

ILLAC DIAZ is a social entrepreneur who is applying “uncommon solutions to common problems” and proving that one can use business to fight poverty.

By *Sunshine Lichauco de Leon*

# Building Outside The Walls

Illac Diaz believes in the “business of helping.” A rare combination of “deep thinker” and “active doer,” he has been studying a new branch of philanthropy called social entrepreneurship and devoting all his energies to turning creative ideas about how to alleviate poverty in the Philippines into realities.

Diaz designs his solutions to go around rather than to go against, addressing the big picture while helping solve immediate problems. At the age of thirty-seven, he has successfully initiated several projects ranging from migrant housing and employment generation to appropriate technology and alternative architecture. His work is dedicated to proving that sustainable business ventures where profits are used to fight poverty will be one of the world’s most important trends in the near future.

The seeds of Diaz’s commitment to work for positive change were firmly planted in his childhood. Independent and curious even as a young boy, he accumulated experiences that led him to understand the world from a multidimensional perspective. Since then he has been spending every moment not only questioning injustice but also creating ways to combat it.

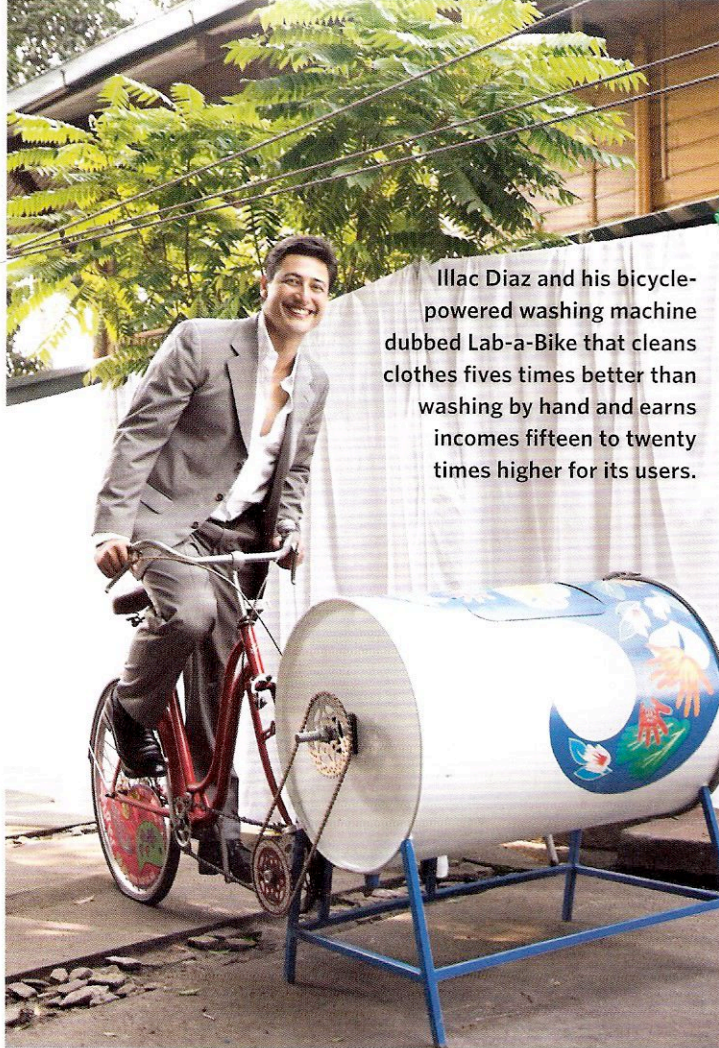
Diaz credits the open-mindedness of his Italian mother, Sylvia, for the initial push that eventually developed its own momentum. Believing that every Filipino has a civic obligation to help his or her country, she made her son understand that avoiding that duty was not an option. Every week from the age of seven until he turned fifteen, Diaz helped his mother serve meals at a home for children who had been involved in the sex trade.

Over time the children evolved from faceless individuals to personal friends of his, and he realized that the only difference between him and them was opportunity: they had not been afforded the same life chances he received. This realization—that the failures in their lives were structural rather than personal, and that poverty and abuse could be prevented—left a lasting impression on him.

Growing up in Pasay, in an area where nice residential homes stand right next to shanty areas, also had a great impact on Diaz. Because his parents never prevented him from exploring the world outside the gates of his home, the sons of carpenters, machinists, welders and furniture makers soon became his regular playmates. Many of them had to work, and young Illac went along with them to help out.

