



# ► Strengthening Social and Solidarity Economy Policy in Asia



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## Mapping the Social and Solidarity Economy Landscape in Asia Spotlight on the Philippines

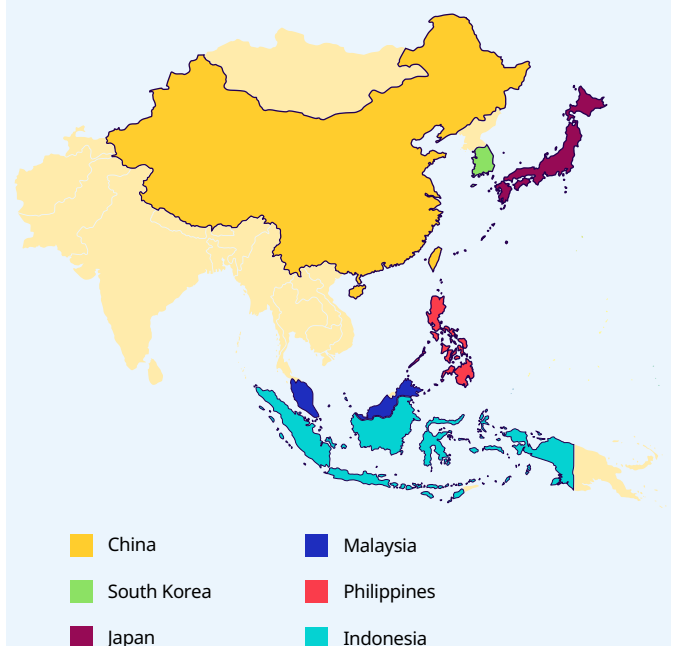
The Philippines has a strong civil society tradition that provides a fertile ground for the expansion of the social and solidarity economy (SSE). Various laws are in place that promote organizations such as cooperatives and non-profit organizations, which are active at the community level. Certain norms and practices commonly associated with SSE are permeating organizations in the public, private and

non-governmental sectors. In the process, hybrid entities such as social enterprises are emerging, as are multiple forms of inter-sectoral collaboration and partnerships. Drawing on ongoing ILO research on SSE in Asia (see Box 1), this Brief provides an overview of SSE landscape in the Philippines, identifies the main types of SSE organizations and enterprises (SSEOs), and highlights several policy challenges and pathways to realize SSE's transformational potential.

### Box 1: ILO Project on Strengthening SSE Policy in Asia

This brief is based on research that was carried out under the first phase of the ILO project “Strengthening Social and Solidarity Economy (SSE) Policy in Asia” that took place during 2019-2021. The research sought to better understand the current status of SSE in six countries in Asia (Republic of Korea, Japan, China, Malaysia, Indonesia and the Philippines) in terms of the organizational landscape, adopt a framework suitable for cross-country comparison, identify policy challenges and suggest preliminary pathways for strengthening SSE. Through a second phase of the project, ILO will conduct additional country studies in Thailand, Vietnam, Mongolia, Kyrgyzstan, Laos and Cambodia. This brief presents the key findings from the research papers “Mapping the Organizational Landscape of the Social and Solidarity Economy in the Philippines”, and “Public Policies for the Social and Solidarity Economy: Towards a Favourable Environment – The Case of the Philippines”, authored by Benjamin R. Quiñones, Jr.

### ► Asia



It is only in recent years that the term SSE is being used in the Philippines as an umbrella concept that encompasses the work of people's organizations (POs), cooperatives, associations, non-governmental organizations (NGOs), micro-finance institutions and other social enterprises that are involved in both economic activities and service provision (see Box 2). Furthermore, the term captures aspirations for a just and equitable society that are deeply rooted in the Filipino culture. These include reciprocity (*damayan*), helping one another (*pagtutulungan*) and, in particular, *bayanihan*, which is synonymous with cooperation and solidarity. *Bayanihan* denotes solidarity among members of a group of people in a common, collective action. It portrays oneness of purpose, togetherness, caring and sharing, and the synergy of working together. It represents a "shared responsibilities" approach to building inclusive and sustainable communities.<sup>1</sup>

After the People's Power Revolution that ousted the Marcos regime in 1986, civil society organizations (CSOs) became a key player in community development and development planning and policy & legislative

advocacy.<sup>2</sup> The 1987 Constitution recognized both the right of independent people's organizations (POs) to organize and mobilize in support of their members' interests and the participation of NGOs in local governance. It also promoted the role of cooperatives, community-based organizations and NGOs in economic and social development. Many laws, policies and programmes have since regulated and supported these and other forms of organization that share a degree of conformity with SSE values and practices (see Box 3).

