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SENATE
Senate Bill No. 1026

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

EXPLANATORY NOTE

The Social Enterprise ("SE") Bill provides the framework for the planning and implementation of a National Poverty Reduction Through Social Entrepreneurship (the "PRESENT") Program. The SE Bill, or the PRESENT Bill provides a nurturing environment for the growth and burgeoning of strong and innovative Social Enterprises as tools to reduce poverty.

A "Social Enterprise" as defined in the proposed Bill, refers to an enterprise with the poor as primary stakeholders. This is an enterprise that explicitly declares and pursues poverty reduction, alleviation, or improving the quality of life of specific segments of the poor as a principal objective. A Social Enterprise engages and invests in the poor for them to become effective workers, suppliers, clients and/or owners, and ensures that a substantive part of the wealth created by the enterprise is distributed to, or benefits them.

In addition to reinvesting its surplus or profits back to the enterprise to sustain the fulfillment of its social mission, a Social Enterprise also uses its surplus or profits and mobilizes other resources to assist the poor in becoming partners in the value chain management/governance as well as to become partners in community, sectoral and societal transformation.

This is in line with Article XII, Section 1 of the Philippine Constitution which states:

Section 1. The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the under-privileged.

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The challenge for Social Enterprises is how to become an effective poverty reduction tool. In the face of this challenge, government must play a supportive role to ensure that the appropriate systems, structures, and resources needed to support social enterprises are put in place. Government must help these new breed of entrepreneurs to acquire resources, build successful organizations, and achieve significant positive impact.

A nation's economy is not stagnant – new social investment models, ways of doing business, and impact measurement tools continually arise. These changes at times distort and blur the once clear boundaries among the traditional nonprofit, for-profit, and public sectors. It is time that a "Social Enterprise" deserves to be officially recognized and defined in order for the government to be able to give it adequate support.


Therefore, the legislature is urged to pass measures wherein the government must make a leap forward and take advantage of this potential for the nation's social change. Such leap forward is through the PRESENT Bill.

A handwritten signature in black ink that reads "Bam Aquino". The signature is written in a cursive, flowing style.

Senator Paolo Benigno "Bam" A. Aquino IV

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SENATE
Senate Bill No. 1026

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
ORDAINING THE PROMOTION OF SOCIAL ENTERPRISES TO ALLEVIATE POVERTY,
ESTABLISHING FOR THE PURPOSE THE POVERTY REDUCTION THROUGH SOCIAL
ENTREPRENEURSHIP (PRESENT) PROGRAM AND PROVIDING INCENTIVES AND BENEFITS
THEREFOR

CHAPTER I
GENERAL PROVISIONS

1 **SECTION 1.** *Short Title.* – This Act shall be known as the "*Poverty Reduction Through Social*
2 *Entrepreneurship (PRESENT) Act.*"

3
4 **SECTION 2.** *Declaration of Policy.* –The State shall promote a just and dynamic social order that
5 will ensure the prosperity and independence of the nation and free the people from poverty
6 through policies that provide adequate social services, promote full employment, a rising
7 standard of living, and an improved quality of life for all. The State shall provide social justice in
8 all phases of national development and that the State values the dignity of every human person
9 and guarantees full respect for human rights.

10 The goals of the national economy are a more equitable distribution of opportunities, income,
11 and wealth; a sustained increase in the amount of goods and services produced by the nation
12 for the benefit of the people; and an expanding productivity as the key to raising the quality of
13 life for all, especially the underprivileged. The State shall promote industrialization and full
14 employment based on sound agricultural development and agrarian reform, through industries
15 that make full and efficient use of human and natural resources, and which are competitive in
16 both domestic and foreign markets. However, the State shall protect Filipino enterprises
17 against unfair foreign competition and trade practices.

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The State also recognizes the important role of enterprises in the economy as the major agent of development, creating off-farm employment opportunities and providing transitional means for improving the livelihood of the people.

Towards this end, the State shall pursue a poverty reduction program that promotes an environment conducive to the development and growth of a vibrant social enterprise sector engaged in poverty reduction, economic and social development. It shall empower the poor as primary stakeholders in social enterprises, establish mechanisms essential to realizing their potential and achieving their full growth, and extend the assistance necessary for their advancement. The State shall likewise ensure that the provision for technical and financial assistance, incentives and other services are free from any condition that might infringe upon the autonomy or organizational integrity of the social enterprises to enable them to develop into viable and vital anti-poverty agents, and a strong social entrepreneurship movement which will be instrumental in reducing poverty in the country.

SECTION. 3. Definition of Terms. – As used in this Act:

a) *Social Enterprise* or *SE* refers to a wealth-creating organization, whether an association, single proprietorship, partnership, corporation, or a cooperative or any other legal form, whose primary stakeholders are marginalized sectors of society, engaged in providing goods and services that are directly related to its mission of improving societal well-being. It is established to achieve triple bottom lines such as financial, social and ecological. It generates profit or surplus with due regard to social and environmental costs, and makes a pro-active contribution to resolving social and environmental problems.

A social enterprise for purposes of this act shall mean a Social Enterprise with the Poor as Primary Stakeholders (SEPPS). A SEPPS is a social enterprise that explicitly declares and pursues poverty reduction/alleviation or improving the quality of life of specific segments of the poor as principal objective. A SEPPS engages and invests in the poor to become effective workers, suppliers, clients and/or owners, and/or ensures that a substantive part of the wealth created by the enterprise is distributed to, or benefits them. In addition to reinvesting its surplus or profits back to the enterprise to sustain the fulfilment of its social mission, a SEPPS also uses its surplus or profits and mobilizes other resources to assist the poor to become partners in SE or value chain management/governance and to become partners in community, sectoral and societal

1 transformation.

