

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH (17<sup>th</sup>) CONGRESS**

First Regular Session

**HOUSE BILL NO. 450**

HOUSE OF REPRESENTATIVES

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Introduced by Representative Jose Christopher Y. Belmonte

### EXPLANATORY NOTE

The bill entitled, "*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 Therefore,*" was originally filed in the 16th Congress by Rep. Cresente C. Paez, Rep. Anthony M. Bravo and Rep. Teddy Brawner Baguilat.

This bill seeks to promote Social enterprise with the Poor as Primary Stakeholders (SEPPS). SEPPS engages and invests in the poor to become effective workers, suppliers, clients and/or owners, and/or ensure that a substantive part of the wealth created by the enterprise is distributed to, or benefits them. It pursues poverty alleviation and improvement of the quality of life of the poor as its principal objective. This is line with the State policies under the 1987 Constitution, which states under Section 9, Article II thus:

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

This bill proposes the creation of pro-active and capable social enterprises that will help in poverty reduction thru the implementation of a National Poverty Reduction Through Social Entrepreneurship (PRESENT) Program to be headed by the Department of Trade and Industry thru a Council on Social Enterprises. The role of the government will be crucial in creating and maintaining conducive environment for such social enterprises to flourish. The PRESENT Program will target areas where the poor are concentrated. Through the development of strategic economic subsectors, it is envisioned that it will help in increasing the income and improving the lives of the poor.

This bill also endeavors to provide for accessible non-collateralized loans thru special credit windows with a Guarantee Fund Pool; comprehensive insurance system to reduce vulnerability to climate change/calamities; resources for comprehensive capacity development for social enterprises and poor as partners (transactional and transformational services); proactive social enterprises market development program promoting principles of fair trade; research and development on strategic economic subsectors, appropriate technologies and innovations to democratize access of the poor to quality basic social

services; recognition and support for Local Government Units (LGUs) in developing social enterprises; preferential treatment in government procurement including coverage of performance bonds; tax exemptions and tax breaks for SE-PPS and social investors; and cash incentives, among others.

Social enterprises being seen as regular business by the government has only hindered their development. Creating a friendly environment for social enterprises will help in strengthening the almost 30,000 social enterprises in the Philippines that will have a significant impact in the improvement of the lives of the poor.

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

A handwritten signature in dark ink, appearing to read "J. C. Dela Cruz", is written over the text.



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**SIXTEENTH (17<sup>th</sup>) CONGRESS**  
First Regular Session

**HOUSE BILL NO. 450**

Introduced by REP. JOSE CHRISTOPHER Y. BELMONTE

**AN ACT**

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

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

**SECTION 1. *Short Title.*** — This Act shall be known as the "*Poverty Reduction  
Through Social Entrepreneurship Act.*"

**SEC. 2. *Statement of Policy.*** — As provided in the Constitution of the Republic of the  
Philippines, it is the declared policy of the State to promote a just and dynamic social order  
that will ensure the prosperity and independence of the nation and free the people from  
poverty through policies that provide adequate social services, promote full employment, a  
rising standard of living, and an improved quality of life for all. In Article II, SEC 10 and  
11, it is further declared that the State shall provide social justice in all phases of national  
development and that the State values the dignity of every human person and guarantees  
full respect for human rights.

In Article XII, SEC. 1, it is stated that the goals of the national economy are a more  
equitable distribution of opportunities, income, and wealth; a sustained increase in the  
amount of goods and services produced by the nation for the benefit of the people; and an  
expanding productivity as the key to raising the quality of life for all, especially the  
underprivileged.

The State shall promote industrialization and full employment based on sound

1 agricultural development and agrarian reform, through industries that make full and  
2 efficient use of human and natural resources, and which are competitive in both domestic  
3 and foreign markets. However, the State shall protect Filipino enterprises against unfair  
4 foreign competition and trade practices.

5  
6 The State also recognizes the important role of enterprises in the economy as the  
7 major agent of development, creating off-farm employment opportunities and providing  
8 transitional means for improving the livelihood of the people.

9  
10 Towards this end, the State shall pursue a poverty reduction program that promotes an  
11 environment conducive to the development of growth of a vibrant social enterprise sector  
12 engaged in poverty reduction, economic and social development. It shall empower the poor  
13 as primary stakeholders in social enterprises, establish mechanisms essential to realizing  
14 their potential and achieving their full growth, and extend the assistance necessary for their  
15 advancement. The State shall likewise ensure that the provision for technical and financial  
16 assistance, incentives and other services are free from any condition that might infringe the  
17 autonomy or organizational integrity of the social to enable them to develop into viable and  
18 vital anti-poverty agents, and a strong social entrepreneurship movement which will be  
19 instrumental in reducing poverty in the country.