He learned to work with his hands and that became the foundation of his interest in technical solutions and the development of his own technical skills. He says, “This kind of informal education was a gift. What I learned provided the basis of my direction in life. I became comfortable with infrastructure and building.” He adds, “Having these basic skills—learning how the pieces are put together—made me believe that I knew how the world worked. I felt empowered.”

One early lesson in how difficult it is to ask for things, even from people close to him, taught Diaz the difference between charity and business. When he was seven, he asked his parents for a red bike that he had been dreaming of, but was told to wait



Illac Diaz and his bicycle-powered washing machine dubbed Lab-a-Bike that cleans clothes five times better than washing by hand and earns incomes fifteen to twenty times higher for its users.

for his birthday. Showing an early determination to think out of the box, he developed his own solution. He recalls, "I saw a woman with a wad of one-thousand-peso bills in the canteen, so I asked her, 'Where did you get that?'" Following the lady's business model, he started using his allowance to buy snacks from the Chippy truck that passed by every morning. He then sold the slightly marked-up products to his second-grade classmates. As his product line expanded, he soon had his own secret *sari-sari* store in school.

This experiment in early entrepreneurship was just the beginning for Diaz. Eventually he set up small money-making ventures with his friends from Pasay. "We would sell ice candy or pizza off the side of the road and split the profits. I didn't even think I was helping them," he says today. Because he was so young, there were many things he could not control, but he learned that business was a bridge that allowed him to do things: "I could buy things, build things. It was this open sky thing..."

Those early discoveries taught Diaz the importance of using both his mind and his hands to make his ideas come true. He says, "I always felt better when something was being built, and I felt that if I was going to help somehow with things happening around me, it had to involve a business solution." Chuckling, he continues, "The inner rebel in me took over early and pushed me in the right way."

Having learned early that business makes the world go round, he launched himself on a career of developing and applying sustainable business solutions to the alleviation of poverty. Providing an efficient business model, he says, is often a much better answer than simply asking for donations. In other words, social entrepreneurship, not philanthropy, is the best long-term solution. He explains the difference: "Philanthropy involves continually giving money, so communities must wait to receive it before finding solutions to their problems. Social enterprise, on the other hand, uses a limited fund that engages the people themselves to work together and create solutions that earn money and also increase their capacity to solve their own problems as an empowered community."

The purest form of charity, Diaz believes, is to make oneself obsolete—if one's organization is always needed to move a project forward, then one has merely applied a "band-aid" to a bigger problem.

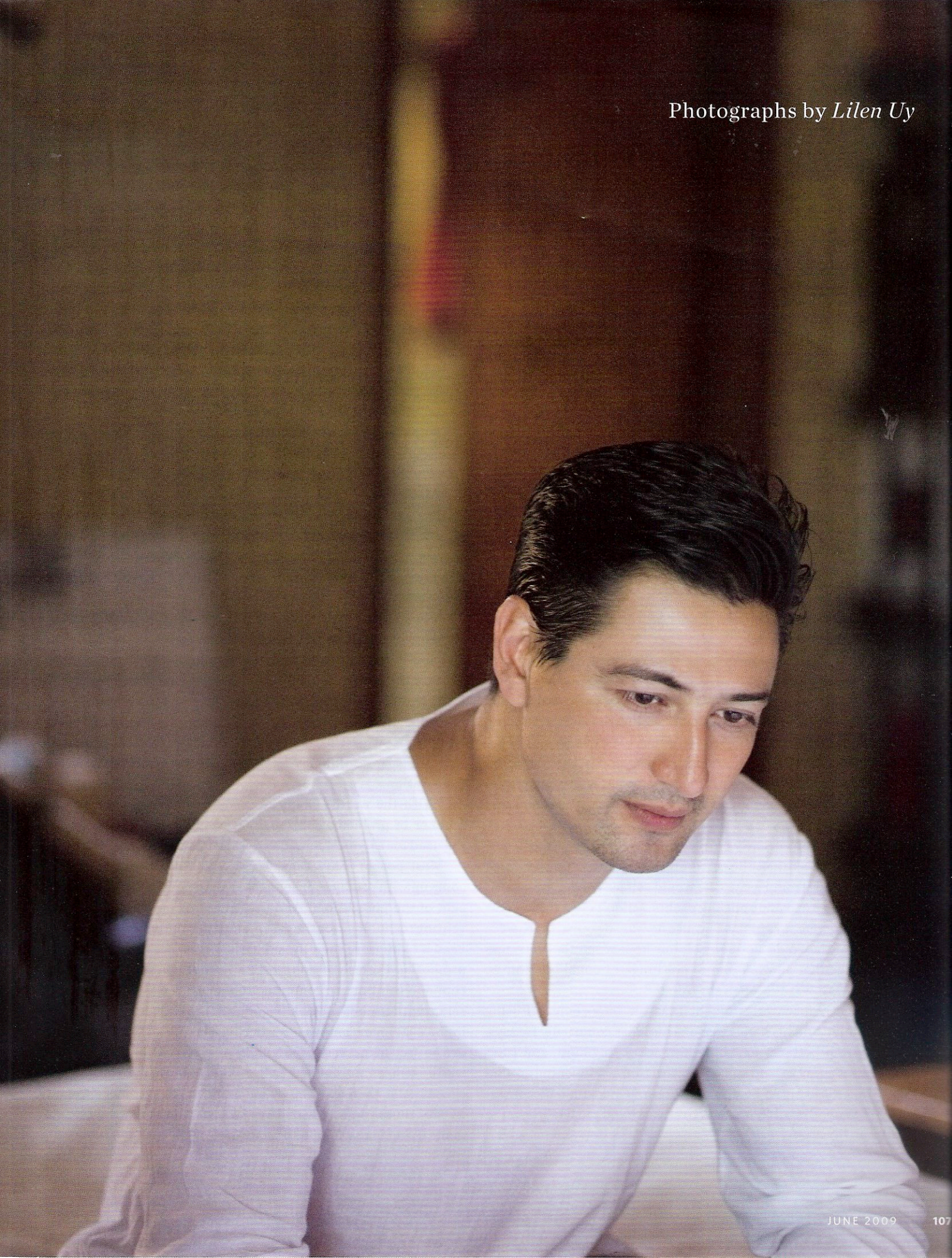
Although his projects often connect and span different industries, all his investments are linked together by three basic concepts: promoting social enterprise, employing appropriate technologies, and providing the base for new alternative forms of architecture.

