

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 2145



Introduced by Rep. LAWRENCE LEMUEL H. FORTUN

EXPLANATORY NOTE

Article XII Section 1 of the 1987 Constitution states:

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

Consistent with and in pursuance of the aforementioned provision of the Constitution, this measure, referred to herein as the Poverty Reduction through Social Entrepreneurship (PRESENT) Act, seeks to provide a framework for the formulation, establishment, and institutionalization of a program of poverty reduction through the development of a social enterprise sector with the poor as primary stakeholders. The social entrepreneurship program will play an essential role in the transformation of the poor and marginalized into self-reliant sectors through the provision of goods, services, and opportunities that shall empower them to participate in economic activities.

The bill seeks to realize the foregoing by giving the poor viable avenues to start social enterprises and/or improve and expand the same through affordable loans, access to funds for research and development, capacity-building programs, linkage to value chain and market, and insurance for social enterprises in times of calamities and disasters. These investments and reinforcements are anticipated to make the poor effective entrepreneurs, suppliers, clients, and/or owners of social enterprises, and eventually liberate them from poverty in the process.

It is also a declared policy under this bill for the State to ensure the autonomy and organizational integrity of social enterprises are preserved to truly enable them to develop into viable and vital anti-poverty agents and a strong social entrepreneurship movement that shall be instrumental to a significant reduction of poverty in the country.

In view of the foregoing, the passage of this bill is earnestly sought.

REP. LAWRENCE LEMUEL H. FORTUN
1st District of Agusan del Norte

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Introduced by Rep. LAWRENCE LEMUEL H. FORTUN

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

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 Through
2 Social Entrepreneurship (PRESENT) Act."

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

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

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

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

36 **SECTION. 3. Definition of terms.** – As used in this Act:

