

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )

'18 NOV 21 P5:06

**SENATE**  
S.B. No. **2108**

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Introduced by Senator Grace Poe

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**AN ACT**  
**TO PROMOTE THE GROWTH AND DEVELOPMENT OF SOCIAL ENTERPRISES**  
**AS A MEANS TO ALLEVIATE POVERTY, ESTABLISHING FOR THE PURPOSE**  
**THE "POVERTY REDUCTION THROUGH SOCIAL ENTREPRENEURSHIP**  
**(PRESENT) PROGRAM", PROVIDING INCENTIVES AND BENEFITS,**  
**APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

***Explanatory Note***

The phrase "social justice" tends to raise conservative eyebrows. After all, the concept of social justice tends to conjure images of coercive, State-sanctioned redistribution of wealth. This understanding of "social justice" is misguided. Social justice is not just about the redistribution of wealth, but also generating sufficient resources so that all individuals are provided with what they need.

Recognizing this principle, the framers of the 1987 Philippine Constitution did not only include "protectionist" and "nationalist" principles to achieve the egalitarian ideals of social justice. They also included provisions on the generation of economic growth for all. One prime example is Article XII, Section 2: "The promotion of social justice shall include the commitment to create economic opportunities based on freedom of initiative and self-reliance."

One crucial way to promote social justice is to promote the growth of businesses and enterprises whose primary goal is to generate resources to empower the poor. These businesses are known as "social enterprises". According to the Institute for Social Entrepreneurship in Asia (ISEA)<sup>1</sup>, social enterprises have three main characteristics:

- a) Social enterprises are social mission driven organizations explicitly pursuing poverty reduction/alleviation as primary objective. The poor are engaged not only as workers, clients or suppliers of these social enterprises, but as partners in social enterprise or value chain management as well as in social enterprise governance;

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<sup>1</sup> Dacanay, M.L. "Getting a Handle on Social Entrepreneurship". *Institute for Social Entrepreneurship in ASIA*.

- b) Social enterprises are wealth-creating organizations that have a double or triple bottom line. They create wealth to partially or fully cover their operations and to invest in other activities related to their social mission;
- c) Social enterprises have a distributive enterprise philosophy. Social enterprises create social and economic value that accrue to the poor as primary stakeholders.

In recognition of these ideas, the ISEA has drafted the Poverty Reduction through Social Entrepreneurship (PRESENT) bill. The present measure seeks to provide incentives and benefits to promote the growth of social enterprises, and to integrate the same into the overall poverty reduction strategy of the national government.

Speedy approval of this measure is eagerly sought.

  
**GRACE POE**

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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**CHAPTER I**  
**GENERAL PROVISIONS**

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

3 Sec. 2. *Statement of Policy.* – As The State hereby reiterates its commitment  
4 to realize the following goals and principles and enumerated in the Constitution:

5 a) The State shall promote a just and dynamic social order that will ensure  
6 the prosperity and independence of the nation and free the people from  
7 poverty through policies that provide adequate social services, promote  
8 full employment, a rising standard of living, and an improved quality of life  
9 for all;

10 b) The State shall provide social justice in all phases of national development  
11 and that the State values the dignity of every human person and  
12 guarantees full respect for human rights.

13 c) The State shall ensure that the national economy provides for a more  
14 equitable distribution of opportunities, income, and wealth; a sustained



1 increase in the amount of goods and services produced by the nation for  
2 the benefit of the people; and an expanding productivity as the key to  
3 raising the quality of life for all, especially the underprivileged.

4 d) The State shall promote industrialization and full employment based on  
5 sound agricultural development and agrarian reform, through industries  
6 that make full and efficient use of human and natural resources, and  
7 which are competitive in both domestic and foreign markets. However, the  
8 State shall protect Filipino enterprises against unfair foreign competition  
9 and trade practices.

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

14 In pursuit of these Constitutional objectives, it is hereby declared a policy of  
15 the State to pursue a poverty reduction program that promotes an environment  
16 conducive to the development and growth of a vibrant social enterprise sector  
17 engaged in poverty reduction, economic and social development. It shall empower  
18 the poor as primary stakeholders in social enterprises, establish mechanisms  
19 essential to realizing their potential and achieving their full growth, and extend the  
20 assistance necessary for their advancement.

21 It is likewise declared a policy of the State to ensure that the provision for  
22 technical and financial assistance, incentives and other services are free from any  
23 condition that might infringe upon the autonomy or organizational integrity of the  
24 social enterprises to enable them to develop into viable and vital anti-poverty  
25 agents, and a strong social entrepreneurship movement which will be instrumental in  
26 reducing poverty in the country.

27 Sec. 3. *Definition of Terms.* – For the purpose of this Act, the following terms  
28 shall be defined:

29 a) "*Social Enterprise*" or "*SE*" refers to a wealth-creating organization,  
30 however organized, whether an association, single proprietorship,  
31 partnership, corporation, cooperative, or any other legal form, whose  
32 primary stakeholders are marginalized sectors of society, engaged in



1 providing goods and/or services that are directly related to its mission of  
2 improving societal well-being. It is established to achieve triple bottom  
3 lines such as financial, social and ecological. It generates profit or surplus  
4 with due regard to social and environmental costs, and makes a pro-active  
5 contribution to resolving social and environmental problems.

6 b) "*Social Enterprise with the Poor as Primary Stakeholders*" or "*SEPPs*" refers  
7 to a social enterprise which explicitly declares and pursues poverty  
8 reduction/alleviation or improving the quality of life of specific segments of  
9 the poor as principal objective. A SEPPS engages and invests in the poor  
10 to become effective workers, suppliers, clients and/or owners, and/or  
11 ensures that a substantive part of the wealth created by the enterprise is  
12 distributed to, or benefits them. In addition to reinvesting its surplus or  
13 profits back to the enterprise to sustain the fulfilment of its social mission,  
14 a SEPPS also uses its surplus or profits and mobilizes other resources to  
15 assist the poor to become partners in SE or value chain  
16 management/governance and to become partners in community, sectoral  
17 and societal transformation.

