

# Enchanting entrepreneurs in the Philippines



**Eilidh Forster**

*Eilidh Forster, an MSc Tropical Forestry student from Bangor University in Wales, recently visited a unique ‘incubator farm’ community in the Philippines, Gawad Kalinga Enchanted Farm (GK EF). Inspired by this unique ‘Enchanted Farm’ model she explains how it is helping to reduce poverty across the Philippines. Eilidh plans to return to the Philippines later this year to research cacao agroforestry systems and the scaling-up of production to support growing businesses. (Photo: Eilidh Forster and Antonio Meloto, founder of Gawad Kalinga).*

## Summary

*Gawad Kalinga Enchanted Farm (GK EF)*, located in Bulacan province around 50 km from Manila, is a unique farm community, conceived by the visionary social entrepreneur, Antonio Meloto. Mr Meloto is quick to emphasise that *Gawad Kalinga* is not a development *project* (he associates the term *project* with having an end point) but rather a social *movement*. *Gawad Kalinga* (which means ‘to give care’) aims to end poverty in the Philippines by making use of the staggering 12 million hectares of currently under-productive arable land and connecting farmers with social entrepreneurs to create sustainable Philippines-based agricultural businesses and jobs.

## The problem

The Philippines, like many countries, suffers from chronic rural migration and young educated entrepreneurs and professionals are moving towards urban centres or abroad to pursue ‘better’ career opportunities: well-paid jobs working for big global corporations. This results in a loss of human capital that could potentially develop local industries with manufacturing or processing capabilities. As a result, the Philippines continues to import products that could otherwise be produced locally. For example, it sells cacao to Dutch traders and then buys back expensive chocolate, even though nationals know how to make (delicious) chocolate. The best chocolate brands are normally associated with the Swiss and Belgians despite not being able to grow cacao in their own countries.

The reverse is also true, wherein local businesses also choose to import raw materials to create products due to a lack of

domestic industries able to supply them consistently. It is this vast opportunity presented by import replacement that *Gawad Kalinga* is using to inspire and develop a new generation of social entrepreneurs - with proven success.

## The opportunity

Import replacement represents a huge opportunity for the Philippines to make better use of its rich natural and human resources in a sustainable, socially and environmentally responsible manner.

*Gawad Kalinga’s* social entrepreneurship movement towards more inclusive growth is creating jobs, opportunities and wealth; reducing poverty; and helping the Philippines to become a more self-sufficient country with a stronger economy.

## How *Gawad Kalinga Enchanted Farm* works

The *GK Enchanted Farm* is an inclusive platform for social entrepreneurship designed to be a conducive ecosystem for entrepreneurs and innovators to generate, share and test new models of business (whether for products or services) with the intention to have a positive impact on the ground.

As an ecosystem, the farm is able to connect interested entrepreneurs to the land, community partners, and the market, with the eventual goal of supporting these entrepreneurs to create proof-of-concept on the ground. The farm is intended to be an incubator for socially and environmentally responsible businesses.

### Philippines facts

- 50 percent of the population depends on agriculture for their livelihood.
- The average age of farmers is around 57 years due to rural migration.
- Half the country’s population is less than 23 years old and the average life expectancy is just 67 years.
- There are around 12 million hectares of under-productive arable land (owned mainly by absentee landlords and the Catholic church, but also by the state).
- The Philippines imports many of the products it consumes - from Europe, the Americas and Australasia. For example, 98 percent of its dairy is imported; 4 percent of which is from Singapore (which does not even produce its own dairy products).
- The Philippines is rich in natural resources and is among the most biodiverse countries in the world.
- The Philippines currently has the fastest growing economy in Southeast Asia - and is also among the fastest growing globally.

As GK EF start-ups are still in the initial stages of their development, a significant majority of their contribution to the community is long-term employment, as well as providing scholarships to raise a new generation of social entrepreneurs from the grassroots. They also pay rent for premises. While the focus of the social entrepreneur is developing their respective enterprises, their demonstration workshops and plots for their respective raw materials also contribute to the overall development of the Enchanted Farm - since one benefits the other symbiotically.

*Gawad Kalinga* has built a strong reputation over the years and central to this has been Antonio Meloto, who has huge credibility, both nationally and internationally, and who works tirelessly to raise its profile.

## The growth of *Gawad Kalinga* Enchanted Farm

After its inception in 2003, the first phase of GK's development was the creation of communities. While the initial impression of GK to the general public is that of house and community building (Figure 1), there is a strong focus on instilling a new culture and mind-set in the communities so that they develop values and community organisation that ensure programmes and initiatives are sustained by the community in the long term. GK is now present in around 2,700 communities across the country and it continues to grow, especially in disaster areas such as those hit by Typhoon Haiyan. Community members become eligible to become residents of a GK community through a 'sweat equity' programme, wherein residents contribute their sweat, equivalent to the material cost of the house, by building their neighbours' houses through *Bayanihan* (community spirit).



Figure 1. Community homes

In 2011, GK began to prototype the second phase of its development: the birth of the GK Enchanted Farm model (a separate entity but only in a legal sense). This builds on the existing community platform and takes advantage of both the governance structure and value-based approach for sustainability through countryside development (focus on agriculture) and social entrepreneurship (inclusive growth). The initial two hectare property on which the GK EF Community stands was donated to the cause by a long term GK volunteer. As the initial idea for the GK Enchanted Farm began to form, land expansion

was made through a combination of more donations, purchase and lease, eventually leading to the farm now being situated on a 34 ha site.