Various laws and related economic and social policies and programmes, coupled with large inflows of foreign aid for the non-profit sector, fueled the growth of myriad forms of CSOs and expanded partnership between government institutions and CSOs.<sup>3</sup> By the turn of the millennium there were between 249,000 and 497,000 CSOs,<sup>4</sup> 60 per cent of which were registered. A decade later, research revealed that 46 per cent of the Philippine population considered themselves active members of at least one CSO.<sup>5</sup> Some 10 percent of population are members of cooperatives.

### Box 2: Defining SSE

While definitions vary (see Brief 1), core features of SSE have been described by the United Nations Task Force on SSE (UNTFSSSE) as follows:

"SSE encompasses organizations and enterprises that have explicit economic and social (and often environmental) objectives; involve varying degrees and forms of cooperative, associative and solidarity relations between workers, producers and consumers; and practice workplace democracy and self-management. SSE includes traditional forms of cooperatives and mutual associations, as well as women's self-help groups, community forestry groups, social provisioning organizations or 'proximity services', fair trade organizations, associations of informal sector workers, social enterprises, and community currency and alternative finance schemes." schemes."

Source: <https://unsse.org/sse-and-the-sdgs/>

## Prominent forms of SSEOs

Following the methodology adopted by the ILO project, which defines SSEOs as entities that combine certain economic, social and democratic features (see Brief 1), several prominent forms exist in the Philippines. Some, such as cooperatives, have a long history; several expanded rapidly during the post-Marcos era; while others, including different forms of social enterprise, have emerged more recently.

While the **cooperative sector** had a checkered history throughout much of the 20th century, it has been overhauled and revitalized in recent decades to deal with issues of mismanagement, inefficiency and bankruptcy, and to enhance the sector's ability to compete with private firms in the context of economic liberalization. Since 2014 the number of cooperatives has declined due to de-registration of inactive organizations and mergers. Membership and employment, however, have recently increased, in part due to the emergence of new forms of cooperatives, such as labour services and workers' cooperatives and others involved in the fair trade movement (see Figure 1).

1 Benjamin Quiñones Jr., [Public Policies for the Social and Solidarity Economy: The Case of the Philippines](#) (ILO, 2015).

2 The administration of Cory Aquino that succeeded the Marcos regime allied with civil society organizations (CSOs), POs and NGOs in a bid to minimize the role and influence of the military on public policy and governance. This paved the way for these organizations to foster public policies that promoted people's participation in policy and program formulation and implementation. See Asian Development Bank, [Civil Society Briefs - Philippines](#) (ADB, 2013).

3 Please see Alexander Miles Jones, [Aid trends in a middle-income country: The Philippines case](#) (IBON Foundation, 2009); Consuelo Katrina A. Lopa, [The Rise of Philippine NGOs in Managing Development Assistance](#) (The Synergos Institute, 2003).

4 Asian Development Bank, [Overview of NGOs and Civil Society: Philippines](#) (ADB, 2007).

5 Caucus of Development NGO Networks (CODE-NGO), [Civil Society Index: A Philippine Assessment Report](#) (CODE-NGO, 2011).

