## ASIA FAIR TRADE 2016

Poverty Reduction
through Social
Entrepreneurship
(PRESENT) as Platform
for Advocacy in the
Philippines

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# Poverty Reduction through Social Entrepreneurship (PRESENT) as Platform for Advocacy in the Philippines

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# Context of poverty and inequality—> Social Enterprises with the Poor as Primary Stakeholders or SEPPS (Dacanay,2012; 2013; ISEA, 2015)

## Social mission driven organizations

Explicitly pursue poverty reduction/alleviation as primary objective

#### Poor engaged

- as workers, suppliers, clients, owners;
- as partners in social enterprise/value chain management, governance &/or pursuit of social change

# Wealth creating organizations

Engaged in provision of goods and services

- Have a double or triple bottom line (social, environmental, financial)
- Financial sustainability supportive to social objective

# Distributive enterprise philosophy

Generate positive
economic &social value
that is distributed
to/benefit the poor as
primary stakeholders

#### Surplus/profits

- accrue to poor as dividends,
- used to support activities/ services for poor to overcome poverty
- •invested/reinvested to fulfill social mission

## Stakeholders' Consultation on the PRESENT Bill & Founding of PRESENT Coalition, Feb 2012



THE PRESENT BILL codifies what the COALITION SEES

POLICY
ENVIRONMENT
CONDUCIVE TO SOCIAL
ENTREPRENEURSHIP
IN THE PHILIPPINE
CONTEXT

### PRESENT Bill: Main Features

### Objective:

 Provide a nurturing environment for the development and growth of social enterprises as major vehicles for poverty reduction

#### Enacts:

- National Poverty Reduction Through Social Entrepreneurship (PRESENT) Program
  - → Development of SEPPS as main partners
  - →Strategic economic subsectors as units of planning

## Developing SEPPS as Main Partners in Strategic Economic Subsectors

- ▶ Single social enterprise interventions → limited in terms of impact and sustainability
- Importance of interventions at the level of economic subsectors → network of related actors and enterprises performing various functions in competing value chains; may be identified by major raw material source, finished product or final service provided

## Developing SEPPS as Partners of Poor in Strategic Economic Subsectors

- Strategic Economic Subsectors
  - have potentials for growth
  - large numbers of the poor are players or could become players
- Examples of strategic economic subsectors where SEPPS are already playing key roles:

coco coir, muscovado sugar, organic rice, essential oils, bamboo, educational toys, school chairs, coffee





## Full development of coco husk subsector: potential to create 3 M jobs

- ▶ 1.2 M coco farmers, 1M fishers: 50% below poverty
- → 3M ha, 10B coconut husks → 1B tons fiber; 2B tons coco peat worth P10-15B per year → w/ processing to higher value products: employment for 3M farmers and fishers (FSSI, 2010)
- DAR subsector study (2002):
  - ARBs' sustained involvement in geotextile nets manufacturing/coco husk subsector
  - →potential to increase annual incomes above poverty line (3-5 X current incomes)





### PRESENT Bill: Support Programs for SEPPS

- Provision of accessible non-collateralized loans thru special credit windows with a Guarantee Fund Pool
- Comprehensive insurance system to reduce vulnerability to climate change/calamities
- Resources for comprehensive capacity development for SEs and poor as partners
- R&D on strategic economic subsectors; appropriate technologies; and innovations to democratize access of poor to quality basic social services
- Market development program
- Recognition and support for LGUs to effectively partner and develop social enterprises
- Mainstreaming of SE content in formal educational system

### PRESENT Bill: Incentives for SEPPS

- Special allocation/preferential treatment in government procurement including coverage of performance bonds
- Tax exemptions and tax breaks for SEPPS and social investors
- Cash incentives (i.e. at least 25% of minimum wage for social enterprises employing PWDs)

## PRESENT Bill: Implementing Structures and Initial Appropriations

- Social Enterprise Development Council (SEDC) as attached agency of DTI → initial operating fund of P100M
- Government banks to set aside 8% of total loan portfolio for SEs; over a period of 10 years, all other banks
- Social Enterprise Development Fund: P3B over 10 years
- Implementing arms of SEDC: Secretariat and National Center for Social Enterprise Development headed by Executive Director