Young or old social enterprises alike, the most common among the barriers of growth is obtaining capital. However, whereas young social enterprises' top three problems are all financial, mature social enterprises concerns were also about the shortage of technical skills.

The most common barrier cited by social enterprises from all island groups except ARMM is obtaining capital. ARMM's most common barrier is obtaining grant funding.

FINANCE SOURCES AND CONSTRAINTS

SOURCES OF FUNDING AND FINANCE

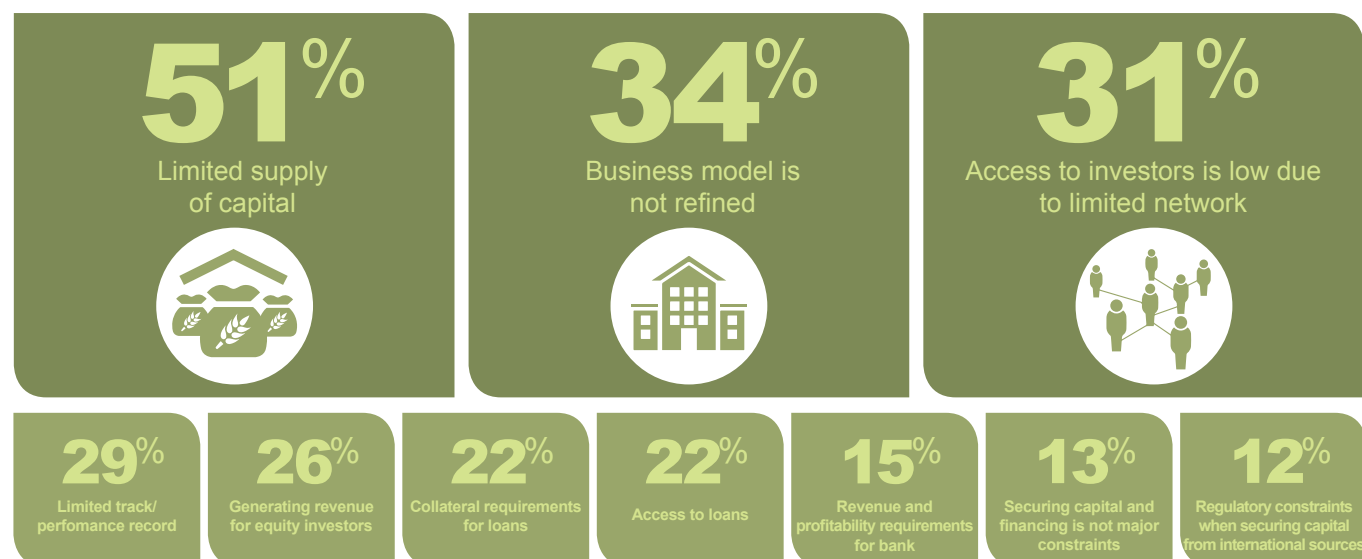
The most common source of funding for the social enterprise sector is cash and/or in-kind donations (43%). Thirty per cent received grants from foundations, and 20% from the government. The least common source of financing for social enterprises in the Philippines, according to the results of the survey, is commercial loans. This is probably because of the high access costs (e.g. collateral, strong business plans and revenue prospects, established credit worthiness) for this kind of financing. 15% did not receive any funding or financing ever.

TABLE 15: SOURCES OF FINANCE

FINANCING CONSTRAINTS

According to the survey, the most significant constraint to financing is the limited supply of capital (51%). Thirty four per cent of the respondents attributed difficulty in obtaining financing to an unrefined business model, while 31% considered their lack of network and hence, inaccessibility to investors as a major constraint.

TABLE 16: TOP 3 FINANCE CONSTRAINTS



CASE STUDY: SOCIAL ENTERPRISES IN ARMM

The Autonomous Region in Muslim Mindanao is the most challenged region in the Philippines. Although rich in natural, human and cultural resources, it remains the poorest and least developed region in the country. Political unrest and insurgency has inhibited the region's progress. In response to the vast and widespread economic and development needs of the ARMM, an increasing number of social enterprises have been established. Thirty-seven per cent of the social enterprise respondents from the ARMM was established within the period 2010–2016, 32% within 2000–2009, and 26% within 1990–1999.