2
3 b) *Absolute poverty* refers to the condition of the household below the food threshold
4 level;

5
6 c) *Assets* refer to all kinds of properties, real or personal, owned by the social enterprise
7 (SE) as defined in paragraph (dd) of this Section and used for the conduct of its
8 business: *Provided*, That for the purpose of exemption from taxes and to benefit from other
9 incentives under this Act, this term shall mean all kinds of properties, real or personal,
10 owned and/or used by the SE for the conduct of its business;

11
12 d) *Basic sectors* shall refer to the disadvantaged sectors of Philippine society, namely:
13 farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant workers,
14 workers in the informal sector, indigenous peoples and cultural communities, women,
15 persons with disability, senior citizens, victims of calamities and disasters, youth and
16 students, children, and urban poor as defined under Republic Act (R.A.) No. 8425, otherwise
17 known as the "Social Reform and Poverty Alleviation Act";

18
19 e) *Bottom line* shall refer to the objectives or purposes for which a SE is established. *Triple*
20 *bottom line* shall refer to social, ecological and financial objectives;

21
22 f) *Capability building* refers to the process of enhancing the viability and sustainability of
23 SEs and pertain to education, training, coaching and other learning events like study tours;
24 technical, consultancy and advisory services; assistance in organizational systems
25 development; technology incubation, development and dissemination; value chain and
26 subsector development; conduct of SE trade fairs and missions; networking and policy
27 advocacy initiatives and other such activities that enable SEs to be effective and efficient
28 vehicles for poverty reduction. The term capability building precludes the grant of any loan
29 or equity funds to the SE and shall in no way refer to the provision of equity investments,
30 seed funding, partnership's seed funds, equity participation, start-up funds or any such
31 activity that connotes the infusion of capital or funds from the government or from the SE
32 Development Fund created under Section 16 of this Act;

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g) *Civil society organizations* refer to private voluntary organizations of citizens that are established to pursue a mission, usually involving the interest of the public, marginalized groups or specific sectors of society. They include non-government organizations, socio-civic groups, foundations and people’s organizations;

h) *Council* shall refer to the SE Council;

i) *Cooperative* shall refer to an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles as defined in R.A. 6938, as amended by R.A. 9520, otherwise known as the “Philippine Cooperative Code of 2008”;

j) *Corporate Social Responsibility or CSR* shall refer to the commitment of a private enterprise or business to contribute on a voluntary basis to a sustainable social and economic development by working with relevant stakeholders to improve their lives in ways that are good for business, the social reform agenda, the sustainable development agenda, and society at large. CSR-related activities shall include, but not be limited to, the following:
1) Charitable programs and projects; 2) Scientific research; 3) Youth and sports development; 4) Cultural or educational promotion; 5) Services to veterans and senior citizens; 6) Social welfare; 7) Environmental sustainability; 8) Health development; 9) Disaster relief and assistance; and Employee and worker welfare related CSR activities;

k) *Economic subsectors* are networks of related actors and enterprises performing various functions in value chains. These actors and enterprises transform raw materials into finished products, or develop services, and distribute or provide them through market channels to final consumers; they may be identified by key raw material source, by finished product or final service provided. An economic subsector may be comprised of several competing value chains. By understanding the dynamics of economic subsectors and using them as units of planning social entrepreneurship interventions, government agencies, support institutions

1 and SEs shall more effectively reach and benefit a greater number of poor in poverty
2 reduction programs;

3
4 l) *Empowerment strategy* shall mean a development strategy that enables the
5 marginalized sectors to own, manage, and control SEs in order for them to reap maximum
6 benefits from it and which acts as a channel for directly distributing income;

7
8 m) *Fair trade* shall refer to a trading partnership based on dialogue, transparency and
9 respect and which seeks greater equity in international trade and the transformation and
10 adaptation of trading structures and practices in favor of the poor and disadvantaged by
11 offering better trading conditions to, and securing the rights of, marginalized producers and
12 workers;

13
14 n) *Fair trade organizations* shall mean enterprises certified by internationally and
15 nationally recognized Fair Trade networks;

16
17 o) *Fair trade principles* refer to the values adopted by fair trade organizations in their day-
18 to-day operation. These include creating opportunities for economically- disadvantaged
19 producers; transparency and accountability; payment of a fair price; ensuring no child labor
20 and forced labor; commitment to non-discrimination, gender equity and freedom of
21 association; ensuring good working conditions; providing capacity building; and, respect for
22 the environment;

23
24 p) *Foundation* shall mean the categorization of a non-profit organization that typically
25 either donates funds and support to other organizations or provides the source of funding for
26 its own charitable purposes. Unlike a company, foundations have no shareholders though
27 they may have a board, an assembly and voting members. A foundation may hold assets in
28 its own name for the purposes set out in its constitutive documents, and its administration
29 and operation are carried out in accordance with its statutes or articles of association rather
30 than fiduciary principles;

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32 q) *GPPB* refers to the Government Procurement Policy Board established in accordance
33 with Article X of R.A.No.9184, otherwise known as the "Government Procurement Reform
34 Act;"

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r) *Intermediation strategy* shall refer to a development strategy that provides financial, agricultural, business development and institutional development services to the entrepreneurial poor and employers of the poor and provides as well product development and marketing support using the principles of fair trade to marginalized producers. A SE engaged in intermediation strategy need not be owned by the marginalized stakeholders but provide immediate access to services among a critical mass of these marginalized stakeholders;

s) *Marginalized Sectors* shall refer to groups of people who are stigmatized or marginalized by virtue of their physical, psychological, economic, social or cultural circumstance;

t) *Micro-enterprise* as defined in R.A. No. 6977, as amended by R.A. No. 9501, otherwise known as the "Magna Carta for Small Enterprises," shall refer to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have a value of not more than Three Million Pesos (₱3,000,000.00). This amount is subject to review and adjustments by the Micro, Small and Medium Enterprises Development (MSMED) Council, taking into account inflation and other economic indicators and may use other variables such as number of employees, equity capital and assets size;

u) *Microfinance* shall refer to the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance products to the poor and low-income households and their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards;

v) *Minimum basic needs* shall refer to the needs of a Filipino family pertaining to survival (food and nutrition; health; water and sanitation), security (shelter; peace and order; public safety, income and livelihood); and enabling services (basic education and literacy, participation in community development, family and psycho-social care);

1 w) *Non-Government Organization or NGO* refers to a duly registered non-stock, non-profit
2 organization focusing on the upliftment of the basic or disadvantaged sectors of society by
3 providing advocacy, training, community organizing, research, access to resources, and other
4 similar activities and, as defined under Section 34 (H)(2)(c) of Republic Act No. 8424, as
5 amended, otherwise known as the National Internal Revenue Code of 1997, organized and
6 operated exclusively for scientific, research, educational, character-building and youth and
7 sports development, health, social welfare, cultural or charitable purposes, or a combination
8 thereof, and no part of the net income of which inures to the benefit of any private
9 individual;

10
11 x) *People's Organization or PO* refers to a self-help group belonging to the basic sectors
12 and/or disadvantaged groups composed of members having a common bond of interest who
13 voluntarily join together to achieve a lawful common social or economic end;

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15 y) *Persons with Disability* shall refer to individuals with restriction or different abilities, as a
16 result of a mental, physical or sensory impairment, to perform an activity in the manner or
17 within the range considered normal for a human being;