20  
21 **SEC. 3. Definition of Terms.** – As used in this Act:

- 22  
23 a) *Social Enterprise or SE* refers to a wealth-creating organization, however  
24 organized, whether an association, single proprietorship, partnership,  
25 corporation, or a cooperative or any other legal form, whose primary  
26 stakeholders are marginalized sector of society, engaged in providing goods  
27 and services that are directly related to its mission of improving societal well-  
28 being. It is established to achieve triple bottom lines such as financial, social  
29 and ecological. It generates profit or surplus with due regard to social and  
30 environmental costs, and makes a pro-active contribution to resolving social  
31 and environmental problems.

32  
33 A social enterprise for purposes of this Act shall mean a Social Enterprise  
34 with the Poor as Primary Stakeholders (SEPPS). SEPPS is a social enterprise  
35 that explicitly declares and pursues poverty reduction/alleviation or  
36 improving the quality of life of specific segments of the poor as principal  
37 objective. SEPPS engages and invests in the poor to become effective  
38 workers, suppliers, clients and/or owners, and/or ensures that a substantive  
39 part of the wealth created by the enterprise is distributed to, or benefits them.  
40 In addition to reinvesting its surplus or profits back to the enterprise to sustain  
41 the fulfillment of its social mission, a SEPPS also uses its surplus or profits  
42 and mobilizes other resources to assist the poor to become partners in SE or  
43 value chain management/governance and to become partners in community,  
44 sectoral and societal transformation;

- 45 b) *Absolute poverty* refers to the condition of the household below the food  
46 threshold level;  
47 c) *Assets* refer to all kinds of properties, real or personal, owned by the social  
48 enterprise (SE) as defined in paragraph (dd) of this SEC. and used for the  
49 conduct of its businesses: *Provided*, That for the purpose of exemption from  
50 taxes and to benefit from other incentives under this Act, this term shall mean

- all kinds of properties, real or personal, owned and/or used by the SE for the conduct of its business;
- d) *Basic sector* shall refer to the disadvantaged sectors of the Philippine society, namely: farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, persons with disability, senior citizens, victims of calamities and disasters, youth and students, children, and urban poor as defined under Republic Act (R.A.) No. 8425, otherwise known as the "Social Reform and Poverty Alleviation Act";
- e) *Bottom line* shall refer to the objectives or purposes for which a SE is established. *Triple bottom line* shall refer to social, ecological and financial objectives;
- f) *Capability building* refers to the process of enhancing the viability and sustainability of SEs and pertain to education, training, coaching and other learning events like study tours; technical, consultancy and advisory services; assistance in organizational systems development; technology incubation, development and dissemination; value chain and subsector development; conduct of SE trade fairs and missions; networking and policy advocacy initiatives and other such activities that enables SEs to be effective and efficient vehicles for poverty reduction. The term capability building precludes the grant of any loan or equity funds to the SE and shall in no way refer to the provision of equity investments, seed funding, partnership's seed funds, equity participation, start-up funds or any such activity that connotes the infusion of capital or funds from the government or from the SE Development Fund created under SEC. 16 of this Act;
- g) *Civil society organizations* refers to private voluntary organizations of citizens that are established to pursue a mission, usually involving the interest of public, marginalized groups or specific sectors of society. They include non-government organizations, socio-civic groups, foundations and people's organizations;
- h) *Council* shall refer to the SE Council;
- i) *Cooperative* shall refer to an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic and cultural needs and aspirations by making equitable contributions to the capital required patronizing the products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles as defined in R.A. 6938 as amended by R.A. 9520, otherwise known as the "Philippine Cooperative Code of 2008";
- j) *Corporate Social Responsibility or CSR* shall refer to the commitment of a private enterprise or business to contribute on a voluntary basis to a sustainable social and economic development by working with a relevant stakeholders to improve their lives in ways that are good for business, the social reform agenda, the sustainable development agenda and society at large. CSR-related activities shall include; but not be limited to, the following: 1) Charitable programs and projects; 2) Scientific research; 3) Youth and sports development; 4) Cultural or educational promotion; 5) Services to veterans and senior citizens; 6) Social welfare; 7) Environmental sustainability; 8) Health development; 9) Disaster relief and assistance; and 10) Employee and worker welfare related CSR activities;