18 c) "*Absolute poverty*" refers to the condition of the household below the food  
19 threshold level as defined by the Philippine Statistics Authority (PSA)

20 d) "*Assets*" refer to all kinds of properties, real or personal, owned by the  
21 social enterprise (SE) as defined in paragraph (dd) of this Section and  
22 used for the conduct of its business: *Provided*, That for the purpose of  
23 exemption from taxes and to benefit from other incentives under this Act,  
24 this term shall mean all kinds of properties, real or personal, owned and/or  
25 used by the SE for the conduct of its business;

26 e) "*Basic sectors*" refers to the disadvantaged sectors of Philippine society as  
27 defined under Republic Act No. 8425, otherwise known as the "*Social  
28 Reform and Poverty Alleviation Act*";

29 f) "*Bottom line*" refers to the objectives or purposes for which a SE is  
30 established. *Triple bottom line* shall refer to social, ecological and financial  
31 objectives;  
32

- 1 g) "*Capability building*" refers to the process of enhancing the viability and  
2 sustainability of SEs and pertain to education, training, coaching and other  
3 learning events like study tours; technical, consultancy and advisory  
4 services; assistance in organizational systems development; technology  
5 incubation, development and dissemination; value chain and subsector  
6 development; conduct of SE trade fairs and missions; networking and  
7 policy advocacy initiatives and other such activities that enable SEs to be  
8 effective and efficient vehicles for poverty reduction. The term capability  
9 building precludes the grant of any loan or equity funds to the SE and  
10 shall in no way refer to the provision of equity investments, seed funding,  
11 partnership's seed funds, equity participation, start-up funds or any such  
12 activity that connotes the infusion of capital or funds from the government  
13 or from the SE Development Fund created under Section 16 of this Act;
- 14 h) "*Civil society organizations*" refer to private voluntary organizations of  
15 citizens that are established to pursue a mission, usually involving the  
16 interest of the public, marginalized groups or specific sectors of society.  
17 They include non-government organizations, socio-civic groups,  
18 foundations and people's organizations;
- 19 i) "*Council*" refers to the SE Council;
- 20 j) "*Cooperative*" refers to an autonomous and duly registered association of  
21 persons, with a common bond of interest, who have voluntarily joined  
22 together to achieve their social, economic, and cultural needs and  
23 aspirations by making equitable contributions to the capital required,  
24 patronizing their products and services and accepting a fair share of the  
25 risks and benefits of the undertaking in accordance with universally  
26 accepted cooperative principles as defined in R.A. 6938, as amended by  
27 R.A. 9520, otherwise known as the "Philippine Cooperative Code of 2008";
- 28 k) "*Corporate Social Responsibility*" or "*CSR*" refers to the commitment of a  
29 private enterprise or business to contribute on a voluntary basis to a  
30 sustainable social and economic development by working with relevant  
31 stakeholders to improve their lives in ways that are good for business, the  
32 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;

l) "*Economic subsectors*" refers to 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 and SEs shall more effectively reach and benefit a greater number of poor in poverty reduction programs;

m) "*Empowerment strategy*" refers to a development strategy that enables the marginalized sectors to own, manage, and control SEs in order for them to reap maximum benefits from it and which acts as a channel for directly distributing income;

n) "*Fair trade*" refers to a trading partnership based on dialogue, transparency and respect and which seeks greater equity in international trade and the transformation and adaptation of trading structures and practices in favor of the poor and disadvantaged by offering better trading conditions to, and securing the rights of, marginalized producers and workers;

o) "*Fair trade organizations*" refers to enterprises certified by internationally and nationally recognized Fair Trade networks;

p) "*Fair trade principles*" refers to the values adopted by fair trade organizations in their day-to-day operation. These include creating opportunities for economically- disadvantaged producers; transparency



1 and accountability; payment of a fair price; ensuring no child labor and  
2 forced labor; commitment to non-discrimination, gender equity and  
3 freedom of association; ensuring good working conditions; providing  
4 capacity building; and, respect for the environment;

5 q) "*Foundation*" refers to non-profit organizations which may either provides  
6 funds and support to other organizations or provides the source of funding  
7 for its own charitable purposes. Unlike a company, foundations have no  
8 shareholders though they may have a board, an assembly and voting  
9 members. A foundation may hold assets in its own name for the purposes  
10 set out in its constitutive documents, and its administration and operation  
11 are carried out in accordance with its statutes or articles of association  
12 rather than fiduciary principles;

13 r) "*GPPB*" refers to the Government Procurement Policy Board established in  
14 accordance with Article X of R.A.No.9184, otherwise known as the  
15 "*Government Procurement Reform Act*";

16 s) "*Intermediation strategy*" refers to a development strategy that provides  
17 financial, agricultural, business development and institutional development  
18 services to the entrepreneurial poor and employers of the poor and  
19 provides as well product development and marketing support using the  
20 principles of fair trade to marginalized producers. A SE engaged in  
21 intermediation strategy need not be owned by the marginalized  
22 stakeholders but provide immediate access to services among a critical  
23 mass of these marginalized stakeholders;

24 t) "*Marginalized Sectors*" refers to groups of people who are stigmatized or  
25 marginalized by virtue of their physical, psychological, economic, social or  
26 cultural circumstance;

27 u) "*Micro-enterprise*" as defined in R.A. No. 6977, as amended by R.A. No.  
28 9501, otherwise known as the "*Magna Carta for Small Enterprises*," refers  
29 to any business activity or enterprise engaged in industry, agribusiness  
30 and/or services, whether single proprietorship, cooperative, partnership or  
31 corporation whose total assets, inclusive of those arising from loans but  
32 exclusive of the land on which the particular business entity's office, plant

1 and equipment are situated, must have a value of not more than Three  
2 Million Pesos (₱3,000,000.00). This amount is subject to review and  
3 adjustments by the Micro, Small and Medium Enterprises Development  
4 (MSMED) Council, taking into account inflation and other economic  
5 indicators and may use other variables such as number of employees,  
6 equity capital and assets size;

7 v) "*Microfinance*" refers to the provision of a broad range of financial services  
8 such as deposits, loans, payment services, money transfers and insurance  
9 products to the poor and low-income households and their  
10 microenterprises and small businesses, to enable them to raise their  
11 income levels and improve their living standards;

12 w) "*Minimum basic needs*" refers to the needs of a Filipino family pertaining  
13 to survival (food and nutrition; health; water and sanitation), security  
14 (shelter; peace and order; public safety, income and livelihood); and  
15 enabling services (basic education and literacy, participation in community  
16 development, family and psycho-social care);