Commonly registered as non-stock, non-profit corporations (53%), ARMM social enterprises mostly operate in the agriculture sector (21%) at a regional level (42%). On average, a social enterprise in the region employs about 12 individuals and benefits 1,260 persons. Seventy-nine per cent of the respondents from ARMM reported having local communities as one of their primary beneficiaries,

and 58% claimed their social enterprises benefited other organisations.

Despite the claim that about 60–70% of social enterprises in the ARMM experience barriers in raising capital and obtaining grant funding, expectations for growth are overwhelmingly positive, with most social enterprises planning to develop and launch new products and services (47%).

Social enterprise in the ARMM offers an opportunity for the regional government to innovate in developing a more enabling environment for social enterprises. Given the focus of the majority of social enterprises in the ARMM is to create employment for vulnerable people, social enterprise offers a pathway to support vulnerable people who are at risk of engaging in conflict, a pathway to employment and entrepreneurialism. Providing incentives for social investment in the ARMM as well as providing affordable business development and technical assistance could help to accelerate the growth of social enterprises in the region.



ESTIMATE OF THE NUMBER OF SOCIAL ENTERPRISES IN THE PHILIPPINES

Based on the very small unrepresentative sampling process, it is possible to extrapolate numbers to give a rough indication of the probable size of the social enterprise sector.

Using these calculations, which are far from statistically robust, this study makes an initial estimate that there could be around 164,473 social enterprises currently operating in the Philippines. Table 10 below shows the data on which this estimate is based.

**AN ESTIMATED
164,473 SOCIAL
ENTERPRISES
ARE CURRENTLY
OPERATING IN THE
PHILIPPINES.**

TABLE 17: SOURCES OF INFORMATION FOR TOTAL NUMBER OF SOCIAL ENTERPRISES

Source	Total Number	Social enterprise prevalence rate	Expected total number of social enterprise (= Total*Prevalance rate)
NGOs (Securities and Exchange Commission)	128,012	30.06%	38,482
MSMEs (Department of Trade and Industry)	896,839	12.92%	115,856
Cooperatives (Cooperative Development Authority)	24,652	40.28%	9,929
Survey	256	80.47%	206
Total	164,473		

CONCLUSION

The social enterprise sector in the Philippines is vibrant and promising. The number of social enterprises established in the last decade alone is more than the last four decades prior. These ventures are attempting to ease the deepest and most persistent problems of the country such as poverty and unemployment by primarily helping communities and their own employees. The breadth and depth of their economic and social contributions to the Philippine society is expanding. Social enterprises are growing – generating jobs and increasing turnover, and are set to continue to do so in the next year.

Jobs created by social enterprises increased by 16% in the last year, and is still expected to increase in the following year. Beneficiaries reached by the respondents averaged at around 22,000 individuals per social enterprise in the last year.

Social enterprise is a welcoming and diverse sector. Leadership in social enterprises are predominantly within 35 to 44 years of age, but getting younger in the newer social enterprises. Women leadership is significant and are only slightly less than men, and again, for younger social enterprises, their proportion is increasing. Overall, social enterprises in the Philippines have proportionately more female staff. Social enterprise may be more accessible to women or, by being more socially focused, better able to help women to overcome barriers and biases they face in general.

Social enterprises create impact. They serve multiple beneficiary groups; foremost are local communities at 72%, other organisations (59%), women (54%) and employees

of their organisation (54%). This split in the beneficiary groups served reflect the roots of social enterprise from the cooperative movement as well as the emerging social enterprise definition that focuses on enabling the poor and marginalised to become key economic players and lead better lives. It is estimated that social enterprises benefited nearly 4.7 million individuals over the past year.

Social enterprise can offer a pathway for communities in the most marginalised communities in the Philippines, particularly the ARMM, where there is already strong evidence of the role that social enterprises are playing in creating opportunities for some of the most vulnerable and at risk groups.

Despite their reported progress and optimism, Filipino social enterprises still face significant barriers to growth – the main barrier being lack of access to financing. In addition to the social enterprise sector's already developing support environment, there is a need for increased government and private sector involvement in their growth and development. The private sector should help facilitate the entry and integration of social enterprises into the market. On the other hand, the government needs to formally recognise social enterprises and their indispensability as both economic agents and drivers of social inclusion and cohesion, and tailor policies that will enable them to maximise their potential.