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

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

- 55 b) *Absolute poverty* refers to the condition of the household below the food threshold
56 level;
- 57 c) *Assets* refers to all kinds of properties, real or personal, owned by the social enterprise
58 (SE) as defined in paragraph (dd) of this Section and used for the conduct of its
59 business: Provided, That for the purpose of exemption from taxes and to benefit from
60 other incentives under this Act, this term shall mean all kinds of properties, real or
61 personal, owned and/or used by the SE for the conduct of its business;
- 62 d) *Basic sectors* shall refer to the disadvantaged sectors of Philippine Society namely:
63 farmer-peasant, artisanal fisher folk, workers in the formal sector and migrant workers,
64 workers in the informal sector, indigenous peoples and cultural communities, women,
65 persons with disability, senior citizens, victims of calamities and disasters, youth and
66 student, children, and urban poor as defined under Republic Act (R.A.) No. 8425,
67 otherwise known as the “Social Reform and Poverty Alleviation At”;
- 68 e) *Bottom line* shall refers to the objectives or purposes for which a SE is established.
69 Triple bottom line shall refer to social, ecological and financial objectives;
- 70 f) *Capability building* refers to the process of enhancing the viability and sustainability
71 of SEs and pertain to education, training, coaching and other learning events like study
72 tours; technical, consultancy and advisory services; assistance in organizational
73 systems development; technology incubation, development and dissemination; value
74 chain and subsector development; conduct of SE trade fairs and missions; networking
75 and policy advocacy initiatives and other such activities that enable SEs to be effective
76 and efficient vehicles for poverty reduction. The term capability building precludes the
77 grant of any loan or equity funds to the SE and shall in no way refer to the provision of
78 equity investments, seed funding, partnership's seed funds, equity participation, start-
79 up funds or any such activity that connotes the infusion of capital or funds from the
80 government or from the SE Development Fund created under Section 16 of this Act;
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- 88 g) *Civil society organizations* refer to private voluntary organizations of citizens that are
89 established to pursue a mission, usually involving the interest of the public,
90 marginalized groups of specific sectors of society. They include non-government
91 organizations, socio-civic groups, foundations and people's organizations;
- 92 h) *Council* shall refer to the SE Council;
- 93 i) *Cooperative* shall refer to an autonomous and duly registered association of persons,
94 with a common bond of interest, who have voluntarily joined together to achieve their
95 social, economic, and cultural needs and aspirations by making equitable contributions
96 to the capital required, patronizing their products and services and accepting a fair share
97 of the risks and benefits of the undertaking in accordance with universally accepted
98 cooperative principles as defined in R.A. 6938, as amended by R.A. 9520, otherwise
99 known as the "Philippine Cooperative Code of 2008";
- 100 j) *Corporate Social Responsibility or CSR* shall refer to the commitment of a private
101 enterprise or business to contribute on a voluntary basis to a sustainable social and
102 economic development by working with relevant stakeholders to improve their lives in
103 ways that are good for business, the social reform agenda, the sustainable development
104 agenda, and society at large. CSR-related activities shall include, but not be limited to,
105 the following: 1) Charitable programs and projects; 2) Scientific research; 3) Youth and
106 sports development; 4) Cultural or educational promotion; 5) Services to veterans and
107 senior citizens; 6) Social welfare; 7) Environmental sustainability; 8) Health
108 development; 9) Disaster relief and assistance; Employee and worker welfare related
109 CSR activities;
- 110 k) *Economic subsectors* are networks of related actors and enterprises performing various
111 functions in value chains. These actors and enterprises transform raw materials into
112 finished products, or develop services, and distribute or provide them through market
113 channels to final consumers; they may be identified by key raw material source, by
114 finished product or final service provided. An economic subsector may be comprised
115 of several competing value chains. By understanding the dynamics of economic
116 subsectors and using them as units of planning social entrepreneurship interventions,
117 government agencies, support institutions and SEs shall more effectively reach and
118 benefit a greater number of poor in poverty reduction programs;
- 119 l) *Empowerment strategy* shall mean a development strategy that enables the
120 marginalized sectors to own, manage, and control SEs in order for them to reap
121 maximum benefits from it and which acts as a channel for directly distributing income;
- 122 m) *Fair trade* shall refer to a trading partnership based on a dialogue, transparency and
123 respect and which seeks greater equity in international trade and the transformation and
124 adaptation of trading structures and practices in favour of the poor and disadvantaged
125 by offering better trading conditions to, and securing the rights of, marginalized
126 producers and workers;
- 127 n) *Fair trade organizations* shall mean enterprises certified by internationally and
128 nationally recognized Fair Trade networks;
- 129 o) *Fair trade principles* refers to the values adopted by fair trade organizations in their
130 day-to-day operation. These include creating opportunities for economically-
131 disadvantaged producers; transparency and accountability; payment of a fair price;
132 ensuring no child labor and forced labor; commitment to non-discrimination, gender
133 equity and freedom of association; ensuring good working conditions; providing
134 capacity building; and, respect for the environment;
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- 144 p) *Foundation* shall mean the categorization of a non-profit organization that typically
145 either donates funds and support to other organizations or provides the source of
146 funding for its own charitable purposes. Unlike a company, foundations have no
147 shareholders though they may have a board, an assembly and voting members. A
148 foundation may hold assets in its own name for the purposes set out in its constitutive
149 documents, and its administration, and its administration and operation are carried out
150 in accordance with its statutes or articles of association rather than fiduciary principles;
151
- 152 q) *GPPB* refers to the Government Procurement Policy Board established in accordance
153 with Article X of R.A. No. 9184, otherwise known as the "Government Procurement
154 Reform Act;"
- 155 r) *Intermediation strategy* shall refer to a development strategy that provides financial,
156 agricultural, business development and institutional development services to the
157 entrepreneurial poor and employers of the poor and provides as well product
158 development and marketing support using the principles of fair trade to marginalized
159 producers. A SE engaged in intermediation strategy need not be owned by the
160 marginalized stakeholders;
- 161 s) *Marginalized Sectors* shall refer to groups of people who are stigmatized or
162 marginalized by virtue of their physical, psychological, economic, social or cultural
163 circumstance;
- 164 t) *Micro-enterprise* as defined in R.A. No. 6977, as amended by R.A no. 9501, otherwise
165 known as the "Magna Carta for Small Enterprises," shall refer to any business activity
166 or enterprise engaged in industry, agribusiness and /or services, whether single
167 proprietorship, cooperative, partnership or corporation whose total assets, inclusive of
168 those arising from loans but exclusive of the land on which the particular business
169 entity's office, plant and equipment are situated, must have a value of not more than
170 Three Million Pesos (P3,000,000.00). This amount is subject to review and adjustments
171 by the Micro, Small, and Medium Enterprises Development (MSMED) Council taking
172 into account inflation and other economic indicators and may use other variables such
173 as number of employees, equity capital and assets size;
- 174 u) *Microfinance* shall refer to the provision of a broad range of financial services such as
175 deposits, loans, payments services, money transfers and insurance products to the poor
176 and low-income households and their microenterprises and small businesses, to enable
177 them to raise their income levels and improve their living standards;