17 x) "*Non-Government Organization*" or "*NGO*" refers to a duly registered non-  
18 stock, non-profit organization focusing on uplifting of the basic or  
19 disadvantaged sectors of society by providing advocacy, training,  
20 community organizing, research, access to resources, and other similar  
21 activities and, as defined under Section 34 (H)(2)(c) of Republic Act No.  
22 8424, as amended, otherwise known as the National Internal Revenue  
23 Code of 1997, organized and operated exclusively for scientific, research,  
24 educational, character-building and youth and sports development, health,  
25 social welfare, cultural or charitable purposes, or a combination thereof,  
26 and no part of the net income of which inures to the benefit of any private  
27 individual;

28 y) "*People's Organization*" or "*PO*" refers to self-help groups belonging to the  
29 basic sectors and/or disadvantaged groups composed of members having  
30 a common bond of interest who voluntarily join together to achieve a  
31 lawful common social or economic end;



- 1        z) "*Persons with Disability*" refers to individuals with restriction or different  
2        abilities, as a result of a mental, physical or sensory impairment, to  
3        perform an activity in the manner or within the range considered normal  
4        for a human being;
- 5        aa) "*Poor*" refers to individuals and families whose income fall below the  
6        poverty threshold as defined by the Philippine Statistics Authority, and/or  
7        are deprived of the means to provide in a sustained manner their  
8        minimum basic needs of food, health, education, housing and other  
9        essential amenities of life, as defined under R.A. 8425;
- 10       bb) "*Poverty reduction/alleviation*" refers to overcoming the income, resource,  
11       and capability deprivation among the poor as defined in the preceding  
12       paragraph and the marginalized sectors as defined in paragraph (q)  
13       hereof;
- 14       cc) "*Private Enterprise*" refers to an organization engaged in a business  
15       activity organized for the purpose of accumulating profit and whose  
16       primary stakeholders and beneficiaries are its owners;
- 17       dd) "*Procuring Entity*" refers to any branch, department, office, agency, or  
18       instrumentality of the government, including state universities and  
19       colleges, government-owned and/or - controlled corporations, government  
20       financial institutions, and local government units procuring Goods,  
21       Consulting Services and Infrastructure Projects;
- 22       ee) "*Resource mobilization strategy*" refers to a development strategy  
23       intended to generate income from the sale of products and services of a  
24       SE in order to finance or subsidize the operations of its core development  
25       program or development interventions among the marginalized sectors;
- 26       ff) "*SEGFP*" refers to the SE Guarantee Fund Pool created under this Act;
- 27       gg) "*Social development*" refers to the continuing process of addressing the  
28       needs of society, beginning with the people's minimum basic needs,  
29       through a systematic implementation of socioeconomic programs or  
30       packages;
- 31



- 1 hh) "*Social Enterprise Service Institution*" refers to an organization that  
2 provides assistance to SEs for them to become viable and sustainable and  
3 which assistance pertains to supplying needs such as trainings, education  
4 and other capacity-building measures, research and development, and  
5 other similar activities;
- 6 ii) "*Social Enterprise Advocacy Group*" refers to an organization whose  
7 primary purpose is supporting the cause of SEs especially with regard to  
8 public policy and articulating issues or causes related to social  
9 entrepreneurship;
- 10 jj) "*Social entrepreneur*" refers to an innovative individual or institution that  
11 promotes the creation and operationalization of enterprises or livelihood  
12 endeavors for those in need or which address social problems and improve  
13 societal well-being;
- 14 kk) "*Social entrepreneurship*" refers to a model of entrepreneurship wherein  
15 business is done to improve societal well-being and to initiate, guide or  
16 contribute to change in society;
- 17 ll) "*Social Inclusion strategy*" refers to the development strategy that assists  
18 groups of people who are stigmatized or marginalized by virtue of their  
19 physical, psychological, economic, social or cultural circumstance in order  
20 to restore their dignity by not only removing the barriers that limit their  
21 access to the delivery of basic social services and employment, but more  
22 importantly, by nurturing work and other environments that create  
23 avenues for their participation as productive members of society;
- 24 mm) "*Social Investors*" refers to individuals or institutions that choose to put  
25 in money to a business endeavor or activity not principally for financial  
26 profit but to fulfill a social mission which may include poverty reduction,  
27 concern for environmental protection, strong organizational governance,  
28 and a desire for a more economically just world;
- 29 nn) "*Social reform*" refers to the continuing process of addressing the basic  
30 inequities in society through a systematic, unified and coordinated delivery  
31 of socioeconomic programs or packages;
- 32

- 1 oo) "*Transactional roles*" refers to enterprise-related functions performed by  
2 the poor that involve an exchange of goods or services for money  
3 including being workers, suppliers, clients or owners;
- 4 pp) "*Transformational roles*" refers to functions performed by the poor as  
5 conscious agents of change to lift their own selves from poverty and to  
6 participate in group efforts to improve the quality of life of their  
7 community, sector or society as a whole;
- 8 qq) "*Transactional services*" refers to enterprise or market-driven activities,  
9 such as providing loans, demonstrating new technologies or conducting  
10 trainings that are necessary for the poor in the SE system to effectively  
11 and efficiently perform their roles as workers, suppliers, clients and  
12 owners. Transactional services may be fee-based, such as the granting of  
13 loans, or non-fee based, such as the extension of production-related  
14 trainings;
- 15 rr) "*Transformational services*" refers to activities such as leadership  
16 formation, organizational development, financial and legal literacy  
17 development, asset build-up, and other educational and experiential  
18 learning opportunities, that empower the poor to become conscious  
19 change agents for themselves, for their communities, sectors and society  
20 as a whole;
- 21 ss) "*Underemployment*" refers to an economic position where an employed  
22 person's desire to have additional hours of work in his/her present job or  
23 to have an additional job, or to have a new job with longer working hours  
24 is not met;
- 25 tt) "*Unemployment*" refers to an economic situation where persons who are  
26 15 years old and over as of their last birthday and are 1) without work or  
27 have no job or business, 2) available for work and willing to take up work  
28 in paid employment or self-employment, 3) seeking work and had taken  
29 specific steps to look for a job or establish a business but failed to; *and*
- 30 uu) "*Value chain*" refers to value-adding economic activities that an enterprise  
31 is interlinked with in the process of producing goods and/or services to  
32 serve its chosen market. A value chain typically consists of: 1) inbound



1 distribution or logistics, 2) manufacturing operations, 3) outbound  
2 distribution or logistics, 4) marketing and selling, and 5) after-sales  
3 service. These activities are supported by 6) purchasing or procurement,  
4 7) research and development, 8) human resource development, and 9)  
5 organizational development. A SE that understands and manages its value  
6 chain improves its capability to create economic, environmental and social  
7 values towards improving the position and benefits of the poor in the  
8 value chain and towards ensuring the viability and sustainability of the  
9 enterprise.