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ANNEX 1: INTERVIEWEES AND CONSULTATION WORKSHOP PARTICIPANTS

OUTREACH EVENTS AND WORKSHOPS

The social enterprise survey for the Philippines was administered as a component of the CSO-SEED Project. As such, majority of the outreach activities for the survey were conducted within larger CSO-SEED events. These events were concentrated in the ARMM, the focus area for intervention of the project. Specifically, the outreach activities were conducted in conjunction with the Social Enterprise Facilitator Development Workshop, Sultan Kudarat Roadshow, and Advocacy Training.

The following table presents the individuals consulted to enrich the findings of this study.

NAME	ORGANISATION
Love Gregory Perez	Xchange Inc.
Ana Tan	Ateneo Centre for Social Entrepreneurship
Marie Lisa Dacanay	Institute for Social Enterprises in Asia

ANNEX 2:

SURVEY QUESTIONS

1. What is the name of your organisation?

2. In what year did your organisation formally begin operating?

3. Where in Philippines does your organisation have its headquarters?

(Require just one selection)

- | | |
|--|---|
| <input type="checkbox"/> Region 1: Ilocos Region | <input type="checkbox"/> Region 10: Northern Mindanao |
| <input type="checkbox"/> Region 2: Cagayan Valley | <input type="checkbox"/> Region 11: Davao Region |
| <input type="checkbox"/> Region 3: Central Luzon | <input type="checkbox"/> Region 12: SOCCSKARGEN |
| <input type="checkbox"/> Region 4: CALABARZON | <input type="checkbox"/> Region 13: National Capital Region |
| <input type="checkbox"/> Region 5: Bicol | <input type="checkbox"/> Region 14: Cordillera Administrative Region |
| <input type="checkbox"/> Region 6: Western Visayas | <input type="checkbox"/> Region 15: Autonomous Region in Muslim Mindanao (ARMM) |
| <input type="checkbox"/> Region 7: Central Visayas | <input type="checkbox"/> Region 16: CARAGA |
| <input type="checkbox"/> Region 8: Eastern Visayas | <input type="checkbox"/> Region 17: MIMAROPA |
| <input type="checkbox"/> Region 9: Zamboanga Peninsula | <input type="checkbox"/> Region 18: Negros Island Region |

4. Is your organisation operating at a local/provincial, regional, national or international scale?

- | | |
|---|--|
| <input type="checkbox"/> Local/Provincial | <input type="checkbox"/> National |
| <input type="checkbox"/> Regional | <input type="checkbox"/> International |

5. Is your organisation a subsidiary of another organisation?

- | | |
|---|--|
| <input type="checkbox"/> No | <input type="checkbox"/> Yes: cooperative/cooperative foundation |
| <input type="checkbox"/> Yes: stock for profit | <input type="checkbox"/> Yes: others (please specify) |
| <input type="checkbox"/> Yes: non-stock, non-profit | <input type="text"/> |

6. What is the gender of the person currently in charge of your organisation?

- | | |
|-------------------------------|---------------------------------|
| <input type="checkbox"/> Male | <input type="checkbox"/> Female |
|-------------------------------|---------------------------------|

7. In what age range is the person in charge of the organisation?

- | | |
|-----------------------------------|--------------------------------------|
| <input type="checkbox"/> Under 18 | <input type="checkbox"/> 45 - 54 |
| <input type="checkbox"/> 18 - 24 | <input type="checkbox"/> 55 - 60 |
| <input type="checkbox"/> 25 - 34 | <input type="checkbox"/> 61 or above |
| <input type="checkbox"/> 35 - 44 | |

8. In what legal form(s) is your organisation registered?*(This question is required)*

- | | |
|--|--|
| <input type="checkbox"/> In the process of registration/not yet registered | <input type="checkbox"/> Corporation: stock for profit |
| <input type="checkbox"/> Single Proprietorship | <input type="checkbox"/> Cooperative |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Combination (Please specify) |
| <input type="checkbox"/> Corporation: non-stock, non-profit | |