- 178 v) *Minimum basic needs* shall refer to the needs of a Filipino family pertaining to survival
179 (food and nutrition; health; water and sanitation), security (shelter; peace and order;
180 public safety, income and livelihood); and enabling services (basic education and
181 literacy, participation in community development, family and psycho-social care);
- 182 w) *Non-Government Organization or NGO* refers to a duly registered non-stock, non-
183 profit organization focusing on the upliftment of the basic or disadvantaged sectors of
184 society by providing advocacy, training, community organizing, research, access to
185 resources, and other similar activities and, as defined under Section 34 (H)(2)(c) of
186 Republic Act No. 8424, as amended, otherwise known as the National Internal
187 Revenue Code of 1997, organized and operated exclusively for scientific, research,
188 educational, character-building and youth and sports development, health, social
189 welfare, cultural and charitable purposes, or a combination thereof, and no part of the
190 net income of which inures to the benefit of any private individual;
- 191 x) *People's Organization or PO* refers to a self-help group belonging to the basic sectors
192 and/or disadvantaged groups composed of members having a common bond of interest
193 who voluntarily join together to achieve a lawful common social or economic end;
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202 y) *Persons with Disability* shall refer to individuals with restriction or different abilities,
203 as a result of a mental, physical or sensory impairment, to perform an activity in the
204 manner or within the range considered normal for a human being;
- 205
206 z) *Poor* shall refer to individuals and families whose income fall below the poverty
207 threshold as defined by the National Economic and Development Authority and/or are
208 deprived of the means to provide in a sustained manner their minimum basic needs of
209 food , health , education, housing and other essential of amenities, as defined under
210 R.A. 8425;
- 211
212 aa) *Poverty reduction/alleviation* shall mean overcoming the income, resource, and
213 capability deprivation among the poor as defined in the preceding paragraph and the
214 marginalized sectors as defined in paragraph (s) hereof;
- 215
216 bb) *Private Enterprise* shall refer to an organization engaged in a business activity
217 organized for the purpose of accumulating profit and whose primary stakeholders and
218 beneficiaries are its owners;
- 219
220 cc) *Procuring Entity* refers to any branch, department, office, agency, or instrumentality of
221 the government, including state universities and colleges, government-owned and/or –
222 controlled corporations, government financial institutions, and local government units
223 procuring Goods, Consulting Services and Infrastructure Projects;
- 224
225 dd) *Resource mobilization strategy* shall refer to a development strategy intended to
226 generate income from the sale of products and services of a SE in order to finance or
227 subsidize the operations of its core development program or development interventions
228 among the marginalized sectors;
- 229
230 ee) *SEGFP* refers to the SE Guarantee Fund Pool created under this Act;
- 231
232 ff) *Social development* refers to the continuing process of addressing the needs of society,
233 beginning with the people's minimum basic needs, through a systematic
234 implementation of socioeconomic programs or packages;
- 235
236 gg) *Social Enterprise Service Institution* refers to an organization that provides assistance
237 to SEs for them to become viable and sustainable and which assistance pertains to
238 supplying needs such as trainings, education and other capacity-building measures,
239 research, research and development, and other similar activities;
- 240
241 hh) *Social Enterprise Advocacy Group* refers to an organization whose primary purpose is
242 supporting the cause of SEs especially with regard to public policy and articulating
243 issues or causes related to social entrepreneurship;
- 244
245 ii) *Social entrepreneur* refers to an innovative individual or institution that promotes the
246 creation and operationalization of enterprises or livelihood endeavors for those in need
247 or which address social problems and improve societal well-being;
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249 jj) *Social entrepreneurship* entails innovations designed to explicitly improve societal
250 well-being, housed within entrepreneurial organizations, which initiate, guide or
251 contribute to change in society;
- 252
253 kk) *Social Inclusion strategy* refers to the development strategy that assists groups of
254 people who are stigmatized or marginalized by virtue of their physical, psychological,
255 economic, social or cultural circumstance in order to restore their dignity by not only
256 removing the barriers that limit their access to the delivery of basic social services and
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- 258 employment, but more importantly, by nurturing work and other environments that
259 create avenues for their participation as productive members of society;
- 260
- 261 ll) *Social Investors* are individuals or institutions that choose to put in money to a business
262 endeavour or activity not principally for financial profit but to fulfil a social mission
263 which may include poverty reduction, concern for environmental protection, strong
264 organizational governance, and a desire for a more economically just world;
- 265
- 266 mm) *Social reform* refers to the continuing process of addressing the basic inequities in
267 society through a systematic, unified and coordinated delivery of socioeconomic
268 programs or packages;
- 269
- 270 nn) *Social value* refers to the additional benefit to the community from the government
271 procurement process over and above the direct purchasing of goods, services and
272 outcomes, including social; economic and environmental benefits;
- 273
- 274 oo) *Transactional roles* refers to enterprise-related functions performed by the poor that
275 involve an exchange of goods or services for money including being workers, suppliers,
276 clients or owners;
- 277
- 278 pp) *Transformational roles* are functions performed by the poor as conscious agents of
279 change to lift their own selves from poverty and to participate in group efforts to
280 improve the quality of life of their community, sector or society as a whole;
- 281
- 282 qq) *Transactional services* pertain to enterprise or market-driven activities, such as
283 providing loans, demonstrating new technologies or conducting trainings that are
284 necessary for the poor in the SE system to effectively and efficiently perform their roles
285 as workers, suppliers, clients and owners. Transactional services may be fee-based,
286 such as the granting of loans, or non-fee based, such as the extension of production-
287 related trainings;
- 288
- 289 rr) *Transformational services* pertain to activities that empower the poor, such as
290 leadership formation and organizational development, asset build-up and providing
291 education and experiential learning opportunities, to become conscious change agents
292 for themselves, for their communities, sectors and society as a whole;
- 293
- 294 ss) *Underemployment* shall mean an economic position where an employed person's desire
295 to have additional hours of work in his/her present job or to have an additional job, or
296 to have a new job with longer working hours is not met;
- 297
- 298 tt) *Unemployment* shall mean an economic situation where persons who are 15 years old
299 and over as of their last birthday and are 1) without work or have no job or business, 2)
300 available for work and willing to take up work in paid employment or self-employment,
301 3) seeking work and had taken specific steps to look for a job or establish a business
302 but failed to; and
- 303
- 304 uu) *Value chain* refers to value-adding economic activities that an enterprise is interlinked
305 with in the process of producing goods and/or services to serve its chosen market. A
306 value chain typically consists of; 1) inbound distribution or logistics; 2) manufacturing
307 operations; 3) outbound distribution or logistics; 4) marketing and selling; and 5) after-
308 sales service. These activities are supported by 6) purchasing or procurement; 7)
309 research and development; 8) human resource development; and 9) organizational
310 development. A SE that understands and manages its value chain improves its
311 capability to create economic, environmental and social values towards improving the
312 position and benefits of the poor in the value chain and towards ensuring the viability
313 and sustainability of the enterprise.
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315
316 **CHAPTER II**
317 **POVERTY REDUCTION THROUGH SOCIAL ENTERPRISES**