## 10 11 **CHAPTER II**

### 12 **POVERTY REDUCTION THROUGH SOCIAL ENTERPRISES**

13  
14 Sec. 4. *Establishment of the Poverty Reduction Through Social*  
15 *Entrepreneurship (PRESENT) Program.* — To promote the development of a SE  
16 sector with the poor as primary stakeholders, a comprehensive and fully-integrated  
17 *Poverty Reduction through Social Entrepreneurship (PRESENT) Program*, is hereby  
18 established, and shall be guided by the following principles:

- 19 a) Incorporation of the PRESENT Program in the government's poverty  
20 reduction drive as a major sustainable and comprehensive strategy;
- 21 b) Rationalization of poverty reduction programs by streamlining and  
22 coordinating the various anti-poverty programs of the government to  
23 reduce inefficiency and duplication and to improve the effectiveness of  
24 each program;
- 25 c) People's participation and empowerment by mobilizing civil society  
26 organizations and social movement groups working with the poor;
- 27 d) Promoting sustainable programs that reduce inequality in incomes across  
28 economic sectors and increase self-reliance among the poor;
- 29 e) Enabling SEs to overcome constraints and to take advantage of  
30 opportunities for enhancing the position and benefits of the poor in  
31 economic subsectors and value chains;



1 f) Gender-sensitivity by ensuring women's equal rights and access to SE's  
2 resources; *and*

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

5 The planning framework of the PRESENT Program and its planning process  
6 shall ensure that the poor are engaged as primary stakeholders. It shall add value  
7 and complement ecosystem-based, area-based, community-based and other tools  
8 and processes in local economic development by promoting and utilizing the  
9 economic subsector as a strategic unit of analysis and planning SE development  
10 interventions.

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

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

18 *Sec. 5. Eligibility for Benefits and Incentives.* – To be eligible for the benefits  
19 and incentives provided for in this Act, the SE shall:

20 a) Provide or facilitate the provision of a combination of transactional and/or  
21 transformational services to improve the position and benefits derived by  
22 the poor from the SE and the value chain or economic subsector where  
23 the SE is located, including becoming worker-owners, supplier-owners,  
24 supervisors and managers, active members and leaders in governing  
25 bodies of the SE or its allied organizations;

26 b) Invest a substantive part of its surplus, profits or mobilize other resources  
27 to assist the poor to become partners in SE or value chain  
28 management/governance and/or to become partners in community,  
29 sectoral and societal transformation;  
30

- 1 c) Make a pro-active contribution to resolving social and environmental problems  
2 and generate profit or surplus with due regard to social and environmental  
3 costs;
- 4 d) Employ any of the following development strategies in the pursuit of its social  
5 mission: 1) empowerment strategy; 2) social inclusion strategy; 3)  
6 intermediation strategy; and, resource mobilization strategy;
- 7 e) Be engaged in an economic activity within the sectors of agriculture and  
8 fisheries, industry and services which, for purposes of this Act, shall refer to  
9 an activity in any of the economic subsectors;
- 10 f) Ensure that a substantive part of the wealth created by the enterprise is  
11 distributed to the poor in the form of services, dividends and other forms of  
12 benefits, and payments and incentives for products or services rendered  
13 consistent with the principles of fair trade;
- 14 g) Be duly registered with the appropriate agencies as provided under the  
15 Corporation Code or the Cooperative Code of the Philippines, Magna Carta for  
16 Micro, Small and Medium Enterprises, Barangay Micro Business Enterprises  
17 Act and other laws.

18 Financial sustainability shall not be a prerequisite for the availment of  
19 incentives and benefits under this Act: *Provided*, that social enterprises that have not  
20 achieved financial sustainability may be eligible to avail of the services, assistance  
21 and incentives set forth in this Act by presenting a workable strategy to achieve  
22 financial sustainability over a reasonable period of time.

23 *Sec. 6. Other Eligibility Provisions.* - In the case of social enterprises organized  
24 as stock corporations, partnerships or sole proprietorships, the following additional  
25 requirements shall apply:

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



- 1
- 2 b) A social enterprise organized as stock corporations, partnerships or sole
- 3 proprietorships, must invest at least 60% of its gross revenues to sustain
- 4 the fulfilment of its social mission or to provide transformational services
- 5 for the poor.

6 Sec. 7. *Social Enterprise Development Council.* – To carry out the policy

7 declared under this Act, a Social Enterprise Development Council (SEDC), hereinafter

8 referred to as the Council, is hereby created as an agency attached to the

9 Department of Trade and Industry (DTI). It shall be the primary agency tasked to

10 carry out the promotion, growth and development of social enterprises in the

11 country. The Council shall be composed of the following:

- 12 a) Secretary of Trade and Industry, as chairperson;
- 13 b) Secretary of Agriculture, as co-vice chairperson;
- 14 c) Lead Convenor of the National Anti-Poverty Council (NAPC), as co-vice
- 15 chairperson;
- 16 d) SE sector head representative, as co-vice chairperson;
- 17 e) Secretary of Social Welfare and Development;
- 18 f) Director-General of the National Economic Development Authority (NEDA);
- 19 g) Secretary of Finance;
- 20 h) Secretary of the Interior and Local Government;
- 21 i) Secretary of Labor and Employment;
- 22 j) Secretary of Science and Technology;
- 23 k) Secretary of Education;
- 24 l) Secretary of Agrarian Reform;
- 25 m) Secretary of Health;
- 26 n) Secretary of Environment and Natural Resources;
- 27 o) Chairperson of the Cooperative Development Authority (CDA);
- 28 p) Secretary of Securities and Exchange Commission (SEC);
- 29 q) Nine (9) representatives from SEs, three (3) representatives each from the
- 30 main island groupings of Luzon, Visayas, and Mindanao;
- 31 r) Three (3) representatives from SE service institutions; and
- 32 s) Three (3) representatives from SE advocacy groups, as members.