### Box 3: Key laws enabling SSE in the Philippines

The people-centred mandate laid down in the Constitution was subsequently clarified and reinforced through various laws. Particularly relevant for the development of SSE are the following:

- ▶ The **Local Government Code (LGC) of 1991** paves the way for decentralization and local autonomy. It directs local authorities to actively collaborate with cooperatives and CSOs through poverty alleviation programs, and to support capacity-building of cooperatives and POs, the promotion of microfinance services, and the implementation of public-private partnerships (PPPs) with CSOs.
- ▶ The **Social Reform and Poverty Alleviation Act of 1997** encourages the poor to engage in economic activities through cooperatives, POs and microfinance institutions (MFIs). It legislates a fund dedicated to capability building through training and technical assistance for MFIs and their beneficiaries.
- ▶ The **Philippine Cooperative Code of 2008** makes it easier for people to self-organize as a cooperative, for cooperatives to provide multiple services, for private firms to form cooperatives and for inactive cooperatives to de-register or merge with functioning cooperatives.
- ▶ The **Microfinance NGOs Act of 2015** 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.

Certain laws enabled SSE by promoting and facilitating democratic governance and active citizenship. These include, for example:

- ▶ The amended **Labor Code of 1989** which provides for the protection of labor, strengthens the constitutional rights of workers to self-organization, collective bargaining and peaceful concerted activities.
- ▶ The **Magna Carta of Women of 2009**, a comprehensive women's human rights law, seeks to eliminate discrimination through the recognition, protection, fulfillment and promotion of the rights of Filipino women, especially those belonging in the marginalized sectors of society.

Other laws have benefited particular forms of organization, notably social enterprises, by increasing support for entrepreneurship and micro-, small and medium sized enterprises:

- ▶ The **Barangay Micro Business Enterprise Law of 2002** encourages the formation and growth of barangay micro business enterprises, thereby integrating informal sector activities into the mainstream economy.
- ▶ The **Magna Carta for Micro, Small and Medium Enterprises (MSMEs) of 2008** seeks to strengthen the growth and development of MSMEs by expanding programs for training in entrepreneurship and skills development, facilitating access to funds, and assuring access to a fair share of government contracts and related incentives.
- ▶ The **Go Negosyo Act of 2014** encourages the establishment of MSMEs that facilitate local job creation, production and trade in the country.
- ▶ The **Youth Entrepreneurship Act of 2015** promotes the sustained development of the aptitude and skill of young Filipinos in the field of finance and entrepreneurship.

A **People's Organization (PO)** refers to a self-help group composed of members from disadvantaged groups who voluntarily join at the community level to achieve a lawful common social or economic objective. It draws its membership largely from low-income people, factory and company workers, peasants and fisherfolk, itinerant and informal workers. POs are allowed by law to establish and operate a business enterprise or income generating project. The income from their business undertakings cannot be distributed to the members and must be ploughed back into operations. Unlike cooperatives, POs do not collect capital shares from

members, but gather ambag (donation) from members to finance their projects.

Another form of membership-based organization is a **Mutual Benefit Association** which operates mutual insurance schemes to benefit those who may not have access to more costly insurance schemes. Mutual insurance is a mechanism to protect people against risk in exchange for payments tailored to their needs. Members participate in the design, development, management and governance of the mutual insurance scheme (see Box 4).

► **Figure 1. Growth of cooperatives in the Philippines 2011–2018**



**Note:** Starting in 2015, the data relate only to those cooperatives that submitted membership and financial reports to CDA.

**Source:** Coop statistics from the Cooperative Development Authority (CDA)

Many **development NGOs** that depended on grants have transitioned to income-generating activities. NGOs are classified as SSEOs when they operate a business enterprise or income generating project (IGP), provide financial services or capacity-building programs catering to the poor, vulnerable groups, cooperatives or micro, small and medium enterprises (MSMEs) and integrate their beneficiaries into their organizational structure as

member-clients. Examples of NGO-SSE organizations include microfinance, trading and logistics NGOs.

A dynamic part of SSE relates to the organization of informal economy workers. Many home based workers, street vendors, waste pickers and other groups of informal economy workers have formed associations. CSOs and their networks are providing various forms of assistance and engaging in advocacy on their

#### Box 4: CLIMBS: Extending mutual protection in the Philippines

CLIMBS Life and General Insurance Cooperative was established in 1971 as cooperative experiment to provide mutual protection to low-income groups generally excluded from the insurance market. It subsequently developed multiple insurance services and was licensed as a Mutual Benefit Association in 1994. It currently has approximately 4,000 member cooperatives with assets worth 3.4 billion pesos (approximately 65.3 million US dollars). Over the years, CLIMBS has issued approximately 60 million insurance policies. It provides microinsurance to 1.7 million people – 22 per cent of people covered by microinsurance in the country, and currently serves more than 10 million Filipinos.