18
19 z) *Poor* shall refer to individuals and families whose income fall below the poverty
20 threshold as defined by the National Economic and Development Authority and/or are
21 deprived of the means to provide in a sustained manner their minimum basic needs of food,
22 health, education, housing and other essential amenities of life, as defined under R.A. 8425;

23
24 aa) *Poverty reduction/alleviation* shall mean overcoming the income, resource, and
25 capability deprivation among the poor as defined in the preceding paragraph and the
26 marginalized sectors as defined in paragraph (q) hereof;

27
28 bb) *Private Enterprise* shall refer to an organization engaged in a business activity
29 organized for the purpose of accumulating profit and whose primary stakeholders and
30 beneficiaries are its owners;

1 cc) *Procuring Entity* refers to any branch, department, office, agency, or
2 instrumentality of the government, including state universities and colleges,
3 government-owned and/or - controlled corporations, government financial institutions,
4 and local government units procuring Goods, Consulting Services and Infrastructure
5 Projects;

6
7 dd) *Resource mobilization strategy* shall refer to a development strategy intended to
8 generate income from the sale of products and services of a SE in order to finance or
9 subsidize the operations of its core development program or development interventions
10 among the marginalized sectors;

11
12 ee) *SEGFP* refers to the SE Guarantee Fund Pool created under this Act;

13
14 ff) *Social development* refers to the continuing process of addressing the needs of
15 society, beginning with the people's minimum basic needs, through a systematic
16 implementation of socioeconomic programs or packages;

17
18 gg) *Social Enterprise Service Institution* refers to an organization that provides
19 assistance to SEs for them to become viable and sustainable and which assistance
20 pertains to supplying needs such as trainings, education and other capacity-building
21 measures, research and development, and other similar activities;

22
23 hh) *Social Enterprise Advocacy Group* refers to an organization whose primary
24 purpose is supporting the cause of SEs especially with regard to public policy and
25 articulating issues or causes related to social entrepreneurship;

26
27 ii) *Social entrepreneur* refers to an innovative individual or institution that promotes
28 the creation and operationalization of enterprises or livelihood endeavors for those in
29 need or which address social problems and improve societal well-being;

1 jj) *Social entrepreneurship* entails innovations designed to explicitly improve
2 societal well-being, housed within entrepreneurial organizations, which initiate, guide or
3 contribute to change in society;
4

5 kk) *Social Inclusion strategy* refers to the development strategy that assists groups of
6 people who are stigmatized or marginalized by virtue of their physical, psychological,
7 economic, social or cultural circumstance in order to restore their dignity by not only
8 removing the barriers that limit their access to the delivery of basic social services and
9 employment, but more importantly, by nurturing work and other environments that
10 create avenues for their participation as productive members of society;
11

12 ll) *Social Investors* are individuals or institutions that choose to put in money to a
13 business endeavor or activity not principally for financial profit but to fulfill a social
14 mission which may include poverty reduction, concern for environmental protection,
15 strong organizational governance, and a desire for a more economically just world;
16

17 mm) *Social reform* refers to the continuing process of addressing the basic inequities
18 in society through a systematic, unified and coordinated delivery of socioeconomic
19 programs or packages;
20

21 nn) *Social value* refers to the additional benefit to the community from the
22 government procurement process over and above the direct purchasing of goods,
23 services and outcomes, including social, economic and environmental benefits;
24

25 oo) *Transactional roles* refer to enterprise-related functions performed by the poor
26 that involve an exchange of goods or services for money including being workers,
27 suppliers, clients or owners;
28

29 pp) *Transformational roles* are functions performed by the poor as conscious agents
30 of change to lift their own selves from poverty and to participate in group efforts to
31 improve the quality of life of their community, sector or society as a whole;
32

1 qq) *Transactional services* pertain to enterprise or market-driven activities, such as
2 providing loans, demonstrating new technologies or conducting trainings that are
3 necessary for the poor in the SE system to effectively and efficiently perform their roles
4 as workers, suppliers, clients and owners. Transactional services may be fee-based, such
5 as the granting of loans, or non-fee based, such as the extension of production-related
6 trainings;

7
8 rr) *Transformational services* pertain to activities that empower the poor, such as
9 leadership formation and organizational development, asset build-up and providing
10 education and experiential learning opportunities, to become conscious change agents
11 for themselves, for their communities, sectors and society as a whole;

12
13 ss) *Underemployment* shall mean an economic position where an employed person's
14 desire to have additional hours of work in his/her present job or to have an additional
15 job, or to have a new job with longer working hours is not met;

16
17 tt) *Unemployment* shall mean an economic situation where persons who are 15
18 years old and over as of their last birthday and are 1) without work or have no job or
19 business, 2) available for work and willing to take up work in paid employment or self-
20 employment, 3) seeking work and had taken specific steps to look for a job or establish a
21 business but failed to; and

22
23 uu) *Value chain* refers to value-adding economic activities that an enterprise is
24 interlinked with in the process of producing goods and/or services to serve its chosen
25 market. A value chain typically consists of: 1) inbound distribution or logistics, 2)
26 manufacturing operations, 3) outbound distribution or logistics, 4) marketing and selling,
27 and 5) after-sales service. These activities are supported by 6) purchasing or
28 procurement, 7) research and development, 8) human resource development, and 9)
29 organizational development. A SE that understands and manages its value chain
30 improves its capability to create economic, environmental and social values towards
31 improving the position and benefits of the poor in the value chain and towards ensuring
32 the viability and sustainability of the enterprise.

1

2 **CHAPTER II**

3

4 **POVERTY REDUCTION THROUGH SOCIAL ENTERPRISES**

5

6 **SECTION 4. *Social Enterprise (SE); General Concept and Coverage*** – A SE, for purposes of this
7 Act, refers to a *Social Enterprise with the Poor as Primary Stakeholders* as the term is defined in
8 Sec. 3a of this Act. It may be collectively owned by the poor in the form of cooperatives or
9 associations where the poor are the exclusive owners or comprise a majority of the members.
10 SEPPS may also include NGOs or other organizations that engage in wealth-creating activities,
11 the proceeds of which are used exclusively to finance the fulfillment of their social mission.

