

SENATE
S. No. 1496

20 MAY -4 P 4 :00

Introduced by Senator Grace Poe

RECEIVED

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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)¹, 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;

¹ 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.

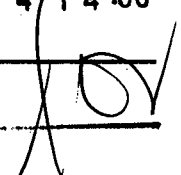


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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

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.* – The State declares its commitment to realize
4 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* – a wealth-creating organization, however
30 organized, whether an association, single proprietorship, partnership,
31 corporation, cooperative, or any other legal form, whose primary
32 stakeholders are marginalized sectors of society, engaged in providing

1 goods and/or services that are directly related to its mission of improving
2 societal well-being. It is established to achieve triple bottom lines such as
3 financial, social and ecological. It generates profit or surplus with due
4 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* – a social
7 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* – all kinds of properties, real or personal, owned by the social
21 enterprise (SE) as defined in paragraph (dd) of this Section and used for
22 the conduct of its business: *Provided*, That for the purpose of exemption
23 from taxes and to benefit from other incentives under this Act, this term
24 shall mean all kinds of properties, real or personal, owned and/or used by
25 the SE for the conduct of its business;

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

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

- 1 g) *Capability building* – 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* – private voluntary organizations of citizens that
15 are established to pursue a mission, usually involving the interest of the
16 public, marginalized groups or specific sectors of society. They include
17 non-government organizations, socio-civic groups, foundations and
18 people's organizations;
- 19 i) *Council* – the SE Council;
- 20 j) *Cooperative* – an autonomous and duly registered association of persons,
21 with a common bond of interest, who have voluntarily joined together to
22 achieve their social, economic, and cultural needs and aspirations by
23 making equitable contributions to the capital required, patronizing their
24 products and services and accepting a fair share of the risks and benefits
25 of the undertaking in accordance with universally accepted cooperative
26 principles as defined in R.A. 6938, as amended by R.A. 9520, otherwise
27 known as the "Philippine Cooperative Code of 2008";
- 28 k) *Corporate Social Responsibility* or *CSR* – the commitment of a private
29 enterprise or business to contribute on a voluntary basis to a sustainable
30 social and economic development by working with relevant stakeholders to
31 improve their lives in ways that are good for business, the social reform
32 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* – 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* – 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* – 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* – enterprises certified by internationally and nationally recognized Fair Trade networks;

p) *Fair trade principles* – values adopted by fair trade organizations in their day-to-day operation. These include creating opportunities for economically- disadvantaged producers; transparency and accountability; payment of a fair price; ensuring no child labor and forced labor;

1 commitment to non-discrimination, gender equity and freedom of
2 association; ensuring good working conditions; providing capacity building;
3 and, respect for the environment;

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

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

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

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

26 u) *Micro-enterprise* – as defined in R.A. No. 6977, as amended by R.A. No.
27 9501, otherwise known as the "*Magna Carta for Small Enterprises*," refers
28 to any business activity or enterprise engaged in industry, agribusiness
29 and/or services, whether single proprietorship, cooperative, partnership or
30 corporation whose total assets, inclusive of those arising from loans but
31 exclusive of the land on which the particular business entity's office, plant
32 and equipment are situated, must have a value of not more than Three

1 Million Pesos (₱3,000,000.00). This amount is subject to review and
2 adjustments by the Micro, Small and Medium Enterprises Development
3 (MSMED) Council, taking into account inflation and other economic
4 indicators and may use other variables such as number of employees,
5 equity capital and assets size;

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

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

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

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

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

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

group efforts to improve the quality of life of their community, sector or society as a whole;

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

rr) *Transformational services* – refers to activities such as leadership formation, organizational development, financial and legal literacy development, asset build-up, and other educational and experiential learning opportunities, that empower the poor to become conscious change agents for themselves, for their communities, sectors and society as a whole;

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

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

uu) *Value chain* – value-adding economic activities that an enterprise is interlinked with in the process of producing goods and/or services to serve its chosen market. A value chain typically consists of: 1) inbound distribution or logistics, 2) manufacturing operations, 3) outbound distribution or logistics, 4) marketing and selling, and 5) after-sales service. These activities are supported by 6) purchasing or procurement, 7) research and development, 8) human resource development, and 9) organizational development. A SE that understands and manages its value chain improves its capability to create economic, environmental and social

1 values towards improving the position and benefits of the poor in the
2 value chain and towards ensuring the viability and sustainability of the
3 enterprise.