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

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

- 329 a) provide or facilitate the provision of a combination of transactional and/or
330 transformational services to improve the position and benefits derived by the poor
331 from the SE and the value chain or the economic subsector where the SE is located,
332 including becoming worker-owners, supplier-owners, supervisor and managers, active
333 members and leaders in governing bodies of the SE or its allied organizations;
- 335 b) invest a substantive part of its surplus, profits or mobilize other resources to assist the
336 poor to become partners in SE or value chain management/governance and/or to
337 become partners in community, sectoral and societal transformation;
- 339 c) make a pro-active contribution to resolving social and environmental problems and
340 generate profit or surplus with due regard to social and environmental costs;
- 342 d) employ any of the following development strategies in the pursuit of its social mission:
343 1) empowerment strategy; 2) social inclusion strategy; 3) intermediation strategy; and,
345 resource mobilization strategy;
- 347 e) be engaged in an economic activity within the sectors of agriculture and fisheries,
348 industry and services which, for purposes of this Act, shall refer to an activity in any of
349 the economic subsectors;
- 351 f) ensures that the substantive part of the wealth created by the enterprise is distributed to
352 the poor in the form of services, dividends and other forms of benefits, and payments
353 and incentives for products or services rendered consistent with the principles of fair
354 trade;
- 356 g) be duly registered with the appropriate agencies as provided under the Corporation
357 Code or the Cooperative ‘Code of the Philippines, Magna Carta for Micro, Small and
358 Medium Enterprise, Barangay Micro Business Enterprises Act and other laws.

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

365 **SECTION 6. Other Eligibility Provisions.** In the case of social enterprise organized as
366 stock corporation, partnerships or sole proprietorships, the following additional requirements shall
367 apply:

- 369 a) A social enterprise, if organized as a sole proprietorship or partnership must be one
370 hundred percent (100%) owned and capitalized by Filipino citizens. If the enterprise is

- 372 a stock corporation, at least sixty percent (60%) of its outstanding capital stocks must
373 be owned by the Filipino citizens;
- 374
- 375 b) A social enterprise must not be organized as a branch, subsidiary or division of a private
376 business enterprise, regardless of the size of such private business enterprise, nor may
377 its policies be determined by a private business enterprise. Provided, that this all not
378 preclude a SE from joining in cooperative or joint-venture activities with other SEs or
379 foundations practicing CSR.
- 380
- 381 c) A social enterprise organized as stock corporations, partnerships or sole
382 proprietorships, must invest at least 60% of its gross revenues to sustain the fulfilment
383 of its social mission or to provide transformational services for the poor.

384

385 **SECTION 7. Qualifications.** - Within ninety (90) days from the effectivity of this Act,
386 the Social Enterprise Development Council shall formulate the implementing rules and regulations
387 for the application and accreditation of enterprise to qualify as SE under this Act, following the
388 principles of self-regulation, transparency and responsibility.

389

390 **SECTION 8. Formulation of a Poverty Reduction through Social Entrepreneurship**
391 **(PRESENT) Program** – To promote the development of a SE sector with the poor with primary
392 stakeholders, a comprehensive and fully-integrated Poverty Reduction through Social
393 Entrepreneurship (PRESENT) Program, shall be formulated, guided by the following principles:

- 394
- 395 a) Incorporation of the PRESENT Program in the government's poverty reduction drive
396 as a major sustainable and comprehensive strategy;
- 397
- 398 b) Rationalization of the poverty reduction programs by streamlining and coordinating the
399 various anti-poverty programs of the government to reduce inefficiency and duplication
400 and to improve the effectiveness of each program;
- 401
- 402 c) People's participation and empowerment by mobilizing civil society organizations and
403 social movement groups working with the poor;
- 404
- 405 d) Promoting sustainable programs that reduce inequality in incomes across economic
406 sectors and increase self-reliance among the poor;
- 407
- 408 e) Enabling SEs to overcome constraints and to take advantage of opportunities for
409 enhancing the position and benefits of the poor in economic subsectors and value
410 chains;
- 411
- 412 f) Gender-sensitivity by ensuring women's equal rights and access to SEs resources; and,
- 413
- 414 g) Development of sustainable mechanism for the provision of quality and accessible
415 social services to the poor.