1  
2       Sec. 9. *Powers and Functions.* – The Council shall have the following powers  
3 and functions:

- 4       a) Formulate policies, plans, programs and projects to develop and promote  
5       SEs as a tool for poverty reduction consistent with national development  
6       objectives;  
7       b) Oversee the successful implementation of the PRESENT Program and other  
8       SE programs;  
9       c) Identify and access sources of financing to expand the SE sector;  
10      d) Monitor and evaluate the performance of programs and projects for  
11      appropriate incentives;  
12      e) Call upon any government agency to carry out and implement programs and  
13      projects identified by the Council and to assist in clarifying issues and finding  
14      resolution to problems that concern their respective offices with respect to  
15      the implementation of the PRESENT Program enunciated under this Act or  
16      any development program for SEs.  
17      f) Call upon people's organizations, non-government organizations, the academe  
18      and other sectors to provide advice on matters pertaining to SEs and  
19      conduct of transactional and transformational services to farmers,  
20      producers, workers, consumers and other stakeholders;  
21      g) Submit annual and other periodic reports to the President and the Congress  
22      of the Philippines through the Congressional Oversight Committee;  
23      h) Promulgate such rules and regulations and exercise such other powers and  
24      functions as may be necessary to carry out the purposes of this Act; and  
25      i) Perform such other functions as may be necessary for its effective operations  
26      and the continued enhancement, growth and development of the SE sector.

27       Sec. 8. *Designation of Permanent Representatives to the Council.* - Within 30  
28 days from the effectivity of this Act, Cabinet-ranked *ex-officio* members of the  
29 Council shall designate a permanent representative to the council, to attend the  
30 meetings of the council in cases that the Cabinet-ranked *ex officio* members cannot  
31 personally attend such meetings. The designated permanent representative of any

1 of the Cabinet-ranked members of the Council must hold a position not lower than a  
2 bureau director.

3       *Sec. 9. Term and Appointment of SE Sector Representatives.* - Within 90 days  
4 from the effectivity of this Act, the President shall select and appoint the  
5 representatives of the SEs from the main island groupings of Luzon, Visayas and  
6 Mindanao, the SE Service Institutions, and the SE Advocacy Groups from among the  
7 nominees submitted by their respective organizations. Nominations for  
8 representatives shall be submitted within 60 days from the effectivity of this Act.  
9 These representatives must be conversant in the theory and practice of SE and  
10 committed to the policies and programs provided under this Act.

11       Of those first appointed after the effectivity of this act, five (5)  
12 representatives, consisting of a representative each for Luzon SEs, Visayas SEs,  
13 Mindanao SEs, SE Service Institutions, and SE Advocacy Groups, shall serve for a  
14 term of three (3) years. A second group of five (5) representatives, with the same  
15 composition above, shall serve for a term of two (2) years, while a third group shall  
16 serve for a term of one (1) year.

17       All SE representatives shall thereafter be appointed to serve for a term of  
18 three (3) years. No person shall be appointed to serve as an SE representative in the  
19 SEDC for more than a period of two (2) terms.

20       Any vacancy in the SEDC arising from the death, incapacity, resignation, or  
21 termination of the term of an appointed SE representative shall be filled up within 90  
22 days from the occurrence of the said vacancy. All nominations to the vacancy shall  
23 be submitted within 60 days from the occurrence of such. In the case of a vacancy  
24 arising from death, incapacity or resignation, the representative appointed to the  
25 vacancy shall serve only for the remaining period of the term for the vacated office.

26       *Sec. 10. SEDC Executive Committee.* - The Council shall create an Executive  
27 Committee to be headed by the SEDC Chairman or his designated permanent  
28 representative, with six (6) other members elected by its members from among  
29 themselves or their designated permanent representatives, with at least three (3)  
30 members representing the SEs, and with the authority to act for the Council, and  
31 within the specific authority granted by the Council.



1        Sec. 11. *Secretariat.* – There is hereby created a Secretariat headed by an  
2        Executive Director and two (2) Deputy Directors, and supported by staff, whose  
3        composition shall be determined by the SEDC, to serve as the national, technical and  
4        administrative secretariat of the Council with the member agencies providing  
5        additional support staff when the need arises. The Secretariat shall perform the  
6        following functions:

- 7        a) Provide administrative support to the Council, with the assistance of the  
8        National Economic and Development Authority secretariat in the  
9        formulation of the PRESENT development programs and plans;
- 10       b) Assist the Council in the implementation of the PRESENT development  
11       program and the annual and medium-term development plan;
- 12       c) Assist the Council in the accreditation of SEs;
- 13       d) Assist the Council in monitoring the PRESENT development programs and  
14       the activities of the various concerned government agencies with respect  
15       to SEs;
- 16       e) Prepare, collate and integrate all necessary inputs to the Council's yearly  
17       report on the status of SEs in the country;
- 18       f) Submit periodic reports to the Council on the progress and  
19       accomplishment of its work programs; and
- 20       g) Perform other functions that may be assigned and authorized by the  
21       Council.

22       Sec. 12. *Office.* – The Council shall have its principal place of business in  
23       Metro Manila and may establish such branches within the Philippines as may be  
24       deemed necessary by the President of the Philippines to carry out the powers and  
25       functions of the Council.

26       Sec. 13. *National Center for Social Enterprise Development.* – There shall be  
27       established a National Center for Social Enterprise Development (NCSED) under the  
28       Council which shall perform the following functions:

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

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

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

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

The NCSED shall coordinate with the University of the Philippines Institute for Small Scale Industries (UP ISSI), the Technical Education and Skills Development Authority (TESDA), the Technology and Livelihood Resource Center (TLRC), the Department of Transportation and Communications (DOTC), civil society organizations and other relevant agencies, state universities and colleges in implementing its programs.

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

Sec. 15. *Role of LGUs in SE Development*- Only LGUs with viable SE development plans as incorporated in their respective local development plans are entitled to avail of the SE Development Fund created under the immediately succeeding section for the purpose of initiating and facilitating the development and sustainability, or otherwise assisting such SEs in their jurisdiction: *Provided,* That no LGU shall establish and operate its own SE. Provided further, that this provision shall in no case be construed to prohibit LGUs from assisting in the establishment and operation of SEs.