9. What are your organisation's overall objectives? (select all that are applicable)*(This question is required)*

- | | |
|--|---|
| <input type="checkbox"/> Sell a good/product | <input type="checkbox"/> Support vulnerable children and young people |
| <input type="checkbox"/> Improve a particular community | <input type="checkbox"/> Support other social enterprises/organisations |
| <input type="checkbox"/> Create employment opportunities | <input type="checkbox"/> Address/Reduce/Alleviate poverty |
| <input type="checkbox"/> Support vulnerable people | <input type="checkbox"/> Empower marginalized groups |
| <input type="checkbox"/> Improve health and well-being | <input type="checkbox"/> Enable women/girls as economic actors |
| <input type="checkbox"/> Promote education and literacy | <input type="checkbox"/> Address food security and agricultural development |
| <input type="checkbox"/> Address social exclusion | <input type="checkbox"/> Support small producers in agricultural value chains |
| <input type="checkbox"/> Protect the environment | <input type="checkbox"/> Others (please specify) |
| <input type="checkbox"/> Address financial exclusion | |

10. Does your organisation place emphasis on: profit first, social/environmental mission first or both jointly?*(Require just one selection)*

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Profit first | <input type="checkbox"/> Both jointly |
| <input type="checkbox"/> Social/environmental mission first | |

11. What proportion of your total income came from grants last financial year?☐

0 - 24%

☐

50 - 74%

☐

25 - 49%

☐

75 - 100%

12. What is the nature of the grant?*(Allow multiple answers)*☐

Monetary

☐

In kind

13. Where did you use the grants?*(Allow multiple answers)*☐

Capacity building of staff

☐

Operating costs

☐

Capacity building of marginalized stakeholders

☐

Others (please specify)

☐

Equipment

14. If at all, will you provide information on your organisation's annual turnover (in pesos) in the previous financial year?☐

Yes, _____

☐

I would prefer not to give information on turnover

☐

I don't have information on turnover

15. What do you expect to happen to your organisation's turnover next financial year?*(This question is required)*☐

Increase substantially

☐

Decrease a little

☐

Increase a little

☐

Decrease substantially

☐

Stay the same

16. Do you currently make a profit or surplus?*(This question is required)*☐

Yes

☐

No

17. How is your profit/surplus used?*(This question is required)*☐

Enterprise growth and development activities

☐

Reserves

☐

Rewards to staff

☐

Funding social/environmental activities

☐ Profit sharing with other stakeholders

☐ Others (please specify)

☐ Cross subsidising

☐ Capacity building of stakeholders

18. How many paid full-time employees (35+ hours per week) do you currently employ?

Number of current full time employees

Number of current full-time female employees

Profit sharing with other stakeholders

Number of full-time employees a year ago

Number of full-time female employees a year ago

19. How many paid part-time employees (34 or fewer hours per week) do you currently employ?

Number of current part-time employees

Number of current female part-time employees

Number of part-time employees a year ago

Number of part-time female employees a year ago

20. How do you expect the number of people you employ to have changed by this time next year? Please provide your best estimate.
(This question is required)
☐ Increase substantially

☐ Stay the same

☐ Increase a little

☐ Decrease

21. Do you consider any of the following groups to benefit directly from your organisation's core business activities?
(This question is required)
☐ Local community

☐ Senior citizens

☐ Organisations (NGOs, micro and small businesses, social enterprises, self-help groups, community, and religious groups)

☐ Victims of disasters and calamities

☐ Women

- | | |
|---|---|
| <input type="checkbox"/> Employees of your organisation | <input type="checkbox"/> Children under 16 years old |
| <input type="checkbox"/> Farmers and landless rural workers | <input type="checkbox"/> Young people (16 - 35 years old) |
| <input type="checkbox"/> Artisanal fisher folk | <input type="checkbox"/> Disabled/differently abled people |
| <input type="checkbox"/> Urban poor | <input type="checkbox"/> People from underserved regions or communities |
| <input type="checkbox"/> Indigenous peoples | <input type="checkbox"/> Others (please specify) |
| <input type="checkbox"/> Formal labor and migrant workers | |
| <input type="checkbox"/> Workers in the informal sector | |

22. How many people do you estimate that you have supported in total in the last 12 months?

23. What is the main sector you operate in?

(This question is required)

- | | |
|---|---|
| <input type="checkbox"/> Agriculture | <input type="checkbox"/> Infrastructure Development & Maintenance |
| <input type="checkbox"/> Fisheries | <input type="checkbox"/> Justice & Rehabilitation |
| <input type="checkbox"/> Business development services & entrepreneurship support (including to charities and NGOs) | <input type="checkbox"/> Livelihoods & Employment Creation |
| <input type="checkbox"/> Education | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Energy & Clean Technology | <input type="checkbox"/> Mobility & Transport |
| <input type="checkbox"/> Financial Services | <input type="checkbox"/> Retail |
| <input type="checkbox"/> Food & Nutrition | <input type="checkbox"/> Services (eg ICT, tourism) |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Others (please specify) |
| <input type="checkbox"/> Health & Social Care | |
| <input type="checkbox"/> Housing | |