416

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

422

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

428 PRESENT medium-term and annual development plans shall be formulated in synchrony
429 with the medium-term development plan of the national government.
430

431 **SECTION 9. Social Enterprise Development Council.** – To carry out the policy declared
432 under this Act, a Social Enterprise Development Council (SEDC), hereinafter referred to as the
433 Council is hereby created as an agency attached to the Department of Trade and Industry (DTI). It
434 shall be the primary agency task to carry out the promotion, growth and development of social
435 enterprises in the country,
436

437 The Council shall be composed of the following:

- 438 a) Secretary of Trade and Industry, as co-chairperson;
- 439 b) SE sector head representative, as co-chairperson;
- 440 c) Secretary of Agriculture, as co-vice chairperson;
- 441 d) Lead Convenor of the National Anti-Poverty Council (NAPC), as co-vice chairperson;
- 442 e) Secretary of Social Welfare and Development;
- 443 f) Director-General of the National Economic Development Authority (NEDA);
- 444 g) Secretary of Finance;
- 445 h) Secretary of the Interior and Local Government;
- 446 i) Secretary of Labor and Employment;
- 447 j) Secretary of Science and Technology;
- 448 k) Secretary of Education;
- 449 l) Secretary of Agrarian Reform;
- 450 m) Secretary of Health;
- 451 n) Secretary of Environment and Natural Resources;
- 452 o) Chairperson of the Cooperative Development Authority (CDA);
- 453 p) Nine (9) representatives from SEs, three (3) representatives each from the main island
454 grouping of Luzon, Visayas, and Mindanao;
- 455 q) Three (3) representatives from SE service institutions, and
- 456 r) Three (3) representatives from SE advocacy groups, as members.

457 Cabinet-ranked ex officio members of the Council shall designate a permanent
458 representative in case they fail to attend its meetings. The designated permanent representative of
459 any of the Cabinet-ranked members of the Council must hold a position not lower than bureau
460 director.
461

462 The SE sector head, the representatives of the SEs from the main island groupings of
463 Luzon, Visayas, and Mindanao, the SE service institutions, and the SE advocacy groups shall be
464 chosen by the President from among the nominees submitted by their respective national
465 organizations to serve in the Council for a term of three (3) years. These representatives must be
466 conversant in the theory and practice of SE and committed to the policies and programs provided
467 under this Act.
468

469 The Chairperson and members of the Council shall be entitled to a reasonable per diem for
470 each meeting actually attended at such amount as may be fixed by the Council in accordance with
471 existing laws, rules and regulations.
472

473 The Council shall, from time to time, call upon the participation of any government agency
474 to attend in its meeting to assist in clarifying issues and finding resolution to problems that concern
475 their respective offices with respect to the implementation of the PRESENT Program enunciated
476 under this Act or any development program of SEs.
477

478 The Council may create an Executive Committee of seven (7) members elected by its
479 members from among themselves or their designated permanent representatives, with at least three
480 (3) members representing the SEs, and with the Council.
481

482 **SECTION 10. Powers and Functions.** – The Council shall have the following powers and
483 functions:
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- 485
- 486 a) Formulate policies, plans, programs and projects to develop and promote SEs as a tool
487 for poverty reduction consistent with national development objectives;
- 488
- 489 b) Oversee the successful implementation of the PRESENT Program and other SE
490 programs;
- 491
- 492 c) Identify and access sources of financing for the SE sector in the form of grants for
493 enterprise incubation and start-up and loans for expansion;
- 494
- 495 d) Monitor and evaluate the performance of programs and projects for appropriate
496 incentives;
- 497
- 498 e) Call upon any government agency to carry out and implement programs and projects
499 identified by the Council;
- 500
- 501 f) Calls upon people's organizations, non-government organizations, the academe and
502 other sectors to provide advice pertaining to SEs and conduct of transactional and
503 transformational services to farmers, producers, workers, consumers and other
504 stakeholders;
- 505
- 506 g) Submit annual and other periodic reports to the President and the Congress of the
507 Philippines through the Congressional Oversight Committee;
- 508
- 509 h) Promulgate such rules and regulations and exercise such other powers and functions as
510 may be necessary to carry out the purposes of this Act; and
- 511
- 512 i) Perform such other functions as may be necessary for its effective operations and the
513 continued enhancement, growth and development of the SE sector.
- 514

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

- 519 a) Provide administrative support to the Council, with the assistance of the National Economic
520 and Development Authority secretariat in the formulation of the PRESENT development
521 programs and plans;
- 522 b) Assist the Council in the implementation of the PRESENT development program and the
523 annual and medium-term development plan;
- 524 c) Assist the Council in the accreditation of SEs;
- 525 d) Assist the Council in monitoring the PRESENT development programs and the activities of
526 the various concerned government agencies with respect to SEs;
- 527 e) Assist the Council in facilitating funding mechanisms and promoting support programs for
528 SEs.
- 529 f) Prepare, collate and integrate all necessary inputs to the Council's yearly report on the status
530 of SEs in the country;
- 531 g) Submit periodic reports to the Council on the progress and accomplishment of its work
532 programs; and
- 533 h) Perform other functions that may be assigned and authorized by the Council.
- 534

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

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

- 542 a) Provides SEs with capability-training and education through the Social Enterprise
543 Capability Building and Sustainability Program created under Section 16 of this Act;
544
- 545 b) Develop and enhance a research and development system which shall equip every SE
546 with innovative and sustainable approaches that ensures improvement in the access to
547 basic social services by the poor pursuant to Section 18 of this Act; and
- 548
- 549 c) Manage a Social Enterprise Marketing Assistance Program (SMAP) that will ensure the
550 generation of the highest possible income for the SEs pursuant to Section of this Act.

551

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

556

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

561

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

565

566 **SECTION 15. Role of LGUs in SE Development** – Pursuant to the relevant provisions
567 of R.A. No. 7160, otherwise known as the Local Government Code, the LGUs shall be primarily
568 responsible for the development of SEs and the implementation and enforcement with the end in
569 view of reducing poverty therein.