4 5 **CHAPTER II**

6 **POVERTY REDUCTION THROUGH SOCIAL ENTERPRISES**

7
8 Sec. 4. *Establishment of the Poverty Reduction Through Social*
9 *Entrepreneurship (PRESENT) Program.* — To promote the development of a SE
10 sector with the poor as primary stakeholders, a comprehensive and fully-integrated
11 *Poverty Reduction through Social Entrepreneurship (PRESENT) Program*, is hereby
12 established, and shall be guided by the following principles:

- 13 a) Incorporation of the PRESENT Program in the government's poverty
14 reduction drive as a major sustainable and comprehensive strategy;
- 15 b) Rationalization of poverty reduction programs by streamlining and
16 coordinating the various anti-poverty programs of the government to
17 reduce inefficiency and duplication and to improve the effectiveness of
18 each program;
- 19 c) People's participation and empowerment by mobilizing civil society
20 organizations and social movement groups working with the poor;
- 21 d) Promoting sustainable programs that reduce inequality in incomes across
22 economic sectors and increase self-reliance among the poor;
- 23 e) Enabling SEs to overcome constraints and to take advantage of
24 opportunities for enhancing the position and benefits of the poor in
25 economic subsectors and value chains;
- 26 f) Gender-sensitivity by ensuring women's equal rights and access to SE's
27 resources; *and*
- 28 g) Development of sustainable mechanisms for the provision of quality and
29 accessible social services to the poor.

30 The planning framework of the PRESENT Program and its planning process
31 shall ensure that the poor are engaged as primary stakeholders. It shall add value
32 and complement ecosystem-based, area-based, community-based and other tools

1 and processes in local economic development by promoting and utilizing the
2 economic subsector as a strategic unit of analysis and planning SE development
3 interventions.

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

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

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

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

- 1 f) Ensure that a substantive part of the wealth created by the enterprise is
- 2 distributed to the poor in the form of services, dividends and other forms
- 3 of benefits, and payments and incentives for products or services rendered
- 4 consistent with the principles of fair trade;
- 5 g) Be duly registered with the appropriate agencies as provided under the
- 6 Corporation Code or the Cooperative Code of the Philippines, Magna Carta
- 7 for Micro, Small and Medium Enterprises, Barangay Micro Business
- 8 Enterprises Act and other laws.

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

14 Sec. 6. *Other Eligibility Provisions.* – In the case of social enterprises
15 organized as stock corporations, partnerships or sole proprietorships, the following
16 additional requirements shall apply:

- 17 a) A social enterprise organized as a stock corporation must not be a branch,
- 18 subsidiary or division of a private business enterprise, regardless of the
- 19 size of such private business enterprise, nor may its policies be determined
- 20 by a private business enterprise. *Provided*, that this shall not preclude an
- 21 SE from accepting subcontracts from large private business enterprises or
- 22 firms or from joining in cooperative or joint-venture activities with other
- 23 SEs or foundations practicing CSR;
- 24 b) A social enterprise organized as stock corporations, partnerships or sole
- 25 proprietorships, must invest at least 60% of its gross revenues to sustain
- 26 the fulfilment of its social mission or to provide transformational services
- 27 for the poor.

28 Sec. 7. *Social Enterprise Development Council.* – To carry out the policy
29 declared under this Act, a Social Enterprise Development Council (SEDC), hereinafter
30 referred to as the Council, is hereby created as an agency attached to the
31 Department of Trade and Industry (DTI). It shall be the primary agency tasked to

1 carry out the promotion, growth and development of social enterprises in the
2 country. The Council shall be composed of the following:

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

24 *Sec. 9. Powers and Functions.* – The Council shall have the following powers
25 and functions:

- 26 a) Formulate policies, plans, programs and projects to develop and promote
- 27 SEs as a tool for poverty reduction consistent with national development
- 28 objectives;
- 29 b) Oversee the successful implementation of the PRESENT Program and other
- 30 SE programs;
- 31 c) Identify and access sources of financing to expand the SE sector;