24. Do you have expectations for growth over the next year?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

25. How does your organisation plan on achieving growth over the next year?*(Choose as many options as applicable)*

- | | |
|---|---|
| <input type="checkbox"/> Increase sales with existing customers | <input type="checkbox"/> Merge with another organisation |
| <input type="checkbox"/> Expand into new geographic areas | <input type="checkbox"/> Acquire another organisation |
| <input type="checkbox"/> Develop & launch new products & services | <input type="checkbox"/> Win business as part of a consortium |
| <input type="checkbox"/> Attract new customers or clients | <input type="checkbox"/> Others (please specify) |
| <input type="checkbox"/> Replicate or franchising | |
| <input type="checkbox"/> Attract investment to expand | |

26. How does your organisation plan on increasing social impact?*(Allow multiple answers)*

- | | |
|--|--|
| <input type="checkbox"/> Scale: increase number of partners/stakeholders | <input type="checkbox"/> Depth: partnering with another development organisation, financing a partner organisation |
|--|--|

27. What are the major barriers which your organisation faces?*(Allow multiple answers)*

- | | |
|---|---|
| <input type="checkbox"/> Capital (debt/equity) | <input type="checkbox"/> Economic climate (fiscal regulations, prohibitive commissioning, exchange rate losses) |
| <input type="checkbox"/> Obtaining grant funding | <input type="checkbox"/> Access to public services (transport, energy, water and sanitation) |
| <input type="checkbox"/> Cash flow | <input type="checkbox"/> Taxation, VAT, business rates |
| <input type="checkbox"/> Recruiting other staff | <input type="checkbox"/> Availability/cost of suitable premises |
| <input type="checkbox"/> Shortage of managerial skills | <input type="checkbox"/> Late payment |
| <input type="checkbox"/> Shortage of technical skills | <input type="checkbox"/> Regulations/red tape/ corruption in government |
| <input type="checkbox"/> Lack of access to support and advisory services | <input type="checkbox"/> Extreme weather disturbances |
| <input type="checkbox"/> Understanding/awareness of social enterprise among banks and support organisations | <input type="checkbox"/> Government policies negatively affecting social enterprises |
| <input type="checkbox"/> Understanding/awareness of social enterprise among general public/customers | <input type="checkbox"/> Industry/market practices negatively affecting social enterprises |
| <input type="checkbox"/> Lack of demand for product or service | <input type="checkbox"/> Inadequacy of programmes supporting social enterprise development |

28. What are your organisation's top 3 constraints to financing?*(Choose only 3)*

- | | |
|--|--|
| <input type="checkbox"/> Generating revenue for equity investors | <input type="checkbox"/> Limited supply of capital |
| <input type="checkbox"/> Business model is not refined | <input type="checkbox"/> Regulatory constraints when securing capital from international sources |
| <input type="checkbox"/> Access to investors is low due to limited network of personal/organisational contacts | <input type="checkbox"/> Securing capital and financing is not one of our major constraints |
| <input type="checkbox"/> Limited track/performance record | <input type="checkbox"/> Access to loans |
| <input type="checkbox"/> Revenue and profitability requirement for bank loans | <input type="checkbox"/> Collateral requirements for loans |

29. What forms of finance and funding have you received (in the last year or since you started operating)?*(Allow multiple answers)*

- | | |
|---|--|
| <input type="checkbox"/> Grants from governments | <input type="checkbox"/> Commercial loans (market interest rate loans) |
| <input type="checkbox"/> Grants from foundations | <input type="checkbox"/> Equity or equity-like investments |
| <input type="checkbox"/> Donations- cash, in kind (e.g. equipment, volunteer time, friends and family support) | <input type="checkbox"/> None |
| <input type="checkbox"/> Concessional loans (loans with below-market interest rates, including from friends and family) | |

30. Would you describe your organisation as a social enterprise?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

31. Which practices do you implement?

- | | |
|---|--|
| <input type="checkbox"/> Pay workers living wage | <input type="checkbox"/> Provide capacity building and other services to marginalized stakeholders |
| <input type="checkbox"/> Pay premium price to suppliers | <input type="checkbox"/> Staff providing capacity development to marginalized stakeholders |
| <input type="checkbox"/> Engage in transparent negotiations with supplier communities | |

32. Do you measure your social and environment impact?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

33. Which, if any, of the following information are you willing to be shared publicly?*(This question is required)*

The following information will be shared in a public database available to investors and support organisations. Only this information will be shared, the rest of your responses will be kept confidential. However, if you do not wish for any of the following information to be public, please indicate below.