570

571 The LGUs are hereby mandated to include in their respective local development plans
572 certain policies and programs geared toward the development of SEs in their jurisdiction.

573

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

578

CHAPTER III

DEVELOPMENT OF SOCIAL ENTERPRISES

581

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

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

589

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

- 592 a) social issues and civic ways of addressing them;
- 593 b) the producer as a steward of natural resources;
- 594 c) the consumer as a responsible member of society and his/her responsibility to develop
595 critical awareness which is the responsibility to be alert and questioning about the
596 environmental and social impacts of the goods and services he/she uses:
- 597 1. social concern which is the responsibility to be aware of the impact of his
598 consumption to society, especially the disadvantaged; and

599 2. environmental awareness which is the responsibility to understand the
600 environmental consequences of his use of natural resources, consumption,
601 recognizing his individual and social responsibility to conserve natural resources
602 for future generations.

603
604 All higher learning institutions and vocational schools are mandated to include a subject
605 on social entrepreneurship in their social studies program or their business, commerce, or
606 economics courses.

607
608 **SECTION 17. SE Capability Building and Sustainability Program; Creation of SE**
609 **Development Fund** – There is hereby established a SE Capability Building and Sustainability
610 Program whose primary objective is to guarantee the viability and sustainability of SE through
611 activities that advance, in general, both transformational services and transactional services. The
612 NCSED will work with qualified SE intermediaries who will develop the Program and be
613 responsible for designing and delivering training in social entrepreneurship development,
614 institutional strengthening, human resource competency and skills training, business planning and
615 advisory services, upgrading of accounting and auditing systems, technical assistance for the
616 installation or improvement of management informations systems, technology intervention,
617 technology incubation/commercialization, market studies, and product development
618 competitiveness, business matching activities, trade fairs and missions, policy advocacy, disaster-
619 resiliency and other related activities.

620
621 The SE Capability Building and Sustainability Program shall likewise include the
622 establishment of an insurance system for SEs affected by natural calamities in line with the
623 National Framework Strategy on Climate Change 2010-2022 as provided for under RA 9729 or
624 the Climate Change Act of 2009 and RA 10121 or the Philippine Disaster Risk Reduction and
625 Management Act of 2010.

626
627 For this purpose, there is hereby created and established a SE Development Fund (SEDF)
628 in the amount of Three Billion Pesos (P3,000,000,000.00) to be administered by the Council with
629 an endowment from the earnings of the Philippine Amusement and Gaming Corporation
630 (PAGCOR), in addition to appropriations by Congress, voluntary contributions, grants, gifts from
631 local and foreign sources as may be accepted by the Council.

632
633 Only the funds of the SEDF shall be used for the purposes provided herein. Any
634 undisbursed funds for the preceding year shall form part of the disbursable portion of the SEDF in
635 the following year.

636
637 **SECTION 18. Social Enterprise Research and Development System** – The Council, in
638 coordination with the NEDA, DOST, DTI, and other appropriate agencies, research institutions,
639 and intermediaries, shall develop and enhance a research and development system that:

- 640
641 a) Provides studies on opportunities for poverty reduction and SE development in key
642 economic subsectors and other inputs for the Council to undertake strategic planning for
643 its PRESENT Program;
- 644
645 b) Equip SEs and support institutions with services and technologies that are appropriate
646 for enhancing the participation and benefits of the poor in various economic subsectors;
647 and
- 648
649 c) Equip SEs and support institutions with innovative and sustainable approaches to
650 improve access of the poor to quality basic social services.

651
652 **SECTION 19. Social Enterprise Marketing Infrastructure Development** – The Council
653 shall promote the development and expansion of local and foreign markets for the products and
654 services of SEs, guided by the principles of fair trade. Consistent with this, the Council shall:

- 656 a) Establish a SE Marketing Assistance Program (SMAP) that will assist SEs match supply
657 with demand in both domestic and foreign markets, as well as promote SE products and
658 services through tri-media, trade fairs and trade missions;
659
- 660 b) Develop, install and sustain a SE market information system with the assistance of the
661 DTI and DOTC which shall be called the SE Marketing Information Network (SMIN).
662

663 The SMIN shall be set up from the level of the municipal and provincial LGUs, the regional
664 and up to the Council level within one (1) year from the approval of this Act, taking into account
665 existing information networks such as the internet and using a dedicated website for the purpose,
666 to ensure linkage of the SEs with the government and its various departments, agencies, bureaus
667 and instrumentalities, the local and domestic markets, as well as research institutions. The Council
668 shall provide technical assistance in setting up the SMIN at the local and regional levels.
669

670 All government departments, agencies, bureaus research institutions, as well as the LGUs
671 shall consolidate and continuously update all relevant information and data that would be of use
672 to SEs on a periodic basis and make such data available in a dedicated website on the internet.
673

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

- 676 a) Supply data;
677 b) Demand data;
678 c) Price and Price trends;
679 d) Product standards;
680 e) Directory of, but not limited to SEs, traders, key market centers, processors and
681 business institutions both at the national and local levels;
682 f) Information and technology generated from research institutions;
683 g) International, regional and local market forecasts; and
684 h) Resource accounting data.