The GK EF in Bulacan is the first 'Farm Village University' to be developed, out of a planned 25 such establishments to be located in key provinces around the county. These Farm Village Universities will combine agricultural/enterprise activities (farm/industry), a community platform (village/people) and a learning environment (university) in one location.

The GK Enchanted Farm in Bulacan has become:

- **A destination for social tourism.** It showcases an alternative model of development, wherein rich and poor live and work alongside one another; sharing best practices, from both the private and public sectors of society in social enterprise development.
- **A university for social education.** The farm offers both formal (tertiary-level) and informal learning opportunities to share knowledge in this new field of sustainable development called social entrepreneurship. It has recently begun its own college for social business with the intent of raising a new generation of social entrepreneurs from the grassroots (mostly the children of farmers and construction workers). The farm also offers field trips and internship opportunities for those interested in learning more about this field or to complement existing curricula in their respective universities and colleges.
- **An incubator for social business.** The farm is an ecosystem for social entrepreneurship that is home to several start-ups at varying stages of development. Visitors can meet and interact with a variety of social entrepreneurs, coming from different regions of the world, intent on making the world safer, better and kinder through social business.



Figure 2. The organic farm

The Farm Village Community has now grown in size, with 50 local families and 34 ha of productive land. Indeed, the farm and its surrounding 100 ha has just been awarded protected status as an agro-innovation area. The community continues to grow and expand, featuring houses, an organic farm showcase (Figure 2) with a training centre, a two-year school for bright public high-school graduates, an arboretum, a 'bamboosetum', a one-hectare demonstration farm plot, production and processing buildings, a multi-purpose hall

shared by the community and farm visitors, and a conference centre sponsored by multinational companies (which hold regular educational tours). It will shortly have a high-end health and wholeness centre and has plans to expand the two-year school into an innovative, highly respected university for social entrepreneurship.

## **Gawad Kalinga Enchanted Farm success stories**

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In a short period of time the *GK EF* has incubated a number of successful businesses:

### **Case study 1: ‘Human Nature’**

*Human Nature*, was the first business created at the farm around six years ago, although it was started in the kitchen of Mr Meloto. It manufactures personal care products from natural organic ingredients, and provides the model of social enterprise to which each business connected to the Enchanted Farm aspires - scalable, mainstream and social impact outreach. The social enterprise now outsells its competition in the local market. It has 350 employees and over 50,000 retailers selling its products nationally. It has opened its own manufacturing plant in the country in preparation for its expansion for global export, initially through US offices just opened.

### **Case study 2: ‘Bayani Brew’**

One of the first products of the Enchanted Farm, *Bayani Brew* is an all-natural beverage originally created by the mothers in the community. In partnership with social entrepreneurs, who collaborated with the community to ensure product quality, consistency, branding, and to source packaging, *Bayani Brew* is now available in local cafes and convenience stores, and reaches a wide market in the country. Conceived three years ago, *Bayani Brew* has just moved its production from the Enchanted Farm into bigger premises to up-scale. It is now in mass production and sold widely across the Philippines.

### **Case study 3: ‘Plush and Play’**

The farm does not only focus on agribusiness. *Plush and Play* stuffed toys company was founded not on a new market opportunity but a human resource opportunity identified by the entrepreneur. The province of Bulacan was well-known in the local garment industry, but the industry began to change when local factories closed down as a result of cheaper labour costs abroad - causing the loss of employment for many women, mainly seamstresses. Starting with one mother from the community, the enterprise has since grown to employ 25 mothers. Six of the original women now have key management roles in the company and are managing around 60 staff (25 on a regular basis and double during the Christmas holidays). This will grow to around 500 staff after the next phase of development. The company is in negotiation with major city toy stores, and this year will become the first national soft-toy manufacturer to have its products sold in *Toy Kingdom*, the nation’s largest toy outlet.

## **Funding Gawad Kalinga**

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Initial and ongoing investments to *GK* communities come

from ‘corporate social investment’ (CSI). Mr Meloto calls it a ‘unique partnership’, not the usual donor charity arrangement implied by ‘corporate social responsibility’. For example, Shell is a CSI partner and provides on-going investment, commitment and resources to *Gawad Kalinga* - first helping to build housing, and supporting food sufficiency programmes; and now supporting the development of better water systems.

## **What next for Gawad Kalinga and Gawad Kalinga Enchanted Farm?**

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The *GK* Community model continues to be replicated across the Philippines and also in other developing nations (including Cambodia, Indonesia and Papua New Guinea), with a vision of ending poverty for 5 million families by 2024.

A further goal is to replicate the *GK* Enchanted Farm in 24 additional sites throughout the Philippines, most of which are at state universities and educational institutions, as these already have the basic infrastructure: tracts of land, buildings, students and faculty, and the local community. The next five sites are currently in the early stages of establishment.

*GK* is developing and learning at the same time, creating a manual for replication as it progresses, and incorporating the experience and learning it gains along the way. In its short five-year journey, *GK EF* has achieved proof of concept, and shows signs of continued success as its communities develop and flourish.

## **References**

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All information in this article was kindly provided orally and via email by numerous members of the *Gawad Kalinga* Enchanted Farm team.