12

13 **SECTION 5. *Eligibility for Benefits and Incentives.*** – To be recognized and be eligible for the
14 benefits and incentives provided for in this Act, the SE shall:

15

- 16 a) provide or facilitate the provision of a combination of transactional and/or
17 transformational services to improve the position and benefits derived by the poor
18 from the SE and the value chain or economic subsector where the SE is located,
19 including becoming worker-owners, supplier-owners, supervisors and managers,
20 active members and leaders in governing bodies of the SE or its allied organizations;
- 21
- 22 b) invest a substantive part of its surplus, profits or mobilize other resources to assist the
23 poor to become partners in SE or value chain management/governance and/or to
24 become partners in community, sectoral and societal transformation;
- 25
- 26 c) make a pro-active contribution to resolving social and environmental problems and
27 generate profit or surplus with due regard to social and environmental costs;
- 28
- 29 d) employ any of the following development strategies in the pursuit of its social mission:
30 1) empowerment strategy; 2) social inclusion strategy; 3) intermediation strategy;
31 and, resource mobilization strategy;
- 32
- 33 e) be engaged in an economic activity within the sectors of agriculture and fisheries,
34 industry and services which, for purposes of this Act, shall refer to an activity in any of
35 the economic subsectors;

1
2 f) ensure that a substantive part of the wealth created by the enterprise is distributed
3 to the poor in the form of services, dividends and other forms of benefits, and
4 payments and incentives for products or services rendered consistent with the
5 principles of fair trade;

6
7 g) be duly registered with the appropriate agencies as provided under the Corporation
8 Code or the Cooperative Code of the Philippines, Magna Carta for Micro, Small and
9 Medium Enterprises, Barangay Micro Business Enterprises Act and other laws.

10
11 Financial sustainability shall not be a prerequisite for the availment of incentives and benefits
12 under this Act. Provided that, social enterprises that have not achieved financial sustainability
13 may be eligible to avail of the services, assistance and incentives set forth in this Act by
14 presenting a workable strategy to achieve financial sustainability over a reasonable period of
15 time.

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18 **SECTION 6. Other Eligibility Provisions.** In the case of social enterprises organized as stock
19 corporations, partnerships or sole proprietorships, the following additional requirements shall
20 apply:

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22 a. A social enterprise, if organized as a sole proprietorship or partnership must be
23 one hundred percent (100%) owned and capitalized by Filipino citizens. If the enterprise
24 is a stock corporation, at least sixty percent (60%) of its outstanding capital stocks must
25 be owned by Filipino citizens;

26
27 b. A social enterprise must not be organized as a branch, subsidiary or division of a
28 private business enterprise, regardless of the size of such private business enterprise,
29 nor may its policies be determined by a private business enterprise. *Provided*, that this
30 shall not preclude a SE from accepting subcontracts from large private business
31 enterprises or firms or from joining in cooperative or joint-venture activities with other
32 SEs or foundations practicing CSR.

33 c. A social enterprise organized as stock corporations, partnerships or sole
34 proprietorships, must invest at least 60% of its gross revenues to sustain the fulfillment
35 of its social mission or to provide transformational services for the poor.

1 **SECTION 7. Qualifications.** – Within ninety (90) days from the effectivity of this Act, the Social
2 Enterprise Development Council shall formulate the implementing rules and regulations for the
3 application and accreditation of enterprises to qualify as SE under this Act, following the
4 principles of self-regulation, transparency and responsibility.

5

6 **SECTION 8. Formulation of a Poverty Reduction Through Social Entrepreneurship (PRESENT)**
7 *Program* — To promote the development of a SE sector with the poor as primary stakeholders,
8 a comprehensive and fully-integrated Poverty Reduction Through Social Entrepreneurship
9 (PRESENT) Program, shall be formulated, guided by the following principles:

10

11 a) Incorporation of the PRESENT Program in the government’s poverty reduction
12 drive as a major sustainable and comprehensive strategy;

13

14 b) Rationalization of poverty reduction programs by streamlining and coordinating
15 the various anti-poverty programs of the government to reduce inefficiency and
16 duplication and to improve the effectiveness of each program;

17

18 c) People’s participation and empowerment by mobilizing civil society
19 organizations and social movement groups working with the poor;

20

21 d) Promoting sustainable programs that reduce inequality in incomes across
22 economic sectors and increase self-reliance among the poor;

23

24 e) Enabling SEs to overcome constraints and to take advantage of opportunities for
25 enhancing the position and benefits of the poor in economic subsectors and
26 value chains;

27

28 f) Gender-sensitivity by ensuring women’s equal rights and access to SE’s
29 resources; and,

30

31 g) Development of sustainable mechanisms for the provision of quality and
32 accessible social services to the poor.

33

34 The planning framework of the PRESENT Program and its planning process shall ensure
35 that the poor are engaged as primary stakeholders. It shall add value and complement

1 ecosystem-based, area-based, community-based and other tools and processes in local
2 economic development by promoting and utilizing the economic subsector as a strategic unit of
3 analysis and planning SE development interventions.

4

5 The PRESENT Program shall identify and develop key SEs and resource institutions as
6 partners in strategic economic subsectors that have the potential for growth and where large
7 numbers of the poor are concentrated. SEs shall be developed as vehicles to ensure that the
8 poor benefit the most from sustainable subsector development.

9

10 PRESENT medium-term and annual development plans shall be formulated in synchrony
11 with the medium-term development plan of the national government.

12

13 **SECTION 9.** *Social Enterprise Development Council.* – To carry out the policy declared under
14 this Act, a Social Enterprise Development Council (SEDC), hereinafter referred to as the Council,
15 is hereby created as an agency attached to the Department of Trade and Industry (DTI). It shall
16 be the primary agency tasked to carry out the promotion, growth and development of social
17 enterprises in the country.

18

19 The Council shall be composed of the following:

20

- 21 a) Secretary of Trade and Industry, as co-chairperson;
- 22 b) SE sector head representative, as co-chairperson;
- 23 c) Secretary of Agriculture, as co-vice chairperson;
- 24 d) Lead Convenor of the National Anti-Poverty Council (NAPC), as co-vice
25 chairperson;
- 26 e) Secretary of Social Welfare and Development;
- 27 f) Director-General of the National Economic Development Authority (NEDA);
- 28 g) Secretary of Finance;
- 29 h) Secretary of the Interior and Local Government;
- 30 i) Secretary of Labor and Employment;
- 31 j) Secretary of Science and Technology;
- 32 k) Secretary of Education;
- 33 l) Secretary of Agrarian Reform;
- 34 m) Secretary of Health;
- 35 n) Secretary of Environment and Natural Resources;
- 36 o) Chairperson of the Cooperative Development Authority (CDA);