685

686 CHAPTER IV 687 INCENTIVES AND BENEFITS

688

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

695 For a period of ten (10) years from the date of the effectivity of this Act, all other lending
696 institutions as defined under the Central Bank Act or the General Banking Act, as amended,
697 whether public or private, shall likewise set aside at least eight percent (8%) of their total loan
698 portfolio based on their balance sheet as of the end of the previous quarter and make the same
699 available for SEs through a special credit window. The BSP, in consultation with the Council, shall
700 formulate the rules for the effective implementation of this provision. Provided, that the purchase
701 of governments notes, securities and other negotiable instruments shall not be deemed compliance
702 with the foregoing provision.

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

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

713
714 **SECTION 21. Special Credit Window Purposes.** – The special credit window provided
715 under Section 20 of this Act shall be intended for the following purposes:

- 716 a) Organizational developmental loan or capacity-building loan for the conduct of social
717 preparation activities or the conduct of capability-building and training or professional
718 development of the board, management and staff of the SE for social entrepreneurship,
719 such as business planning and advisory services, technology intervention, incubation,
720 market studies, and product development;
- 721
- 722 b) Credit line for business development loan or working capital loan to cover the operational
723 and management expenses of an existing business or income generating project, including
724 receivable financing or purchase of additional inventory, soft or intangible investments
725 such as trade fair participation or acquisition of software or franchise development
726 packages;
- 727
- 728 c) Fixed assets financing to cover acquisition of fixed assets like machineries and equipment,
729 motor vehicle, or acquisition of lot for project site or construction of a plant and building
730 and the improvement thereof;
- 731
- 732 d) Value chain financing to cover any of the value chain activities such as production,
733 processing and marketing;
- 734
- 735 e) Domestic letter of credit or trust receipt to provide a stand-by credit facility for the SE
736 borrower for the purchase of product inputs, equipment, machinery, implements, and spare
737 parts, whereby payment of which is guaranteed and to be made to the seller by the lending
738 institution, provided all documents conform with the terms and conditions of the credit;
739 and
- 740
- 741 f) Revolving Credit Line for re-lending to finance the livelihood project requirements of end-
742 borrowers.

743
744 **SECTION 22. Eligibility for Agriculture and Fisheries Credit.** – At least ten percent
745 (10%) of the funds created under Section 6 RA 10000, otherwise known as “The Agri-Agra reform
746 Credit Act of 2009,” mandated to be set aside by all banking institutions, whether government or
747 private, for agriculture and fisheries credit, shall be made available for SEs engaged in agriculture
748 and fisheries activities,

749
750 **SECTION 23. Social Enterprise Guarantee Fund Pool with Non-Collateral Loans.** –
751 There is hereby created a Social Enterprise Guarantee Fund Pool (SEGFP) which shall be
752 comprised of the five percent (5%) of the preceding year budget surplus of the government-owned
753 and controlled corporations and government financial institutions including the PAGCOR, the
754 Philippine Charity Sweepstakes Office (PSCO), the Social Security System (SSS), the
755 Government Service Insurance System (GSIS), the National Power Corporation and the Philippine
756 National Oil company (PNOC), as contribution to the SEGFP in accordance with relevant laws,
757 charters and by-laws, in addition to voluntary contributions, grants and gifts from both local and
758 foreign sources as may be accepted by the Council.

759
760 The SEGFP shall be administered by the Council and shall be used to mitigate the risk
761 involved in SE sector lending, facilitating the provisions of credit therefor. The fund shall be placed
762 in trust with the Land Bank of the Philippines for the purpose of providing guarantee cover to
763 participating financial institutions and other parties in extending financing to SEs: Provided, that
764 the fund may also be used to cover the performance bond of SEs in government procurement.

765
766 The Council, in coordination with the Land Bank of the Philippines, shall draw up to the
767 mechanics and administrative arrangements and issues the implementing guidelines for the fund
768 pool.

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

- 774 a) Consultancy and training services for SEs and their beneficiaries on the establishment of
775 the necessary support services such as financial preparations, fund sourcing, operation of
776 credit and savings entities, monitoring and evaluation including training on marketing,
777 financial, human resource, operational and strategic management;
- 778 b) Scholarships or training grants for SE staff and offices, and selected beneficiaries;
- 779 c) Community organizing for SEs;
- 780 d) Enterprise start-up and incubation grants for new SEs;
- 781 e) SE development and capability building programs, feasibility studies and researches;
- 782 f) Legal and other management support services for SEs such as registration or accreditation,
783 documentation, contract review and enforcement, audit and operational assessment;
- 784 g) Information dissemination of SE technology and management; and
- 785 h) Other activities to support SEs as approved by the designated agency administering the
786 PDTF.

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

- 797 a) The SE with a net income of not more than fifteen million pesos (P15,000,000,000.00)
798 shall be exempt from all national, city, provincial, municipal or barangay taxes of
799 whatever name and nature: Provided, that such net income shall be allocated for
800 transformational services and other activities of the SE as provided under Section 5 of
801 this Act;
- 802 b) Documentary stamp tax;
- 803 c) Capital gain tax on sales or exchanges of real property classified as capital assets or shares
804 of stock; and
- 805 d) For five (5) years after the effectivity of this Act, all SEs duly accredited by the Council,
806 in consultation with the Department of Finance (DOF) and the Board of Investments
807 (BOI) of the DTI, shall be exempted from the payment of tariff and duties for the
808 importation of all types of product inputs, equipment, machinery, implements, and spare
809 parts: Provided, that these inputs, equipment, machinery, implements, and spare parts
810 shall be for the exclusive use of the importing SEs and can be shown to be directly related
811 to further improve the value chain operations of the SEs.