- 1
- 2 k) *Economic subsectors* are networks of related actors and enterprises
- 3 performing various functions in value chains. These actors and enterprises
- 4 transform raw materials into finished products, or develop services, and
- 5 distribute or provide them through market channels to final consumers; they
- 6 may be identified by key raw material sources, by finished product or final
- 7 service provided. An economic subsector may be comprised of several
- 8 competing value chains. By understanding the dynamics of economic
- 9 subsectors and using them as units of planning social entrepreneurship
- 10 interventions, government agencies, support institutions and SEs shall more
- 11 effectively reach and benefit a greater number of poor in poverty reduction
- 12 programs;
- 13 l) *Empowerment strategy* shall mean a development strategy that enables the
- 14 marginalized sectors to own, manage, and control SEs in order for them to
- 15 reap maximum benefits from it and which acts as a channel for directly
- 16 distributing income;
- 17 m) *Fair trade* shall refer to trading partnerships based on dialogue, transparency
- 18 and respect and which seeks greater equity in international trade and the
- 19 transformation and adaptation of trading structures and practices in favor of
- 20 the poor and disadvantaged by offering better trading conditions to, and
- 21 securing the rights of, marginalized producers and workers;
- 22 n) *Fair trade organizations* shall mean enterprises certified by internationally
- 23 and nationally recognized Fair Trade networks;
- 24 o) *Fair trade principles* refer to the values adopted by fair trade organizations in
- 25 their day-to-day operation. These include creating opportunities for
- 26 economically disadvantaged producers; transparency and accountability;
- 27 payment of a fair price; ensuring no child labor and forced labor;
- 28 commitment to non-discrimination, gender equity and freedom of association;
- 29 ensuring good working conditions; providing capacity building and, respect
- 30 for the environment.
- 31 p) *Foundation* shall mean the categorization of a non-profit organization that
- 32 typically either donates funds and support to other organizations or provides
- 33 the source of funding for its own charitable purposes. Unlike a company,
- 34 foundations have no shareholders though they may have a board, an assembly
- 35 and voting members. A foundation may hold assets in its own name for the
- 36 purposes set-out in its constitutive documents, and its administration and
- 37 operation are carried out in accordance with its statutes or articles of
- 38 association rather than fiduciary principles;
- 39 q) *GPPB* refers to the Government Procurement Policy Board established in
- 40 accordance with Article X of R.A. No. 9184, otherwise known as the
- 41 "Government Procurement Reform Act;"
- 42 r) *Intermediation strategy* shall refer to a development strategy that provides
- 43 financial, agricultural business development and institutional development
- 44 services to the entrepreneurial poor and employers of the poor and provides
- 45 as well product development and marketing support using the principle of fair
- 46 trade to marginalized producers. An SE engaged in intermediation strategy
- 47 need not be owned by the marginalized stakeholders but provide immediate
- 48 access to services among a critical mass of these marginalized stakeholders;
- 49 s) *Marginalized Sectors* shall refer to groups of people who are stigmatized or
- 50 marginalized by virtue of their physical, psychological, economic, social or

- 1 cultural circumstance;
- 2 t) *Micro-enterprise* as defined in R.A. No. 6977, as amended by R.A. No. 9501,
- 3 otherwise known as the "Magna Carta for Small Enterprises," shall refer to
- 4 any business activity or enterprise engaged in industry, agribusiness and/or
- 5 services, whether single proprietorship, cooperative, partnership or
- 6 corporation whose total assets, inclusive of those arising from loans but
- 7 exclusive of the land on which the particular business entity's office, plant
- 8 and equipment are situated, must have a value of not more than Three Million
- 9 Pesos (Php3,000,000.00). This amount is subject to review and adjustments
- 10 by the Micro, Small and Medium Enterprises Development (MSMED)
- 11 Council, taking into account inflation and other economic indicators and may
- 12 use other variables such as number of employees, equity capital and assets
- 13 size;
- 14 u) *Microfinance* shall refer to the provision of a broad range of financial
- 15 services as such deposits, loans, payment services, money transfers and
- 16 insurance products to the poor and low-income households and their
- 17 microenterprises and small businesses, to enable them to raise their income
- 18 levels and improve their living standards;
- 19 v) *Minimum basic needs* shall refer to the needs of a Filipino family pertaining
- 20 to survival (food and nutrition; health; water and sanitation) security (shelter;
- 21 peace and order; public safety, income and livelihood); and enabling services
- 22 (basic education and literacy, participation in community development,
- 23 family and psycho-social care);
- 24 w) *Non-Government Organization or NGO* refers to a duly registered non-stock,
- 25 non-profit organization focusing on the upliftment of the basic or
- 26 disadvantaged sectors of society by providing advocacy, training, community
- 27 organizing, research, access to resources, and other similar activities and, as
- 28 defined under SEC. 34 (H) (2) (c) of Republic Act No. 8424, as amended,
- 29 otherwise known as the National Internal Revenue Code of 1997, organized
- 30 an operated exclusively for scientific, research, educational, character-
- 31 building and youth and sports development, health, social welfare, cultural or
- 32 charitable purposes, or a combination thereof, and no part of the net income
- 33 of which inures to the benefit of any private individual;
- 34 x) *People's Organizaiton or PO* refers to a self-help group belonging to the
- 35 basic sectors, and/or disadvantaged groups composed of members having a
- 36 common bond of interest who voluntarily joined together to achieve a lawful
- 37 common social or economic end;
- 38 y) *Persons with Disability* shall refer to individuals with restriction or different
- 39 abilities, as a result of a mental, physical or sensory impairment, to perform
- 40 an activity in the manner or within the range considered normal for a human
- 41 being;
- 42 z) *Poor* shall refer to individuals and families whose income fall below the
- 43 poverty threshold as defined by the National Economic and Development
- 44 Authority and/or are deprived of the means to provide in a sustained manner
- 45 their minimum basic needs of food, health, education, housing and other
- 46 essential amenities of life, as defined under R.A. 8425l;
- 47 aa) *Poverty reduction alleviation* shall mean overcoming the income, resource
- 48 and capability deprivation among the poor as defined in the preceding
- 49 paragraph and the marginalized sectros as defined in paragraph (q) hereof;
- 50