- 1 p) Nine (9) representatives from SEs, three (3) representatives each from the main
2 island groupings of Luzon, Visayas, and Mindanao;
3 q) Three (3) representatives from SE service institutions; and
4 r) Three (3) representatives from SE advocacy groups, as members.
5

6 Cabinet-ranked *ex officio* members of the Council shall designate a permanent
7 representative in case they fail to attend its meetings. The designated permanent
8 representative of any of the Cabinet-ranked members of the Council must hold a position not
9 lower than a bureau director.
10

11 The SE sector head, the representatives of the SEs from the main island groupings of
12 Luzon, Visayas, and Mindanao, the SE service institutions, and the SE advocacy groups shall be
13 chosen by the President from among the nominees submitted by their respective national
14 organizations to serve in the Council for a term of three (3) years. These representatives must
15 be conversant in the theory and practice of SE and committed to the policies and programs
16 provided under this Act.
17

18 The Chairperson and members of the Council shall be entitled to a reasonable *per diem*
19 for each meeting actually attended at such amount as may be fixed by the Council in
20 accordance with existing laws, rules and regulations.
21

22 The Council shall, from time to time, call upon the participation of any government
23 agency to attend in its meetings to assist in clarifying issues and finding resolution to problems
24 that concern their respective offices with respect to the implementation of the PRESENT
25 Program enunciated under this Act or any development program for SEs.
26

27 The Council may create an Executive Committee of seven (7) members elected by its
28 members from among themselves or their designated permanent representatives, with at least
29 three (3) members representing the SEs, and with the authority to act for the Council, and
30 within the specific authority granted by the Council.

31 **SECTION 10. Powers and Functions.** – The Council shall have the following powers and
32 functions:

- 33 a) Formulate policies, plans, programs and projects to develop and promote SEs as
34 a tool for poverty reduction consistent with national development objectives;

- 1 b) Oversee the successful implementation of the PRESENT Program and other SE
2 programs;
- 3 c) Identify and access sources of financing for the SE sector in the form of grants for
4 enterprise incubation and start-up and loans for expansion;
- 5 d) Monitor and evaluate the performance of programs and projects for appropriate
6 incentives;
- 7 e) Call upon any government agency to carry out and implement programs and
8 projects identified by the Council;
- 9 f) Call upon people's organizations, non-government organizations, the academe
10 and other sectors to provide advice on matters pertaining to SEs and conduct of transactional
11 and transformational services to farmers, producers, workers, consumers and other
12 stakeholders;
- 13 g) Submit annual and other periodic reports to the President and the Congress of
14 the Philippines through the Congressional Oversight Committee;
- 15 h) Promulgate such rules and regulations and exercise such other powers and
16 functions as may be necessary to carry out the purposes of this Act; and
- 17 i) Perform such other functions as may be necessary for its effective operations
18 and the continued enhancement, growth and development of the SE sector.
- 19

20 **SECTION 11. Secretariat.** – There is hereby created a Secretariat headed by an Executive
21 Director to serve as the national technical and administrative secretariat of the Council with the
22 member agencies providing additional support staff when the need arises. The Secretariat shall
23 perform the following functions:

- 24 a) Provide administrative support to the Council, with the assistance
25 of the National Economic and Development Authority secretariat in the formulation
26 of the PRESENT development programs and plans;
- 27 b) Assist the Council in the implementation of the PRESENT
28 development program and the annual and medium-term development plan;
- 29 c) Assist the Council in the accreditation of SEs;
- 30 d) Assist the Council in monitoring the PRESENT development
31 programs and the activities of the various concerned government agencies with
32 respect to SEs;
- 33 e) Assist the Council in facilitating funding mechanisms and promoting

1 support programs for SEs.

2 f) Prepare, collate and integrate all necessary inputs to the Council's
3 yearly report on the status of SEs in the country;

4 g) Submit periodic reports to the Council on the progress and
5 accomplishment of its work programs; and

6 h) Perform other functions that may be assigned and authorized by
7 the Council.

8
9 **SECTION. 12. *Office.*** – The Council shall have its principal place of business in Metro Manila
10 and may establish such branches within the Philippines as may be deemed necessary by the
11 President of the Philippines to carry out the powers and functions of the Council.

12
13 **SECTION. 13. *National Center for Social Enterprise Development.*** – There shall be established a
14 National Center for Social Enterprise Development (NCSED) under the Council which shall
15 perform the following functions:

16 a) Provide SEs with capability-training and education through the Social Enterprise
17 Capability Building and Sustainability Program created under Section 16 of this Act;

18 b) Develop and enhance a research and development system which shall equip
19 every SE with innovative and sustainable approaches that ensures improvement in the access to
20 basic social services by the poor pursuant to Section 18 of this Act; and

21 c) Manage a Social Enterprise Marketing Assistance Program (SMAP) that will
22 ensure the generation of the highest possible income for the SEs pursuant to Section 19 of this
23 Act.

24 The NCSED shall be headed by the Executive Director of the Council Secretariat. It shall
25 maintain a multi-sectoral, multi-disciplinary pool of experts including those from the academe,
26 practicing professionals, business and industry, youth, women and other concerned sectors,
27 who shall be screened according to the qualifications set by the Council.

28 The NCSED shall coordinate with the University of the Philippines Institute for Small
29 Scale Industries (UP ISSI), the Technical Education and Skills Development Authority (TESDA),
30 the Technology and Livelihood Resource Center (TLRC), the Department of Transportation and

1 Communications (DOTC), civil society organizations and other relevant agencies, state
2 universities and colleges in implementing its programs.

3

4 **SECTION. 14. *Personnel.*** – Subject to the civil service laws, rules and regulations, the Council is
5 authorized to select, appoint, employ and fix the compensation of the officers and employees
6 of the Secretariat and the NCSED as shall be necessary to carry out its functions.

7

8 **SECTION. 15. *Role of LGUs in SE Development*** - Pursuant to the relevant provisions of R.A. No.
9 7160, otherwise known as the Local Government Code, the LGUs shall be primarily responsible
10 for the development of SEs and the implementation and enforcement of the relevant provisions
11 of this Act within their respective jurisdictions with the end in view of reducing poverty therein.
12 The LGUs are hereby mandated to include in their respective local development plans certain
13 policies and programs geared toward the development of SEs in their jurisdiction.

14 LGUs with viable SE development plan as incorporated in their respective local
15 development plans are entitled to avail of the SE Development Fund created under the
16 immediately succeeding section for the purpose of initiating and facilitating the development
17 and sustainability of SEs in their own jurisdiction: *Provided*, That no LGU shall establish and
18 operate its own SE.