Constantly innovating to stay ahead, early initiatives included setting up unique distribution channels called the Cooperative Assurance Centres where partner cooperatives extend CLIMBS products and services to their own members, according to demographic profiles and the specific needs of each community. CLIMBS also serves different needs of its members through subsidiaries such as the CLIMBS Institute for Financial Literacy which provides continuous education and capacity-building of cooperative leaders. Recent innovations include extending services to young people, developing digital financial services, and addressing problems exacerbated by natural disasters and climate change, for example, by pioneering weather index insurance and helping member cooperatives build stronger and more resilient communities through training on business continuity planning.

**Source:** ILO interview with Noel Raboy, President and CEO in CLIMBS, 26 February 2019; [CLIMBS website](#).

behalf. While social security coverage for the self-employed, which is legally mandated, is still minimal, it has expanded partly as a result of government efforts to work with cooperatives and POs to reach informal economy workers. Organizations such as PATAMABA, Homenet Philippines, the Magna Carta for the Informal Sector Alliance (MAGCAISA) and other networks of workers in the informal economy have been lobbying for a Magna Carta for Workers in the Informal Economy (MACWIE), which is currently pending in Congress (see Box 5).

social services. By getting organized, waste pickers will have a “stronger bargaining position with industry and government, and thus, can gain higher incomes. If organized into cooperatives, they can enter into contracts with industry or grant agreements with donor agencies.”<sup>6</sup>

In the absence of an enabling legal framework, the term **social enterprise** is used by its advocates in the Philippines to refer to any membership based organization, whether in the form of a cooperative,

### Box 5: Case Study: Cooperation among workers in the informal economy: PATAMABA and Homenet Philippines

In the late 1980s, efforts to organize self-employed and sub-contracted women workers led to the founding of PATAMABA, the National Network of Informal Workers in the Philippines. With over 19,000 members and 276 chapters in 34 provinces PATAMABA engages in advocacy to extend labour rights and social protection to home-based workers. PATAMABA also played a key role in the creation of Homenet Philippines, a broad coalition of 23 informal economy workers groups and NGOs, established in 2006, that seeks to empower home-based workers through greater visibility and representation in governmental decision-making bodies both at the local and national levels.

Both PATAMABA and Homenet Philippines have established several SSE organizations and practices. These include the Homenet Producers Cooperative, the PATAMABA Housing Association in Angono and other initiatives undertaken by PATAMABA WISE (Workers in the Informal Sector Enterprise), the economic arm of PATAMABA. These include production clusters for multiple products such as bed linens, curtains, picture frames, biodegradable home care products and recycled cloth. Producers are able to sell via direct marketing channels with municipality employees and consumers in local community, as well as through the Homenet Producers Cooperative. PATAMABA has also developed an independently-run microfinance system with savings and mutual aid components. In response to the COVID-19 pandemic, PATAMABA WISE, with support from Homenet Philippines, has conducted donation campaigns for food, medicines, and other basic needs; produced face masks, hand sanitizers and personal protective equipment (PPE); shifted to food production, developed community gardens and promoted online marketing.

Sources: [Homenet Philippines website](#); Rosalinda Pineda Ofreneo, [Engendering Social and Solidarity Economy \(SSE\) in the Context of the 2030 Sustainable Development Agenda](#) (2019);

[Interview with Josephine Olive Parilla](#) (RIPESS, 2021).