**CHAPTER III**  
**DEVELOPMENT OF SOCIAL ENTERPRISES**

Sec. 16. *SE Capability Building and Sustainability Program; Creation of SE Development Fund* – There is hereby established a SE Capability Building and Sustainability Program whose primary objective is to guarantee the viability and sustainability of SEs through activities that advance, in general, both transformational services and transactional services. This program shall include training in social entrepreneurship development, institutional strengthening, human resource competency and skills training, business planning and advisory services, upgrading of accounting and auditing systems, technical assistance for the installation or improvement of management information systems, technology intervention, technology incubation/commercialization, market studies, and product development competitiveness, business matching activities, trade fairs and missions, policy advocacy, disaster-resiliency and other related activities.

The SE Capability Building and Sustainability Program shall likewise include the establishment of an insurance system for SEs affected by natural calamities in line with the National Framework Strategy on Climate Change 2010-2022 as provided for under Republic Act No. 9729 or the "*Climate Change Act of 2009*" and Republic Act No. 10121 or the "*Philippine Disaster Risk Reduction and Management Act of 2010*."

For this purpose, there is hereby created and established an SE Development Fund (SEDF) in the amount of Three Billion Pesos (₱3,000,000,000.00) to be administered by the Council with an endowment from the earnings of the Philippine Amusement and Gaming Corporation (PAGCOR), in addition to appropriations by Congress, voluntary contributions, grants, gifts from both local and foreign sources as may be accepted by the Council. Capability building projects approved by the Council shall be implemented by the NCSED, by itself or through reputable Social Enterprise Service Institutions contracted for the purpose, and acting under the supervision of the NCSED.

1 Only the fruits of the SEDF shall be used for the purposes provided herein.  
2 Any undisbursed fruits for the preceding year shall form part of the disbursable  
3 portion of the SEDF in the following year.

4 *Sec. 17. Social Enterprise Research and Development System.* -The Council, in  
5 coordination with the NEDA, DOST, and DTI, and other appropriate agencies and  
6 research institutions, shall develop and enhance a research and development system  
7 that:

- 8 a) Provides studies on opportunities for poverty reduction and SE  
9 development in key economic subsectors and other inputs for the Council  
10 to undertake strategic planning for its PRESENT Program;
- 11 b) Equip SEs and support institutions with technologies that are appropriate  
12 for enhancing the participation and benefits of the poor in various  
13 economic subsectors; *and*
- 14 c) Equip SEs and support institutions with innovative and sustainable  
15 approaches to improve access of the poor to quality basic social services.

16 *Sec. 18. Social Enterprise Marketing Infrastructure Development.* - The Council  
17 shall promote the development and expansion of local and foreign markets for the  
18 products and services of SEs, guided by the principles of fair trade. Consistent with  
19 this, the Council shall:

- 20 a) Establish a SE Marketing Assistance Program (SMAP) that will assist SEs  
21 match supply with demand in both domestic and foreign markets, as well  
22 as promote SE products and services through tri-media, trade fairs and  
23 trade missions; *and*
- 24 b) Develop, install and sustain a SE market information system with the  
25 assistance of the DTI and DOTC which shall be called the SE Marketing  
26 Information Network (SMIN).

27 The SMIN shall be set up from the level of the municipal and provincial LGUs,  
28 the regional and up to the Council level within one (1) year from the approval of this  
29 Act, taking into account existing information networks such as the internet and using  
30 a dedicated website for the purpose, to ensure linkage of the SEs with the  
31 government and its various departments, agencies, bureaus and instrumentalities,



1 the local and domestic markets, as well as research institutions. The Council shall  
2 provide technical assistance in setting up the SMIN at the local and regional levels.

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

7 The SMIN shall provide information and marketing services related to  
8 products of SEs which shall include the following:

- 9 a) Supply data;
- 10 b) Demand data;
- 11 c) Price and Price trends;
- 12 d) Product standards;
- 13 e) A directory which shall include, but not limited to SEs, traders, key market  
14 centers, processors and business institutions both at the national and local  
15 levels;
- 16 f) Information and technology generated from research institutions;
- 17 g) International, regional and local market forecasts; *and*
- 18 h) Resource accounting data.

## 19

## 20 CHAPTER IV

## 21 INCENTIVES AND BENEFITS

## 22

23 Sec. 19. *Special Credit Windows with non-collateralized loans.* – In addition to  
24 the special credit windows provided for the promotion of microfinance as provided  
25 under Section 16 of RA 8425, the Land Bank of the Philippines, Development Bank of  
26 the Philippines, Philippine Postal Bank, and Al Amanah Bank, are hereby mandated  
27 to set aside at least eight percent (8%) of their total loan portfolio based on their  
28 balance sheet in the end of the preceding quarter, and open a special credit window  
29 for SEs.

30 For a period of ten (10) years from the date of the effectivity of this Act, all  
31 other lending institutions as defined under the Central Bank Act or the General  
32 Banking Act, as amended, whether public or private, shall likewise set aside at least

1 eight percent (8%) of their total loan portfolio that will not require a collateral based  
2 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  
4 Council, shall formulate the rules for the effective implementation of this provision:  
5 *Provided*, That the purchase of government notes, securities and other negotiable  
6 instruments shall not be deemed compliance with the foregoing provision.

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

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

16 The special credit window for SEs shall bear interest lower than the market  
17 rate and shall have longer terms of payment and waiver of applicable fees.

18 *Sec. 20. Special Credit Window Purposes.* – The special credit window  
19 provided under Section 19 of this Act shall be intended for the following purposes:

- 20 a) Organizational developmental loan or capacity-building loan for the  
21 conduct of social preparation activities or the conduct of capability-building  
22 and training or professional development of the board, management and  
23 staff of the SE for social entrepreneurship, such as business planning and  
24 advisory services, technology intervention, incubation, market studies, and  
25 product development;
- 26 b) Credit line for business development loan or working capital loan to cover  
27 the operational and management expenses of a start-up or existing  
28 business or income generating project, including receivable financing or  
29 purchase of additional inventory, soft or intangible investments such as  
30 trade fair participation or acquisition of software or franchise development  
31 packages;



- 1 c) Fixed assets financing to cover acquisition of fixed assets like machineries  
2 and equipment, motor vehicle, or acquisition of lot for project site or  
3 construction of a plant and building and the improvement thereof;  
4 d) Value chain financing to cover any of the value chain activities such as  
5 production, processing and marketing;  
6 e) Domestic letter of credit or trust receipt to provide a stand-by credit  
7 facility for the SE borrower for the purchase of product inputs, equipment,  
8 machinery, implements, and spare parts, whereby payment of which is  
9 guaranteed and to be made to the seller by the lending institution,  
10 provided all documents conform with the terms and conditions of the  
11 credit; and  
12 f) Revolving Credit Line for re-lending to finance the livelihood project  
13 requirements of end-borrowers.