19

20

CHAPTER III

21

DEVELOPMENT OF SOCIAL ENTERPRISES

22

23 **SECTION 16. *Social Entrepreneurship Education in Schools*** - Toward strategically developing
24 the nation's human resource capability in social entrepreneurship, the DepEd and the CHED
25 shall cause the integration of SE content and inclusion of SE courses in the curricula at all levels,
26 especially in the secondary and tertiary levels. This shall be part of the *SE Capability Building*
27 *and Sustainability Program stated in Sec.17 of this Act.*

28

29 A continuing social entrepreneurship education program for out-of-school youth and
30 adults shall likewise be developed and undertaken.

31

32 The social entrepreneurship education program for primary and secondary education
shall include information regarding:

- 1 a) social issues and civic ways of addressing them;
- 2 b) the producer as a steward of natural resources;
- 3 c) the consumer as a responsible member of society and his responsibility to
- 4 develop critical awareness which is the responsibility to be alert and questioning
- 5 about the environmental and social impacts of the goods and services he/she
- 6 uses:

7

8 c.1) social concern which is the responsibility to be aware of the impact of his

9 consumption to society, especially the disadvantaged; and

10

11 c.2) environmental awareness which is the responsibility to understand the

12 environmental consequences of his use of natural resources, consumption,

13 recognizing his individual and social responsibility to conserve natural resources

14 for future generations.

15

16 All higher learning institutions and vocational schools are mandated to include a subject

17 on social entrepreneurship in their social studies program or in their business, commerce, or

18 economics courses.

19

20 **SECTION 17. SE Capability Building and Sustainability Program; Creation of SE Development**

21 *Fund* – There is hereby established a SE Capability Building and Sustainability Program whose

22 primary objective is to guarantee the viability and sustainability of SE through activities that

23 advance, in general, both transformational services and transactional services. The NCSED will

24 work with qualified SE intermediaries who will develop the Program and be responsible for

25 designing and delivering training in social entrepreneurship development, institutional

26 strengthening, human resource competency and skills training, business planning and advisory

27 services, upgrading of accounting and auditing systems, technical assistance for the installation

28 or improvement of management information systems, technology intervention, technology

29 incubation/commercialization, market studies, and product development competitiveness,

30 business matching activities, trade fairs and missions, policy advocacy, disaster-resiliency and

31 other related activities.

32 The SE Capability Building and Sustainability Program shall likewise include the

33 establishment of an insurance system for SEs affected by natural calamities in line with the

34 National Framework Strategy on Climate Change 2010-2022 as provided for under RA 9729 or

35 the Climate Change Act of 2009 and RA 10121 or the Philippine Disaster Risk Reduction and

1 Management Act of 2010.

2 For this purpose, there is hereby created and established a SE Development Fund (SEDF)
3 in the amount of Three Billion Pesos (₱3,000,000,000.00) to be administered by the Council with
4 an endowment from the earnings of the Philippine Amusement and Gaming Corporation
5 (PAGCOR), in addition to appropriations by Congress, voluntary contributions, grants, gifts from
6 both local and foreign sources as may be accepted by the Council.

7 Only the fruits of the SEDF shall be used for the purposes provided herein. Any
8 *undisbursed fruits for the preceding year* shall form part of the disburseable portion of the SEDF
9 in the following year.

10

11 **SECTION 18. *Social Enterprise Research and Development System*** -The Council, in coordination
12 with the NEDA, DOST, DTI, and other appropriate agencies, research institutions, and
13 intermediaries, shall develop and enhance a research and development system that:

- 14 a) provides studies on opportunities for poverty reduction and SE development in key
15 economic subsectors and other inputs for the Council to undertake strategic planning
16 for its PRESENT Program;
- 17 b) equip SEs and support institutions with services and technologies that are appropriate
18 for enhancing the participation and benefits of the poor in various economic subsectors;
19 and,
- 20 c) equip SEs and support institutions with innovative and sustainable approaches to
21 improve access of the poor to quality basic social services.

22

23 **SECTION 19. *Social Enterprise Marketing Infrastructure Development*** - The Council shall
24 promote the development and expansion of local and foreign markets for the products and
25 services of SEs, guided by the principles of fair trade. Consistent with this, the Council shall:

- 26 a) establish a SE Marketing Assistance Program (SMAP) that will assist SEs match
27 supply with demand in both domestic and foreign markets, as well as promote
28 SE products and services through tri-media, trade fairs and trade missions;
- 29 b) develop, install and sustain a SE market information system with the assistance
30 of the DTI and DOTC which shall be called the SE Marketing Information Network
31 (SMIN).

32

33 The SMIN shall be set up from the level of the municipal and provincial LGUs, the
34 regional and up to the Council level within one (1) year from the approval of this Act, taking into

1 account existing information networks such as the internet and using a dedicated website for
2 the purpose, to ensure linkage of the SEs with the government and its various departments,
3 agencies, bureaus and instrumentalities, the local and domestic markets, as well as research
4 institutions. The Council shall provide technical assistance in setting up the SMIN at the local
5 and regional levels.

6
7 All government departments, agencies, bureaus, research institutions, as well as the
8 LGUs shall consolidate and continuously update all relevant information and data that would be
9 of use to SEs on a periodic basis and make such data available in a dedicated website on the
10 internet.

11
12 The SMIN shall provide information and marketing services related to products of SEs
13 which shall include the following:

- 14
- 15 1. Supply data;
 - 16 2. Demand data;
 - 17 3. Price and Price trends;
 - 18 4. Product standards;
 - 19 5. Directory of, but not limited to SEs, traders, key market centers, processors and
20 business institutions both at the national and local levels;
 - 21 6. Information and technology generated from research institutions;
 - 22 7. International, regional and local market forecasts; and
 - 23 8. Resource accounting data.
- 24

25 CHAPTER IV

26 INCENTIVES AND BENEFITS

27

28 **SECTION 20. *Special Credit Windows.*** – In addition to the special credit windows provided for
29 the promotion of microfinance as provided under Section 16 of RA 8425, the Land Bank of the
30 Philippines, Development Bank of the Philippines, Philippine Postal Bank, and Al Amanah Bank,
31 are hereby mandated to set aside at least eight percent (8%) of their total loan portfolio based
32 on their balance sheet in the end of the preceding quarter, and open a special credit window for
33 SEs.