A limited number of public policy reforms aimed at supporting such groups have been introduced. In relation to waste pickers, they include a 2010 resolution of the National Solid Waste Management Commission (NSWMC) to approve the National Framework Plan of the Informal Sector in Solid Waste Management. While implementation throughout the country has been uneven, the Plan aims to formalize the informal waste sector by incorporating it into the solid waste management system by providing them with a favorable policy environment, skills development and access to livelihood opportunities, employment and

PO or workers’ association. Key attributes include a membership comprising the poor as the primary stakeholder and the pursuit of a ‘triple bottom line’ related to social development, environmental protection and economic sustainability. The term is also used by organizations pursuing a triple-bottom line objective but whose primary stakeholders include the non-poor. While no official statistics are available to verify how many organizations belong to this category, a 2017 study provided a provisional estimate of 164,473.<sup>7</sup> They include NGOs registered with the Securities and Exchange Commission (38,482 enterprises), micro,

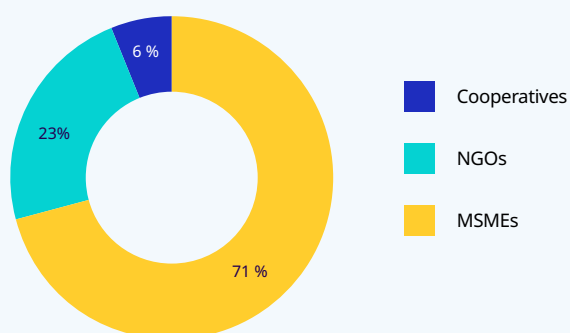
<sup>6</sup> NSWMC, [National Solid Waste Management Strategy 2012 – 2016](#).

<sup>7</sup> CSO-SEED Project Implementing Agencies, [Reaching the Farthest First: The State of Social Enterprise in the Philippines](#) (2017).



small and medium enterprises (MSMEs) registered with the Department of Trade and Industry (115,856), Cooperatives registered with the Cooperative Development Authority (9,929), and others (206)<sup>8</sup> (see Figure 2).

► **Figure 2. Social enterprises registered under different forms in the Philippines**



A number of trade unions and other labour organizations are establishing social enterprises and cooperatives, often with support from the Department of Labor and Employment (DOLE) through the Workers' Income Augmentation Program. Examples include initiatives by:

- the Cebu Royale Plant Employees Sales Force Union to set up the union's home-made pizza business;
- the Mitsumi Philippines Workers Union in Bataan that transformed a rice-trading project into a viable and sustainable business; and
- the [GlobalPro Multi-purpose Cooperative](#) that was formed in 2005 when labour organizers re-registered informal economy workers as a cooperative to address the outsourcing needs of corporations for skilled labour and to set up several social enterprises.

## Mapping the SSE landscape

In addition, foundations and certain corporations assume some but not all of the core features – economic, social and democratic – commonly associated with

SSE. In recent decades, the boundaries separating the public and private sectors and civil society have become blurred. The mapping exercise carried out under the project sought to characterize the broader ecosystem of organizations related to SSE, including both core SSEOs and others that partially resemble SSEOs in terms of adopting two out of the three core features.

Drawing on the provisions of Philippine laws and regulations, the research attempted to determine which of the organizations formally registered under the Revised Corporation Act, the Cooperative Code, the Labor Code, the Magna Carta for Homeowners, and Homeowners Associations can be classified as either SSEOs or partial hybrid organizations (PHOs).

As indicated in Figure 3, ten types of organizations were found to constitute the core of SSE. Out of the 15 types of PHOs, four engage in income generation and have a social orientation; eight combine social and democratic features, and three blend economic and democratic features. Also identified are eight "other organizations" that adopt only one of the qualifying criteria. These are often NGOs, labour unions or POs that do not engage in income generating projects (IGPs).

A number of observations emerge from this mapping.