- 1 d) Monitor and evaluate the performance of programs and projects for
2 appropriate incentives;
- 3 e) Call upon any government agency to carry out and implement programs and
4 projects identified by the Council and to assist in clarifying issues and finding
5 resolution to problems that concern their respective offices with respect to
6 the implementation of the PRESENT Program enunciated under this Act or
7 any development program for SEs.
- 8 f) Call upon people's organizations, non-government organizations, the academe
9 and other sectors to provide advice on matters pertaining to SEs and
10 conduct of transactional and transformational services to farmers,
11 producers, workers, consumers and other stakeholders;
- 12 g) Submit annual and other periodic reports to the President and the Congress
13 of the Philippines through the Congressional Oversight Committee;
- 14 h) Promulgate such rules and regulations and exercise such other powers and
15 functions as may be necessary to carry out the purposes of this Act; and
- 16 i) Perform such other functions as may be necessary for its effective operations
17 and the continued enhancement, growth and development of the SE sector.

18 *Sec. 8. Designation of Permanent Representatives to the Council.* – Within 30
19 days from the effectivity of this Act, Cabinet-ranked *ex-officio* members of the
20 Council shall designate a permanent representative to the council, to attend the
21 meetings of the council in cases that the Cabinet-ranked *ex officio* members cannot
22 personally attend such meetings. The designated permanent representative of any
23 of the Cabinet-ranked members of the Council must hold a position not lower than a
24 bureau director.

25 *Sec. 9. Term and Appointment of SE Sector Representatives.* – Within 90
26 days from the effectivity of this Act, the President shall select and appoint the
27 representatives of the SEs from the main island groupings of Luzon, Visayas and
28 Mindanao, the SE Service Institutions, and the SE Advocacy Groups from among the
29 nominees submitted by their respective organizations. Nominations for
30 representatives shall be submitted within 60 days from the effectivity of this Act.
31 These representatives must be conversant in the theory and practice of SE and
32 committed to the policies and programs provided under this Act.

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

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

10 Any vacancy in the SEDC arising from the death, incapacity, resignation, or
11 termination of the term of an appointed SE representative shall be filled up within 90
12 days from the occurrence of the said vacancy. All nominations to the vacancy shall
13 be submitted within 60 days from the occurrence of such. In the case of a vacancy
14 arising from death, incapacity or resignation, the representative appointed to the
15 vacancy shall serve only for the remaining period of the term for the vacated office.

16 Sec. 10. *SEDC Executive Committee.* – The Council shall create an Executive
17 Committee to be headed by the SEDC Chairman or his designated permanent
18 representative, with six (6) other members elected by its members from among
19 themselves or their designated permanent representatives, with at least three (3)
20 members representing the SEs, and with the authority to act for the Council, and
21 within the specific authority granted by the Council.

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

- 28 a) Provide administrative support to the Council, with the assistance of the
29 National Economic and Development Authority secretariat in the
30 formulation of the PRESENT development programs and plans;
31 b) Assist the Council in the implementation of the PRESENT development
32 program and the annual and medium-term development plan;

- 1 c) Assist the Council in the accreditation of SEs;
- 2 d) Assist the Council in monitoring the PRESENT development programs and
- 3 the activities of the various concerned government agencies with respect
- 4 to SEs;
- 5 e) Prepare, collate and integrate all necessary inputs to the Council's yearly
- 6 report on the status of SEs in the country;
- 7 f) Submit periodic reports to the Council on the progress and
- 8 accomplishment of its work programs; and
- 9 g) Perform other functions that may be assigned and authorized by the
- 10 Council.

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

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

- 18 a) Provide SEs with capability-training and education through the Social
- 19 Enterprise Capability Building and Sustainability Program created under
- 20 Section 16 of this Act;
- 21 b) Develop and enhance a research and development system which shall equip
- 22 every SE with innovative and sustainable approaches that ensures
- 23 improvement in the access to basic social services by the poor pursuant to
- 24 Section 18 of this Act; and
- 25 c) Manage a Social Enterprise Marketing Assistance Program (SMAP) that will
- 26 ensure the generation of the highest possible income for the SEs pursuant to
- 27 Section 19 of this Act.

28 The NCSED shall be headed by the Executive Director of the Council Secretariat.
29 It shall maintain a multi-sectoral, multi-disciplinary pool of experts including those
30 from the academe, practicing professionals, business and industry, youth, women
31 and other concerned sectors, who shall be screened according to the qualifications
32 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.