For example, he built the PIER 1 Seafarer Center in Manila, a dormitory that provides affordable shelter for migrant workers who are in-between jobs and helps them find new employment. Diaz came up with a volunteer-build strategy that invites residents to build their own room segments using pre-cut wood pieces in exchange for five free nights, thus minimizing construction costs. Those who still can't pay for their stay at the end of that period can earn rent money by working at the Center's water bottling station.

"With the world's financial resources being limited but the number of problems continually growing, social enterprise fills the need for a more stable solution than just handouts," Diaz says.

"Most people," says Diaz, "go to graduate school in order to come up with products or services that are for the top 10 to 20 percent of the population." And yet, he points out, very few are inventing technology for the vast majority of the world's people who need it to improve their lives. This is why he became interested in promoting the use of appropriate technologies to provide "uncommon solutions to common problems." The Labada project he set up with friends at Pook Dagohoy in the University of the Philippines Diliman campus is a working example of how technology can be used to increase productivity. It involves a bicycle-powered washing machine dubbed Lab-a-Bike that cleans clothes five times better than washing by hand and earns incomes fifteen to twenty times higher for its users whose clients are the U.P. students living in the campus dormitories.

Photographs by *Lilen Uy*



Diaz believes that the dramatic effects of climate change will be the country's next big challenge and that the best defense against disaster is to use alternative architecture. It is nearly impossible to uplift a community if infrastructure, housing and schools are destroyed by typhoons faster than they can be replaced and if resources are always focused on repairing the aftermath, he says.

His My Shelter Foundation is advocating alternative and sustainable construction in the Southeast Asian region, starting with the Philippines. The foundation was involved in the Millennium School project, an international design competition which sought the best architecture-for-humanity designs for rebuilding schools in developing tropical countries after a disaster like a typhoon or an earthquake. Three hundred architects from around the world submitted proposals. The winning design, done by a Malaysian, is of 80 percent bamboo and will be carried out in an elementary school in Nato, Camarines Sur, in May. Governor L-Ray Villafuerte of Camarines Sur is so encouraged by the positive impact of this first step that he is now sponsoring a Millennium Village Challenge to produce a blueprint for a disaster-resistant and green community of fifty low-income houses.