- The range of organizational forms that share some of the features of SSE appears to be broadening. CSOs, for example, are engaging in income generating activities and some corporations are pursuing both economic and social objectives.<sup>9</sup>
- While the majority of SSEOs continue to adhere strongly to social objectives, some have drifted away from their mission. In a bid to increase their resources, SSEOs may hire market-oriented technical experts who advise them to invest more in capital and financial markets, while minimizing exposure to what they might consider 'highly risky' projects targeting vulnerable groups. A similar phenomenon has affected some social-economic PHOs such as microfinance NGOs and development NGOs.<sup>10</sup>
- Features of SSE specified in law are not always mirrored in practice. As SSE enterprises grow, for example, managerial hierarchy may weaken aspects to do with participation and democratic governance. In contexts where there is a large informal economy, as in the Philippines,<sup>11</sup>

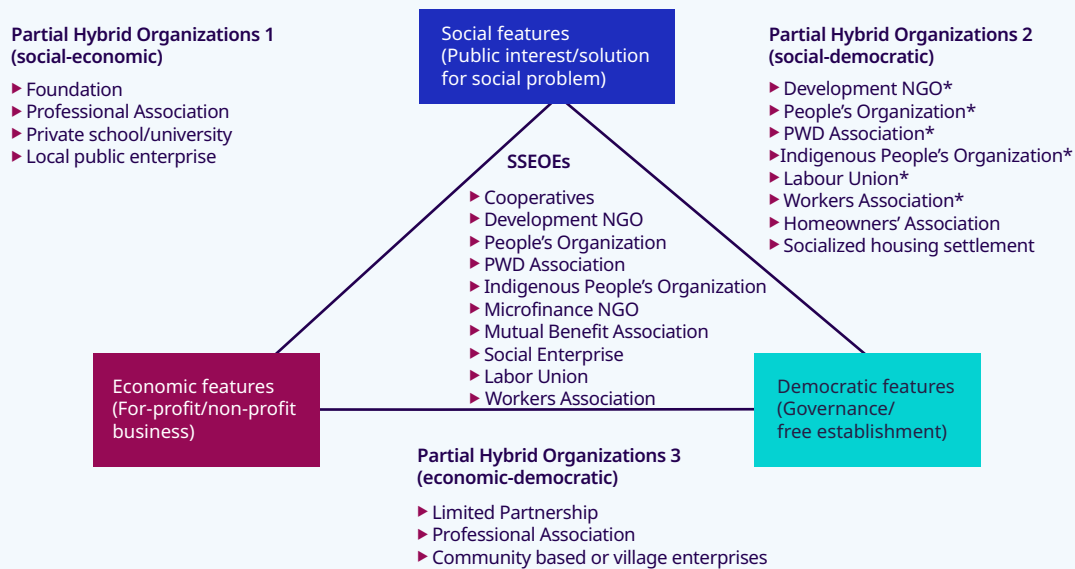
<sup>8</sup> "Others" refer to the 206 enterprises that were classified as 'social enterprises' in the research study through a survey involving a sample size of 256 enterprises (54 MSMEs; 105 NGOs; and 67 cooperatives).

<sup>9</sup> See also A. B. Acejas, [The Philippines Social Economy: A Case Study](#) (University of Newcastle, 2014). Peter Utting, [Public Policies for Social and Solidarity Economy: Assessing Progress in Seven Countries](#) (ILO, 2017).

<sup>10</sup> See [Microfinance Industry Report Philippines](#) (Micro Finance Council of the Philippines, 2010).

<sup>11</sup> According to a study published by the Philippine Institute for Development Studies: "More women engage in the informal sector than men .... In 2017, about 31 million male workers are formally employed, while only about 25 million are under informal employment. In comparison only 15 million female workers are formally employed, whereas 39 million are under informal employment." Aubrey D. Tabuga and Carlos C. Cabaero. [Towards Inclusive Social Protection Program Coverage in the Philippines: Examining Gender Disparities](#) (Philippine Institute for Development Studies 2019).