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

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

823 **SECTION 26. Procuring for Social Value.** – Social value shall be included in the
824 eligibility specifications for the procurement of goods and services by government in all its

branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and controlled corporations and local government units.

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

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

- a) Equity investments and donations to an accredited SE shall be fully deductible from the gross income of the investor or donor subject to the conditions of Section 34, paragraph (e) of RA 8424 otherwise known as the "National Internal Revenue Code of 1997" as amended.
 - b) Donations to an accredited SE shall be exempted from donor's tax subject to the qualifications of Section 101 of RA 8424, as amended.

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

CHAPTER V APPROPRIATION AND OTHER PROVISIONS

SECTION 28. 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 in the year, One hundred million pesos (P100,000,000.00); on the second year, One hundred fifty million pesos (P150,000,000.00); on the third year, Two hundred million pesos (P200,000,000.00); on the fourth year, two hundred fifty million pesos (P250,000,000.00); on the fifth year, three hundred million pesos (P300,000,000.00); and every year thereafter until the tenth year, five hundred million pesos (P500,000,000.00) annually.

SECTION 29. Penalty Clause. - The penalty of imprisonment for not less than six (6) months but not more than two (2) years or a fine of not less than twenty-five thousand pesos (P25,000.00) but not more than fifty thousand pesos (P50,000.00), or both imprisonment and fine, at the discretion of the court, shall be imposed upon any person, corporation, government entity or agency who, intentionally or by gross negligence, fails to provide the benefits, rights and incentives granted to SEs in violation of this Act, or perform any act in violation of its provisions.

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

883 If the violation is committed by the employees and agents who acted in gross violation of
884 the provisions of this Act, the officers, directors, or trustees, or incorporators of the SE shall be
885 jointly and severally liable with the offending employees, agents, and the enterprise.

886 If the offender is a public official or employee, the offender shall, upon conviction, suffer
887 the accessory penalty of absolute disqualification.

888 **SECTION 30. Non-Compliance with the Mandatory Allocation of Credit Resources.**

889 – Administrative sanctions including a fine of not less than Five hundred thousand pesos
890 (P500,000.00) shall be imposed by the Bangko Sentral ng Pilipinas upon any banking or lending
891 institution who falls to provide the credit allocations granted to SE in violation of Section 19 of
892 this Act.

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

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

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

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

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

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

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

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

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

940 **SECTION 36. Congressional Oversight Committee.** - There is hereby created s
941 Congressional Oversight Committee on Social Enterprises composed of the Chairman of the
942 Senate Committee on Economic Affairs, Trade and Commerce and the Chairman of the House
943 Committee on Trade and Industry, four (4) members of the Senate and four (4) members of the
944 House of Representatives. The members from the Senate shall be appointed by the Senate
945 President from among the members of the Senate Committee on Economic Affairs, Trade and
946 Commerce based on the proportional representation of the parties or coalition therein, the members
947 from the House of Representatives shall be appointed by the Speaker from among the members of
948 the House Committee on Trade and Industry based on the proportional representation of the parties
949 or coalitions therein.

950
951 The Oversight Committee, upon review and approval of the Implementing Rules and
952 Regulations of this Act shall become functus officio and thereafter cease to exist: Provide,
953 however, that the Council shall submit to the Committee on Economic Affairs, Trade and
954 Commerce of the Senate and the Committee on Trade and Industry of the House of Representatives
955 an annual report on the implementation of this Act.

956
957 The appropriation for the oversight committee shall be changed to the budget of both
958 Houses of Congress in the annual General Appropriations Act.

959
960 **SECTION 37. Social Enterprise Week.** – In order to institute continuing awareness on
961 the importance of SEs as a viable government strategy in pursuing poverty alleviation, the week
962 of the month when this Act shall been signed into law shall be declared as the “Social Enterprise
963 Week” and shall be celebrated annually. The Council shall, through the NCSED, be responsible in
964 organizing activities for the event.

965
966 **CHAPTER V**
967 **FINAL PROVISIONS**

968
969 **SECTION 38. Implementing Rules and Regulations.** – Within ninety (90) days from the
970 effectivity of this Act, the Secretary of Trade and Industry shall, in consultation and coordination
971 with the concerned government agencies and sector, promulgate the necessary rules and
972 regulations for the effective implementation of this Act.

973
974 **SECTION 39. Repealing Clause.** – All laws, issuances, rules and regulations inconsistent
975 with any provision of this Act shall be deemed amended, modified, or repealed accordingly.

976
977 **SECTION 40. Separability Clause.** – If, for any reason, a provision or part hereof s
978 declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full
979 force and effect.

980
981 **SECTION 41. Effectivity** – This Act shall take effect fifteen (15) days after its publication
982 in any newspaper of general circulation.

983
984 Approved,

985