34 For a period of ten (10) years from the date of the effectivity of this Act, all other lending
35 institutions as defined under the Central Bank Act or the General Banking Act, as amended,

1 whether public or private, shall likewise set aside at least eight percent (8%) of their total loan
2 portfolio based on their balance sheet as of the end of the previous quarter and make the same
3 available for SEs through a special credit window. The BSP, in consultation with the Council, shall
4 formulate the rules for the effective implementation of this provision: *Provided, That* the
5 purchase of government notes, securities and other negotiable instruments shall not be
6 deemed compliance with the foregoing provision.

7 The BSP shall establish an incentive program to encourage lending to SEs beyond the
8 mandatory credit allocation such as possible reduction in bank's reserve requirement.

9 The Council shall establish a system to monitor all loan applications of SEs in order to
10 account for the absorptive capacity of the SE sector. The BSP shall require lending institutions
11 covered by this Act to furnish the Council on a quarterly basis a regular report on their
12 respective compliance with the above provisions on the mandatory credit allocations for SEs
13 and shall act immediately on the Council's reports of non-compliance therewith.

14 The special credit windows for SEs shall bear interest lower than the market rate and
15 shall have longer terms of payment and waiver of applicable fees.

16

17 **SECTION 21. *Special Credit Window Purposes.*** – The special credit window provided under
18 Section 19 of this Act shall be intended for the following purposes:

19 a) Organizational developmental loan or capacity-building loan for the conduct of
20 social preparation activities or the conduct of capability-building and training or professional
21 development of the board, management and staff of the SE for social entrepreneurship, such
22 as business planning and advisory services, technology intervention, incubation, market studies,
23 and product development;

24 b) Credit line for business development loan or working capital loan to cover the
25 operational and management expenses of an existing business or income generating project,
26 including receivable financing or purchase of additional inventory, soft or intangible
27 investments such as trade fair participation or acquisition of software or franchise development
28 packages;

29 c) Fixed assets financing to cover acquisition of fixed assets like machineries and
30 equipment, motor vehicle, or acquisition of lot for project site or construction of a plant and
31 building and the improvement thereof;

32 d) Value chain financing to cover any of the value chain activities such as
33 production, processing and marketing;

34 e) Domestic letter of credit or trust receipt to provide a stand-by credit facility for
35 the SE borrower for the purchase of product inputs, equipment, machinery, implements, and

1 spare parts, whereby payment of which is guaranteed and to be made to the seller by the
2 lending institution, provided all documents conform with the terms and conditions of the
3 credit; and

4 f) Revolving Credit Line for re-lending to finance the livelihood project
5 requirements of end-borrowers.

6

7 **SECTION 22.** *Eligibility for Agriculture and Fisheries Credit.* – At least ten percent (10%) of the
8 funds created under Section 6 of RA 10000, otherwise known as "*The Agri-Agra Reform Credit*
9 *Act of 2009*," mandated to be set aside by all banking institutions, whether government or
10 private, for agriculture and fisheries credit, shall be made available for SEs engaged in
11 agriculture and fisheries activities.

12

13 **SECTION 23.** *Social Enterprise Guarantee Fund Pool with Non-Collateral Loans.* – There is
14 hereby created a Social Enterprise Guarantee Fund Pool (SEGFP) which shall be comprised of
15 the five percent (5%) of the preceding year budget surplus of the government-owned and
16 controlled corporations and government financial institutions including the PAGCOR, the
17 Philippine Charity Sweepstakes Office (PCSO), the Social Security System (SSS), the Government
18 Service Insurance System (GSIS), the National Power Corporation and the Philippine National Oil
19 Company (PNOC), as contribution to the SGFP in accordance with relevant laws, charters and
20 by-laws, in addition to voluntary contributions, grants and gifts from both local and foreign
21 sources as may be accepted by the Council.

22 The SEGFP shall be administered by the Council and shall be used to mitigate the risks
23 involved in SE sector lending, facilitating the provision of credit therefor. The fund shall be
24 placed in trust with the Land Bank of the Philippines for the purpose of providing guarantee
25 cover to participating financial institutions and other parties in extending financing to SEs:
26 *Provided*, That the fund may also be used to cover the performance bond of SEs in government
27 procurement.

28 The Council, in coordination with the Land Bank of the Philippines, shall draw up the
29 mechanics and administrative arrangements and issue the implementing guidelines for the fund
30 pool.

31

32 **SECTION 24.** *Utilization of People's Development Trust Fund.* – The earnings of the People's
33 Development Trust Fund (PDTF) declared under Section 11 of RA 8425 may be utilized and
34 accessed by the NSCED or accredited SE for the following purposes:

35 a) Consultancy and training services for SEs and their beneficiaries on

1 the establishment of the necessary support services such as financial preparation,
2 fund sourcing, operation of credit and savings entities, monitoring and evaluation
3 including training on marketing, financial, human resource, operational and strategic
4 management;

5 b) Scholarships or training grants for SE staff and officers, and selected
6 beneficiaries;

7 c) Community organizing for SEs;

8 d) Enterprise start-up and incubation grants for new SEs;

9 e) SE development and capability building programs, feasibility studies
10 and researches;

11 e) Legal and other management support services for SEs such as
12 registration or accreditation, documentation, contract review and enforcement,
13 audit and operational assessment;

14 f) Information dissemination of SE technology and management; and

15 g) Other activities to support SEs as approved by the designated
16 agency administering the PDTF.

17

18 **SECTION 25. Tax Exemptions.** – An accredited SE shall have the following tax exemptions:

19 a) The SE with a net income of not more than Fifteen million pesos
20 (P15,000,000.00) shall be exempt from all national, city, provincial, municipal or barangay taxes
21 of whatever name and nature: *Provided*, That such net income shall be allocated for
22 transformational services and other activities of the SE as provided under Section 5.g of this
23 Act;

24 b) Documentary stamp tax;

25 c) Capital gain tax on sales or exchanges of real property classified as capital assets
26 or shares of stock; and

27 d) For five (5) years after the effectivity of this Act, all SEs duly accredited by the
28 Council, in consultation with the Department of Finance (DOF) and the Board of Investment
29 (BOI) of the DTI, shall be exempted from the payment of tariff and duties for the importation of
30 all types of product inputs, equipment, machinery, implements, and spare parts: *Provided*, That

1 these inputs, equipment, machinery, implements, and spare parts shall be for the exclusive use
2 of the importing SEs and can be shown to be directly related to further improve the value chain
3 operations of the SEs.

4

5 The Council shall, in consultation with the DOF and the BOI, within ninety (90) days from
6 the effectivity of this Act, formulate the implementing rules and regulations governing the
7 importation of the inputs, equipment, machinery, and implements for use by the SEs.