► Figure 3. Institutional map of SSE in the Philippines



\*refers to organization without income generating activities

a focus on organizational forms recognized in law may not capture certain institutions, organizations and networks. This applies to informal institutions of cooperation, solidarity, self-help and mutual assistance, as well as to community organizations and social or advocacy networks that are not formally regulated.<sup>12</sup>

## Policy challenges and potential strategies for supporting SSE

While the institutional ecosystem promoting SSE has clearly expanded in recent decades, ongoing efforts are required to strengthen the enabling environment for SSE and sustain its attributes related to economic sustainability, social purpose and democratic governance. A number of key challenges have been identified:

- ▶ The compartmentalization of poverty reduction policies in the social welfare sector, and the prioritization of market-oriented policies and the corporate sector in the economic policy arena, investment strategy and public-private partnerships (PPPs);<sup>13</sup>

- ▶ Gaps in law and policy, including certain bills backed by civil society networks and intermediary associations that have stalled in Congress;
- ▶ Limited information, statistics and understanding about SSE and the specific types of organization that fall under its framework such as social enterprises, cooperatives, mutual associations or the informal economy;
- ▶ Myriad micro-level SSEOs that not only lack assets, capacity and income-generating possibilities but also linkages with communities and other SSE organizations and networks;
- ▶ Lack of a broad-based SSE movement that connects POs and associations from different sectors and organizes at multiple – local, regional and national – levels.

The research suggests four strategies that could be considered simultaneously for SSE to realize its development and transformational potential.

**Mainstreaming SSE** via laws, policies and other institutional arrangements that level the economic playing field; secure the rights of citizens to organize and mobilize in defense of their interests; provide incentives and support through economic, labour market and social policy; and raise public awareness of SSE. Key

12 While the legal framework adopted in this research for mapping SSE landscape is useful, it may not entirely capture all the organizations that conform to the features ascribes to SSE given the limited nature of the analysis.

13 Benjamin Quiñones Jr., Rediscovering Social and Solidarity Economy in Community-Based Supply Chains (*Philippine Journal of Social Development* 6(1), 2015).

initiatives in this regard are two legislative proposals: the Magna Carta of Workers in the Informal Economy (MACWIE) and the Poverty Reduction through Social Entrepreneurship (PRESENT) Bills. A coalition of actors from civil society are engaged in advocacy to ensure that the PRESENT Bill is broadened beyond issues of market access and financial support for social entrepreneurs to a range of benefits for informal economy workers, other SSEOs and their support organizations. Mainstreaming also requires greater dialogue and public debate about SSE, particularly in a context where the term is relatively new and where there is a lack of clarity regarding the types of organizations involved.

**Transformative strategy**, involving forms of social innovation whereby workers in both the informal and formal economy are able to improve their livelihoods

by developing enterprise activities. Illustrative in this regard is the work of PATAMABA WISE or waste pickers who have formed cooperatives.

**Community strategy**, whereby SSEOs broaden their objectives beyond their immediate members and primary stakeholders to the wider local community and the environment. Actions, for example, by organized fisherfolk to rehabilitate coastal mangrove areas are a case in point. Also important is the development of community-based supply chains which link local producers and local consumers, as well as a more encompassing approach to PPPs where CSOs, POs, local for-profit private companies and local government units work together.<sup>14</sup>

## ► Acronyms

<b>CSO</b>	Civil society organization	<b>PATAMABA</b>	Pambansang Kalipunan ng mga Manggagawang Impormal sa Pilipinas (National Network of Informal Workers in the Philippines)
<b>DOLE</b>	Department of Labor and Employment	<b>PHO</b>	Partial hybrid organization
<b>IGP</b>	Income generating project	<b>PO</b>	People's organization
<b>ILO</b>	International Labour Organization	<b>PPP</b>	Public-private partnership
<b>LGC</b>	Local Government Code	<b>PRESENT</b>	Poverty Reduction through Social Entrepreneurship (Bill)
<b>MACWIE</b>	Magna Carta for Workers in the Informal Economy	<b>PWD</b>	Persons with disabilities
<b>MAGCAISA</b>	Magna Carta for the Informal Sector Alliance	<b>SSE</b>	Social and solidarity economy
<b>MFI</b>	Microfinance institution	<b>SSEOE</b>	Social and solidarity economy organizations and enterprises
<b>MSMEs</b>	Micro, small and medium-sized enterprise		
<b>NGO</b>	Non-governmental organization		
<b>NSWMC</b>	National Solid Waste Management Commission		

<sup>14</sup> Benjamin Quiñones Jr. *Rediscovering Social and Solidarity Economy in Community-Based Supply Chains*.

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