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

7 For this purpose, there is hereby created and established an SE Development
8 Fund (SEDF) in the amount of One Billion Pesos (₱1,000,000,000.00) to be
9 administered by the Council with an endowment from the earnings of the Philippine
10 Amusement and Gaming Corporation (PAGCOR), in addition to appropriations by
11 Congress, voluntary contributions, grants, gifts from both local and foreign sources
12 as may be accepted by the Council. Capability building projects approved by the
13 Council shall be implemented by the NCSED, by itself or through reputable Social
14 Enterprise Service Institutions contracted for the purpose, and acting under the
15 supervision of the NCSED.

16 Only the fruits of the SEDF shall be used for the purposes provided herein.
17 Any undisbursed fruits for the preceding year shall form part of the disbursable
18 portion of the SEDF in the following year.

19 Sec. 17. *Social Enterprise Research and Development System.* – The Council,
20 in coordination with the NEDA, DOST, and DTI, and other appropriate agencies and
21 research institutions, shall develop and enhance a research and development system
22 that:

- 23 a) Provides studies on opportunities for poverty reduction and SE
24 development in key economic subsectors and other inputs for the Council
25 to undertake strategic planning for its PRESENT Program;
- 26 b) Equip SEs and support institutions with technologies that are appropriate
27 for enhancing the participation and benefits of the poor in various
28 economic subsectors; *and*
- 29 c) Equip SEs and support institutions with innovative and sustainable
30 approaches to improve access of the poor to quality basic social services.

31 Sec. 18. *Social Enterprise Marketing Infrastructure Development.*– The Council
32 shall promote the development and expansion of local and foreign markets for the

1 products and services of SEs, guided by the principles of fair trade. Consistent with
2 this, the Council shall:

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

10 The SMIN shall be set up from the level of the municipal and provincial LGUs,
11 the regional and up to the Council level within one (1) year from the approval of this
12 Act, taking into account existing information networks such as the internet and using
13 a dedicated website for the purpose, to ensure linkage of the SEs with the
14 government and its various departments, agencies, bureaus and instrumentalities,
15 the local and domestic markets, as well as research institutions. The Council shall
16 provide technical assistance in setting up the SMIN at the local and regional levels.

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

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

- 23 a) Supply data;
- 24 b) Demand data;
- 25 c) Price and Price trends;
- 26 d) Product standards;
- 27 e) A directory which shall include, but not limited to SEs, traders, key market
28 centers, processors and business institutions both at the national and local
29 levels;
- 30 f) Information and technology generated from research institutions;
- 31 *g) International, regional and local market forecasts; and*
- 32 h) Resource accounting data.

1 **CHAPTER IV**

2 **INCENTIVES AND BENEFITS**

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

10 For a period of ten (10) years from the date of the effectivity of this Act, all
11 other lending institutions as defined under the Central Bank Act or the General
12 Banking Act, as amended, whether public or private, shall likewise set aside at least
13 eight percent (8%) of their total loan portfolio that will not require a collateral based
14 on their balance sheet as of the end of the previous quarter and make the same
15 available for SEs through a special credit window. The BSP, in consultation with the
16 Council, shall formulate the rules for the effective implementation of this provision:
17 *Provided,* That the purchase of government notes, securities and other negotiable
18 instruments shall not be deemed compliance with the foregoing provision.

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

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

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

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

- 1 a) Organizational developmental loan or capacity-building loan for the
2 conduct of social preparation activities or the conduct of capability-building
3 and training or professional development of the board, management and
4 staff of the SE for social entrepreneurship, such as business planning and
5 advisory services, technology intervention, incubation, market studies, and
6 product development;
- 7 b) Credit line for business development loan or working capital loan to cover
8 the operational and management expenses of a start-up or existing
9 business or income generating project, including receivable financing or
10 purchase of additional inventory, soft or intangible investments such as
11 trade fair participation or acquisition of software or franchise development
12 packages;
- 13 c) Fixed assets financing to cover acquisition of fixed assets like machineries
14 and equipment, motor vehicle, or acquisition of lot for project site or
15 construction of a plant and building and the improvement thereof;
- 16 d) Value chain financing to cover any of the value chain activities such as
17 production, processing and marketing;
- 18 e) Domestic letter of credit or trust receipt to provide a stand-by credit
19 facility for the SE borrower for the purchase of product inputs, equipment,
20 machinery, implements, and spare parts, whereby payment of which is
21 guaranteed and to be made to the seller by the lending institution,
22 provided all documents conform with the terms and conditions of the
23 credit; *and*
- 24 f) Revolving Credit Line for re-lending to finance the livelihood project
25 requirements of end-borrowers.