14 Sec. 21. *Eligibility for Agriculture and Fisheries Credit.* – In addition to the  
15 special credit window provided above, at least ten percent (10%) of the funds  
16 created under Section 6 of RA 10000, otherwise known as "*The Agri-Agra Reform*  
17 *Credit Act of 2009*," mandated to be set aside by all banking institutions, whether  
18 government or private, for agriculture and fisheries credit, shall be made available  
19 for SEs engaged in agriculture and fisheries activities.

20 Sec. 22. *Social Enterprise Guarantee Fund Pool.* – There is hereby created a  
21 Social Enterprise Guarantee Fund Pool (SEGFP) which shall be comprised of the five  
22 percent (5%) of the preceding year budget surplus of the government-owned and  
23 controlled corporations and government financial institutions including the PAGCOR,  
24 the Philippine Charity Sweepstakes Office (PCSO), the Social Security System (SSS),  
25 the Government Service Insurance System (GSIS), the National Power Corporation  
26 and the Philippine National Oil Company (PNOC), as contribution to the SGFP in  
27 accordance with relevant laws, charters and by-laws, in addition to voluntary  
28 contributions, grants and gifts from both local and foreign sources as may be  
29 accepted by the Council.

30 The SEGFP shall be administered by the Council and shall be used to mitigate  
31 the risks involved in SE sector lending, facilitating the provision of credit therefor.  
32 The fund shall be placed in trust with the Land Bank of the Philippines for the

1 purpose of providing guarantee cover to participating financial institutions and other  
2 parties in extending financing to SEs: *Provided*, That the fund may also be used to  
3 cover the performance bond of SEs in government procurement.

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

7 *Sec. 23. Utilization of People's Development Trust Fund.* – The earnings of the  
8 People's Development Trust Fund (PDTF) declared under Section 11 of RA 8425 may  
9 be utilized and accessed by the NSCED or accredited SE for the following purposes:

- 10 a) Consultancy and training services for SEs and their beneficiaries on the  
11 establishment of the necessary support services such as financial  
12 preparation, fund sourcing, operation of credit and savings entities,  
13 monitoring and evaluation including training on marketing, financial,  
14 human resource, operational and strategic management;  
15 b) Scholarships or training grants for SE staff and officers, and selected  
16 beneficiaries;  
17 c) Community organizing for SEs;  
18 d) SE development and capability building programs, feasibility studies and  
19 researches;  
20 e) Legal and other management support services for SEs such as registration  
21 or accreditation, documentation, contract review and enforcement, audit  
22 and operational assessment;  
23 f) Information dissemination of SE technology and management; *and*  
24 g) Other activities to support SEs as approved by the designated agency  
25 administering the PDTF.

26 *Sec. 24. Tax Exemptions.* – Without prejudice to existing tax exemption  
27 provisions already applicable to different SEs under other laws, A qualified SE shall  
28 have the following tax exemptions:

- 29 a) SEs with a net annual income of not more than Fifteen million pesos  
30 (P15,000,000.00) shall be exempt from all national, city, provincial,  
31 municipal or barangay taxes of whatever name and nature: *Provided*, That  
32 such net income shall be allocated for transformational services and other



activities of the SE as provided under Section 5.g of this Act;

b) VAT and other percentage taxes;

c) Documentary stamp tax;

d) Capital gains tax on sales or exchanges of real property classified as capital assets or shares of stock; *and*

e) For five (5) years after the effectivity of this Act, all SEs duly certified by the Council, in consultation with the Department of Finance (DOF) and the Board of Investment (BOI) of the DTI, shall be exempted from the payment of VAT, tariff and duties for the importation of all types of product inputs, equipment, machinery, implements, and spare parts: *Provided, That* these inputs, equipment, machinery, implements, and spare parts shall be for the exclusive use of the importing SEs and can be shown to be directly related to further improve the value chain operations of the SEs.

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

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

**Sec. 25. Preferential Rights.** – Without prejudice to preferential rights already available to specific enterprises or organizations under other laws, qualified SEs shall be accorded a preferential right in the procurement process and in the implementation of procurement contracts by the government in all its branches, departments, agencies, subdivisions, and instrumentalities, including in the government-owned and controlled corporations and local government units.

SEs shall be given priority and preference in the following procurement processes:

a) Direct contracting as provided under Section 50 of RA 9184, otherwise known as the "*Government Procurement Reform Act*," may be resorted to

1 if the contracting party selling the goods and services required by the  
2 procuring entity is a social enterprise as certified by the Council;

3 b) Shopping as provided under Section 52, paragraph (a) of RA 9184 may be  
4 resorted to when there is an unforeseen contingency requiring immediate  
5 purchase: *Provided*, That the procurement of the goods and services shall  
6 be first obtained from the social enterprise within the area of operation of  
7 the procuring entity which is duly certified by the Council as having the  
8 capacity to supply the required goods and services: *Provided, further*, That  
9 the amount shall not exceed One hundred thousand pesos (P100,000.00);  
10 *and*

11 c) Negotiated procurement as provided under Section 53 of RA 9184 may be  
12 allowed when the goods or services subject of the procurement may be  
13 obtained from a SE within the area of operation of the procuring entity  
14 which is duly certified by the Council as having the capacity to supply the  
15 required goods and services.

16 A procuring entity, when applicable, shall have at least one member  
17 representing SEs.

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

22 The Council shall, in coordination with the Department of Budget and  
23 Management (DBM) and the Department of the Interior and Local Government  
24 (DILG), issue the rules and regulations that shall implement the preferential right  
25 accorded to SEs under this section including the limitations and restrictions in its  
26 application.

27 *Sec. 26. Incentives for Social Investors.* – Social investors and other  
28 institutions that contribute money or other forms of contribution in the promotion  
29 and development of SEs shall be entitled to the following tax incentives:

- 30 • Equity investments and donations to an accredited SE shall be fully deductible  
31 from the gross income of the investor or donor;



- Dividends or other forms of profit shares received from an accredited SE shall be exempt from income tax; *and*
- Donations, grants and contributions to an accredited SE shall be exempt from donor's tax.