8 For income tax purposes, a reinvestment made by a SE for the expansion of its
9 socioeconomic projects within the area of its operation shall be tax deductible from the gross
10 income.

11

12 **SECTION 26. *Procuring for Social Value.*** – Social value shall be included in the eligibility
13 specifications for the procurement of goods and services by government in all its branches,
14 departments, agencies, subdivisions, and instrumentalities, including government-owned and
15 controlled corporations and local government units.

16 Registered small enterprises under RA 6977 that qualify as SE under this Act shall,
17 consistent with Section 4 of RA 9501, be entitled to a share of at least ten percent (10%) of total
18 procurement value of goods and services supplied to the government, its bureaus, offices and
19 agencies annually.

20

21 **SECTION 27. *Incentives for Social Investors.*** – Social investors and other institutions that
22 contribute money or other forms of donation in the promotion and development of SEs shall be
23 entitled to the following tax incentives:

24 a) Equity investments and donations to an accredited SE shall be fully deductible
25 from the gross income of the investor or donor subject to the conditions of Section 34
26 paragraph (c) of RA 8424 otherwise known as the “*National Internal Revenue Code of 1997,*” as
27 amended.

28 b) Donations to an accredited SE shall be exempt from donor’s tax subject to the
29 qualifications of Section 101 of RA 8424, as amended.

30 For the purpose of availing of the tax incentives under this Section, the accreditation of
31 the recipient SE by the Council shall be a sufficient evidence for qualification as a social
32 investor under this Act.

33

34

CHAPTER V

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SECTION 30. *Non-Compliance with the Mandatory Allocation of Credit Resources.* – Administrative sanctions including a fine of not less than Five hundred thousand pesos (P500,000.00) shall be imposed by the Banko Sentral ng Pilipinas upon any banking or lending institution who fails to provide the credit allocations granted to SE in violation of Section 19 of this Act.

SECTION 31. *Non-Impairment Clause.* – Nothing in this Act shall be construed to diminish, impair, or repeal the rights granted to marginalized sectors under existing laws.

SECTION 32. *Information Dissemination.* – The Philippine Information Agency (PIA) shall, in coordination with the Council, the DTI, DA, and the DILG, ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries.

Within sixty days (60) after its effectivity, the Council shall distribute copies of this Act to every department, agency, subdivision, and instrumentality of the government, including government-owned and controlled corporations, regional and provincial offices, and local governments.

All duly accredited SEs shall be given one (1) copy of this Act at cost. Thereafter, every newly accredited SE shall be issued a copy of this Act together with the rules and regulations promulgated pursuant to this Act.

SECTION 33. *PRESENT Program in Government.* – All agencies of the government implementing a poverty alleviation program shall, in coordination with the Council and within a period of five (5) years but in no case longer than ten (10) years from the approval of this Act, incorporate the PRESENT Program in their respective poverty alleviation programs as a tool for poverty reduction.

The Council shall, in coordination with the various government agencies with poverty alleviation programs, prepare the appropriate beneficiaries thereof and organize them into full-fledged SEs under the contemplation of this Act.

Within a period of five (5) years, the Council shall facilitate the development and dissemination of tools, and invest in the development of the capability of SEs to plan, monitor and evaluate their social and financial performance and outcomes. The Council shall evolve

1 socially acceptable benchmarks for evaluating the performance of SEs and incorporate them to
2 effectively develop and regulate the sector.

3

4 **SECTION 34. *Applicability of Other Laws.*** – The Labor Code and all other labor laws, the Social
5 Security Act, the Medical Care Act, other social legislations, and all other laws and executive
6 orders that govern the relationship between the employer and the employee shall apply to SE
7 and its employees and that all employees covered under this Act shall be entitled to the same
8 benefits given to any regular employee such as social security and healthcare benefits.

9

10 **SECTION 35. *Interpretation and Construction.*** – In case of doubt in the meaning of any
11 provision of this Act or in the rules and regulations promulgated pursuant to this Act, it shall be
12 resolved in favor of SEs and their stakeholders.

13

14 **SECTION 36. *Congressional Oversight Committee.*** – There is hereby created a Congressional
15 Oversight Committee on Social Enterprises composed of the Chairman of the Senate
16 Committee on Economic Affairs, Trade and Commerce and the Chairman of the House
17 Committee on Trade and Industry, four (4) members of the Senate and four (4) members of the
18 House of Representatives. The members from the Senate shall be appointed by the Senate
19 President from among the members of the Senate Committee on Economic Affairs, Trade and
20 Commerce based on the proportional representation of the parties or coalition therein. The
21 members from the House of Representatives shall be appointed by the Speaker from among
22 the members of the House Committee on Trade and Industry based on the proportional
23 representation of the parties or coalitions therein.

24 The Oversight Committee, upon review and approval of the Implementing Rules and
25 Regulations of this Act shall become *functus officio* and thereafter cease to exist: *Provided,*
26 *however,* That the Council shall submit to the Committee on Economic Affairs, Trade and
27 Commerce of the Senate and the Committee on Trade and Industry of the House of
28 Representatives an annual report on the implementation of this Act.

29 The appropriation for the oversight committee shall be charged to the budget of both
30 Houses of Congress in the annual General Appropriations Act.

31

32 **SECTION 37. *Social Enterprise Week.*** – In order to institute continuing awareness on the
33 importance of SEs as a viable government strategy in pursuing poverty alleviation, the week of
34 the month when this Act shall have been signed into law shall be declared as the "*Social*
35 *Enterprise Week*" and shall be celebrated annually. The Council shall, through the NCSED, be

1 responsible in organizing activities for the event.

2

3

CHAPTER V

4

FINAL PROVISIONS

5

6 **SECTION 38.** *Implementing Rules and Regulations.* – Within ninety (90) days from the
7 effectivity of this Act, the Secretary of Trade and Industry shall, in consultation and
8 coordination with the concerned government agencies and sector, promulgate the necessary
9 rules and regulations for the effective implementation of this Act.

10

11 **SECTION 39.** *Separability Clause.* – If any provision or part of this Act is declared invalid or
12 unconstitutional, the remaining parts or provisions not affected shall remain in full force and
13 effect.

14

15 **SECTION 40.** *Repealing Clause.* –All laws decrees, ordinances, rules and regulations, executive
16 order or administrative order and other presidential issuances inconsistent in this act are
17 hereby repealed, amended or modified accordingly.

18 **SECTION 41.** *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the
19 Official Gazette or in two (2) national newspapers of general circulation.

20

21 Approved,