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

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

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

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

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

- 24 a) Consultancy and training services for SEs and their beneficiaries on the
25 establishment of the necessary support services such as financial
26 preparation, fund sourcing, operation of credit and savings entities,
27 monitoring and evaluation including training on marketing, financial,
28 human resource, operational and strategic management;
29 b) Scholarships or training grants for SE staff and officers, and selected
30 beneficiaries;
31 c) Community organizing for SEs;

- d) SE development and capability building programs, feasibility studies and researches;
- e) Legal and other management support services for SEs such as registration or accreditation, documentation, contract review and enforcement, audit and operational assessment;
- f) Information dissemination of SE technology and management; *and*
- g) Other activities to support SEs as approved by the designated agency administering the PDTF.

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

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

1 regulations governing the importation of the inputs, equipment, machinery, and
2 implements for use by the SEs.

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

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

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

14 a) Direct contracting as provided under Section 50 of RA 9184, otherwise
15 known as the "*Government Procurement Reform Act*," may be resorted to
16 if the contracting party selling the goods and services required by the
17 procuring entity is a social enterprise as certified by the Council;

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

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

31 A procuring entity, when applicable, shall have at least one member
32 representing SEs.

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

5 The Council shall, in coordination with the Department of Budget and
6 Management (DBM) and the Department of the Interior and Local Government
7 (DILG), issue the rules and regulations that shall implement the preferential right
8 accorded to SEs under this section including the limitations and restrictions in its
9 application.

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

- 13 • Equity investments and donations to an accredited SE shall be fully deductible
14 from the gross income of the investor or donor;
- 15 • Dividends or other forms of profit shares received from an accredited SE shall
16 be exempt from income tax; *and*
- 17 • Donations, grants and contributions to an accredited SE shall be exempt from
18 donor's tax.

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

22 **CHAPTER VI**

23 **FINAL PROVISIONS**

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

- 26 a) The sum of Fifty million pesos (P50,000,000.00) is hereby appropriated as
27 the initial operating fund which sum shall be sourced from the President's
28 Contingent Fund and voluntary contributions, grants and gifts from both
29 local and foreign sources as may be accepted by the Council. In the
30 subsequent years, the Council shall have a separate annual appropriation
31 under the DTI which shall be included in the annual General Appropriations
32 Act starting in the fiscal year immediately following the approval of this Act.

1 b) The aggregate sum of One billion pesos (P1,000,000,000.00) for ten (10)
2 years is hereby appropriated for the establishment of the SEDF from the
3 share of the national government in the earnings of the PAGCOR and from
4 voluntary contributions, grants and gifts from both local and foreign sources
5 as may be accepted by the Council.

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

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

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

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

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

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

31 Sec. 31. *Information Dissemination.* – The Philippine Information Agency
32 (PIA) shall, in coordination with the Council, the DTI, DA, and the DILG, ensure the

1 proper and adequate information dissemination of the contents and benefits of this
2 Act to the general public especially to its intended beneficiaries.

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

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

10 Sec. 32. *PRESENT Program in Government.* – All agencies of the government
11 implementing a poverty alleviation program shall, in coordination with the Council
12 and within a period of five (5) years but in no case longer than ten (10) years from
13 the approval of this Act, incorporate the PRESENT Program in their respective
14 poverty alleviation programs as a tool for poverty reduction.

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

18 Within a period of five (5) years, the Council shall facilitate the development
19 and dissemination of tools, and invest in the development of the capability of SEs to
20 plan, monitor and evaluate their social and financial performance and outcomes. The
21 Council shall evolve socially acceptable benchmarks for evaluating the performance
22 of SEs and incorporate them to effectively develop and regulate the sector

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

29 A continuing social entrepreneurship education program for out-of-school
30 youth and adults shall likewise be developed and undertaken. The social
31 entrepreneurship education program for primary and secondary education shall
32 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*.

Approved,