☐

Your organisation name

☐

Your sector(s) of specialisation

☐

Your country

☐

Your contact details

☐

Your location in the country

☐

None

☐

Your sector(s) of operation

34. Contact Details*(This question is required)*

Name:

Email:

Phone Number:

ANNEX 3:

REPORTING AND CAVEATS

Data from the survey was subjected to second-level analysis, by region, age of organisation, gender of leader, size (by turnover and jobs) and sector. Findings have only been presented where there are significant or interesting distinctions to be drawn through disaggregation.

For the purposes of the study, the term ‘funding’ is used to mean grants, revenue, income and the term ‘finance’ is used to mean debt, equity, investment, capital).

Survey results have been rounded off to two (2) decimal places due to which some figures might not add up to 100%. Some survey questions have multiple answers (such as organisations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100%.

The survey responses are self-reported by social enterprises. Data was not systematically verified with respondents, however outlying results and gaps were verified with respondents over the phone. No definition of terms accompanied the survey so cognitive bias may be present in the responses. That is, some respondents may have interpreted terms differently than the others and therefore, approached answering the questions in a dissimilar manner.

The figures pertaining to the socio-economic impact of the social enterprises surveyed – e.g. employment, turnover, beneficiaries – may not be fully attributable to social entrepreneurship. The survey questions for those parts asked for the number of full-time equivalent staff, amount of turnover, and number of beneficiaries of the entire organisation. Some organisations in the Philippines are engaged in social enterprise activities, among many other endeavours. This is especially true for non-stock, non-profit organisations which have taken up entrepreneurial activities to establish a financial component independent of the amount of funding received and ensure the continuity of some of their operations. It is important to note that in most cases, this social enterprise component is limited or only a part of the whole. Thus, the staff numbers, turnover and beneficiaries in this survey may not be fully attributed to the social enterprise sector. Some of these staff work in an organisation’s social enterprise-related units whereas the others do not as some of this turnover is owing to social enterprise-related activities whereas some do not (e.g. investment in financial instruments), yielding biased

results. The same logic applies to the data on beneficiaries. It is likely that the survey results contain biases due to the nature of outreach and sampling. It is expected that there are a higher proportion of social enterprises that are located in metropolitan cities with access to networks and a stable internet connection than is nationally representative. This is exacerbated by the fact that only a third of Filipinos have access to the internet (United Nations, 2014) and that mobile phone penetration rate is at a relatively low 30% (International Data Corporation, 2015). It is also expected that responses are far higher from areas where events and outreach activities were conducted, so again regional spread is not representative. Further, since the survey was administered through more modern means – that is, a web-based software for data collection and email and social media for contact – younger social enterprises may have been more effectively reached than their older counterparts as the former are known to have greater and more active online presence.

Further, it is important to note that the results obtained from cross-tabulations are not statistically rigorous. Due to the nature of the sampling process, they may be non-significant. The sample sizes for each group do not correspond with proportions pertaining to the population. As a result, the sub-groups (i.e. island groups, age groups, etc.) that have the most respondents automatically account for the majority in any analysis. Given that we cannot guarantee that the higher proportion of SE respondents from a particular group accurately represents the population – that is, that there is in truth, a greater proportion of such group in the Philippines – the latter figure may be an under or overrepresentation of the population. As a result, our analyses may be understatements or exaggerations of the actual state of social enterprises. A weighting adjustment may be performed to address this issue; however, the work entailed to accomplish that is beyond the scope of this study.

The estimates of total social enterprise numbers were challenging to compile – accessing MSME, Cooperative and NGO databases did not yield accurate results: the differences in perception of the concept of ‘social mission’ was problematic. Several MSMEs surveyed insisted on having a clear social mission of supporting the less fortunate through job creation. This is embedded in the common local impression of MSMEs.



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