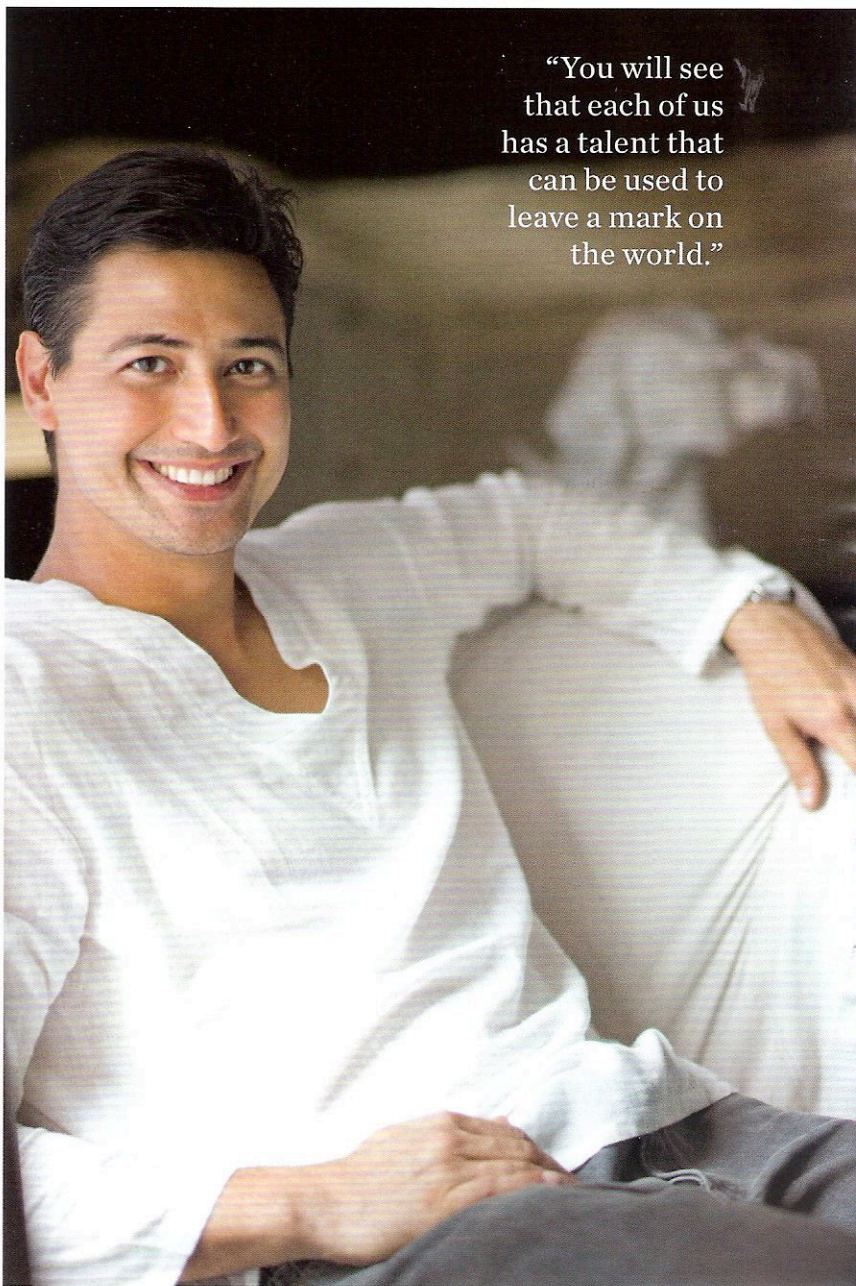
The strength of Diaz's approach lies in its being as sound in practice as it is on paper. "Every time I come up with a new idea, I make sure that it can be proved. Doing this dismantles any negativity and once you see it, you understand it. Once you open that avenue, everyone starts thinking the same way," he says. This visionary hopes that his work will just be the beginning, and that others will be encouraged by the successful implementation of his projects. "I feel," he says, "I am just breaking some walls down and opening doors for the future generation so they don't have to fight to use business to alleviate poverty."

He has structured his education to enable him to meet all the layers of his goals. Having earned a bachelor's degree in management economics from the Ateneo and a master's degree in entrepreneurship from the Asian Institute of Management, he is now working towards an M.A. in public administration from Harvard University. He explains the importance of learning how to fit goals into a system and how to work with the business community and government: "In order to use technology to uplift the poor in rural areas, it needs to be taken from being a prototype to evolving into a successful national program." In the future he hopes to find ways for social entrepreneurs and government programs to come together.

Although 200,000 people have passed through his Seafarer Center and the seed to help countless other communities has been planted, Diaz feels that he has a long way to go before fulfilling his goals. The normally grounded look on his face becomes dreamy as he muses, "I just wonder what that service or product will be that will help me transform the lives of one million people...But more

than this, I am excited about inspiring a next-generation entrepreneur that will solve problems in the millions."

He encourages people to get directly involved in whatever they are interested in. He speaks from the heart of his experience when he says, "You will see that each of us has a talent that can be used to leave a mark on the world. I believe it's essential to find out if your talent can meet your passion. When that passion can meet purpose, you will change the lives of many." He pauses reflectively, then adds, "It's a powerful feeling to understand that the consequences of your action will last well beyond your lifetime." ❖



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