

Notes on Social Enterprises and Poverty

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**Ateneo de Manila, Q.C. Sept 17-18, 2009**

# Context

- Social enterprises are part of social movements and social mobilization to reduce poverty.
- The literature offers a broad definition of social enterprises : businesses with specific social objectives such as poverty reduction and popular empowerment.

# Chronic Poverty

- √ poverty experienced by an individual or household for such an extended period that it is unlikely to change (long-term poverty);
- √ poverty that is experienced during the entire course of a person's life (life-course poverty); and,
- √ poverty that is transmitted from parents to children (intergenerational poverty)

# Poverty Data

- Poverty Table

Province/Country	ELB	Poverty	Infant Mortality (per 000)	Percentage of Unemployed
ARMM	52 years	45 %	55 infants	56 %
Philippines	71 years	36 %	49 infants	10 %

**Table 1 : Human development indicators: Muslim Mindanao, , UNDP 2005**

## Social Mobilization and Poverty

- Movements challenge the political economic foundations (the distribution of power) that underlie the incidence and persistence of poverty;
- Movements rework the cultural politics of poverty (*Chambers, 1997 on “Jodha’s Paradox”,* );
- Movements help improve the assets (*Amartya Sen, 1988, endowments and entitlements*) of the poor; and
- Movements engage with and bring pressure on states to act on poverty

# Observations about the link between social enterprises and poverty

- Social enterprises find their distinctive relevance and importance when they deal with embedded institutions that lead to persistent poverty
- social enterprises appear to create the strongest contributions to improving the assets of the poor
- social enterprises are founded upon, or originate from, a long history of claim-making actions.
- long term impact is to equalize the politico-economic distribution of power.

## However,

- difficult to anticipate when and how change can happen if social enterprises operate within incentive structures shaped by the dominant political economy.
- counterpoint provided by women -- expanded public space, leverage rights and access to resources. They improved entitlements, challenged foundations of poverty (especially at the household level), and reworked cultural politics of poverty.
- Their actions underlie a crucial ingredient in social enterprises that has been seldom explored or highlighted in the literature – risk aversion and risk management.

# Civic entrepreneurship

- “ the institutional process by which market transactions between agricultural producers and other market agents produce mutually and socially beneficial outcomes. It goes beyond the institutional framework that governs the simple functioning of markets. Upholding property rights and enforcing contracts is supplemented by institutional restraints on strategic behavior”

## In Mindanao : two approaches

- One approach is to analyze the formal sector and look at the social enterprises established within the region and their effects on poverty.
- The other approach is to look at the informal sector and recognize how widespread poverty in Mindanao often conceals the nature of the real economy, and the emergence of new forms of social enterprises.