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

## CHAPTER VI

### FINAL PROVISIONS

Sec. 27. *Appropriations.* – To carry out the provisions of this Act, the following amounts are appropriated as follows:

- a) The sum of One hundred million pesos (P100,000,000.00) is hereby appropriated as the initial operating fund which sum shall be sourced from the President's Contingent Fund and voluntary contributions, grants and gifts from both local and foreign sources as may be accepted by the Council. In the subsequent years, the Council shall have a separate annual appropriation under the DTI which shall be included in the annual General Appropriations Act starting in the fiscal year immediately following the approval of this Act.
- b) The aggregate sum of Three billion pesos (P3,000,000,000.00) for ten (10) years is hereby appropriated for the establishment of the SEDF from the share of the national government in the earnings of the PAGCOR and from voluntary contributions, grants and gifts from both local and foreign sources as may be accepted by the Council, in the following manner:
  - 1.) On the first year, One hundred million pesos (P100,000,000.00);
  - 2.) On the second year, One hundred fifty million pesos (P150,000,000.00);
  - 3.) On the third year, Two hundred million pesos (P200,000,000.00);
  - 4.) On the fourth year, Two hundred fifty million pesos (P250,000,000.00);

1           5.) On the fifth year, Three hundred million pesos (P300,000,000.00);  
2           *and*

3           6.) Every year thereafter until the tenth year, Five hundred million pesos  
4           (P500,000,000.00) annually.

5           Sec. 28. *Penalty Clause.* – The penalty of imprisonment for not less than six  
6 (6) months but not more than two (2) years or a fine of not less than Twenty-five  
7 thousand pesos (P25,000.00) but not more than Fifty thousand pesos (P50,000.00),  
8 or both imprisonment and fine, at the discretion of the court, shall be imposed upon  
9 any person, corporation, government entity or agency who, intentionally or by gross  
10 negligence, fails to provide the benefits, rights and incentives granted to SEs in  
11 violation of this Act, or perform any act in violation of its provisions.

12           a) If the violation is committed by the SE or a government agency, the  
13           members, officers, directors or trustees thereof who are directly involved  
14           shall be held liable therefor;

15           b) If the violation is committed by the employees and agents who acted in  
16           gross violation of the provisions of this Act, the officers, directors or  
17           trustees, or incorporators of the SE shall be jointly and severally liable with  
18           the offending employees, agents, and the enterprise;

19           c) If the offender is a public official or employee, the offender shall, upon  
20           conviction, suffer the accessory penalty of absolute disqualification.

21           Sec. 29. *Non-Compliance with the Mandatory Allocation of Credit Resources.* –  
22           Administrative sanctions including a fine of not less than Five hundred thousand  
23           pesos (P500,000.00) shall be imposed by the Banko Sentral ng Pilipinas upon any  
24           banking or lending institution who fails to provide the credit allocations granted to SE  
25           in violation of Section 19 of this Act.

26           Sec. 30. *Non-Impairment Clause.* – Nothing in this Act shall be construed to  
27           diminish, impair, or repeal the rights granted to the marginalized sectors or to micro,  
28           small and medium enterprises under the Constitution, and existing laws, presidential  
29           decrees, and rules and regulations.

30           Sec. 31. *Information Dissemination.* – The Philippine Information Agency  
31           (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.

*Sec. 32. 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 socially acceptable benchmarks for evaluating the performance of SEs and incorporate them to effectively develop and regulate the sector

*Sec. 33. Social Entrepreneurship Education in Schools.* - Toward strategically developing the nation's human resource capability in social entrepreneurship, the DepEd and the CHED shall cause the integration of SE content and inclusion of SE courses in the curricula at all levels, especially in the secondary and tertiary levels. This shall be part of the SE Capability Building and Sustainability Program stated in this Act.

A continuing social entrepreneurship education program for out-of-school youth and adults shall likewise be developed and undertaken. 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
- 5 questioning about the environmental and social impacts of the goods and
- 6 services he/she uses;
- 7 d) Social concern which is the responsibility to be aware of the impact of his
- 8 consumption to society, especially the disadvantaged; *and*
- 9 e) Environmental awareness which is the responsibility to understand the
- 10 environmental consequences of his use of natural resources, consumption,
- 11 recognizing his individual and social responsibility to conserve natural
- 12 resources for future generations;

13 All higher learning institutions and vocational schools are mandated to include  
14 a subject on social entrepreneurship in their social studies program or in their  
15 business, commerce, or economics courses.

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

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

25 *Sec. 36. Congressional Oversight Committee.* – There is hereby created a  
26 Congressional Oversight Committee on Social Enterprises composed of the Chairman  
27 of the Senate Committee on Economic Affairs, Trade and Commerce and the  
28 Chairman of the House Committee on Trade and Industry, four (4) members of the  
29 Senate and four (4) members of the House of Representatives. The members from  
30 the Senate shall be appointed by the Senate President from among the members of  
31 the Senate Committee on Economic Affairs, Trade and Commerce based on the  
32 proportional representation of the parties or coalition therein. The members from the



1 House of Representatives shall be appointed by the Speaker from among the  
2 members of the House Committee on Trade and Industry based on the proportional  
3 representation of the parties or coalitions therein. The Council shall submit to the  
4 Committee on Economic Affairs, Trade and Commerce of the Senate and the  
5 Committee on Trade and Industry of the House of Representatives an annual report  
6 on the implementation of this Act. The appropriation for the oversight committee  
7 shall be charged to the budget of both Houses of Congress in the annual General  
8 Appropriations Act.

9       Sec. 37. *Social Enterprise Week.* – In order to institute continuing awareness  
10 on the importance of SEs as a viable government strategy in pursuing poverty  
11 alleviation, the week of the month when this Act shall have been signed into law  
12 shall be declared as the "*Social Enterprise Week*" and shall be celebrated annually.  
13 The Council shall, through the NCSED, be responsible in organizing activities for the  
14 event.

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

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

22       Sec. 40. *Repealing Clause.* – For purposes of this Act, Section 11 of RA 8425  
23 and Sections 50, 52 and 53 of RA 9184 which are inconsistent with this Act are  
24 hereby deemed amended. All other laws, executive orders, presidential decrees,  
25 rules and regulation or parts thereof inconsistent with any provisions of this Act are  
26 hereby repealed, amended or modified accordingly.

27       Sec. 41. *Effectivity Clause.*- This Act shall take effect thirty (30) days after its  
28 publication in the *Official Gazette*.

29  
30       *Approved,*