- 1 bb) *Private Enterprise* shall refer to an organization engaged in a business  
2 activity organized for the purpose of accumulating profit and whose primary  
3 stakeholders and beneficiaries are its owners;
- 4 cc) *Procuring Entity* refers to any branch, department, office, agency, or  
5 instrumentality of the government, including state universities and colleges,  
6 government-owned and/or controlled corporations, government financial  
7 institutions, and local government units procuring Goods, Consulting  
8 Services and Infrastructure Projects;
- 9 dd) *Resource mobilization strategy* shall refer to a development strategy intended  
10 to generate income from the sale of products and services of a SE in order to  
11 finance or subsidize the operations of its core development program or  
12 development interventions among the marginalized sectors;
- 13 ee) *SEGF* refers to the SE Guarantee Fund Pool created under this Act;
- 14 ff) *Social development* refers to the continuing process of addressing the needs  
15 of society, beginning with the people's minimum basic needs, through a  
16 systematic implementation of socioeconomic programs or packages;
- 17 gg) *Social Enterprise Service Institution* refers to an organization that provides  
18 assistance to SEs for them to become viable and sustainable and which  
19 assistance pertains to supplying needs such as trainings, education and other  
20 capacity-building measures, research and development, and other similar  
21 activities;
- 22 hh) *Social Enterprise Advocacy Group* refers to an organization whose primary  
23 purpose is supporting the cause of SEs especially with regard to public policy  
24 and articulating issues or causes related to social entrepreneurship;
- 25 ii) *Social entrepreneur* refers to an innovative individual or institution that  
26 promote the creation and operationalization of enterprises or livelihood  
27 endeavors for those in need or which address social problems and improve  
28 societal well-being;
- 29 jj) *Social entrepreneurship* entails innovation designed to explicitly improve  
30 societal well being, housed within entrepreneurial organizations, which  
31 initiate, guide or contribute to change in society;
- 32 kk) *Social Inclusion strategy* refers to the development strategy that assists  
33 groups of people who are stigmatized or marginalized by virtue of their  
34 physical, psychological, economic, social or cultural circumstance in order to  
35 restore their dignity by not only removing the barriers that limit their access  
36 to the delivery of basic social services and employment, more importantly, by  
37 nurturing work and other environments that create avenues for their  
38 participation as productive members of society;
- 39 ll) *Social Investors* are individuals or institutions that choose to put in money to  
40 a business endeavor or activity not principally for financial profit but to fulfill  
41 a social mission which may include poverty reduction, concern for  
42 environment protection, strong organization governance, and desire for a  
43 more economically just world;
- 44 mm) *Social reform* refer to the continuing process of addressing the basic  
45 inequities in society through a systematic, unified and coordinated delivery of  
46 socioeconomic programs or packages;
- 47 nn) *Transactional roles* refer to enterprise-related functions performed by the  
48 poor that involve and exchange of goods or services for money including  
49 being workers, suppliers, clients or owners;
- 50





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

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

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

- a. A social enterprise, if organized as a sole proprietorship or partnership must be one hundred percent (100%) owned and capitalized by Filipino citizens. If the enterprise is a stock corporation, at least sixty percent (60%) of its outstanding capital stocks must be owned by Filipino citizens;
- b. A social enterprise must not be organized a branch, subsidiary or division of a private business enterprise, regardless of the size of such private business enterprise, nor may its policies be determined by a private business enterprise. *Provided*, That this shall not preclude a SE from accepting subcontracts from large private business enterprise or firms or from joining cooperative or join-venture activities with other SEs or foundations practicing CSR; and
- c. A social enterprise organized as stock corporations, partnerships or sole proprietorships, must invest at least 60% of its gross revenues to sustain the fulfillment of its social mission or to provide transformational services for the poor.

**SEC. 7. Qualifications.** - Within ninety (90) days from the effectivity of this Act, the

1 Social Enterprise Development Council shall formulate the implementing rules and  
2 regulations for the application and accreditation of enterprises to qualify as SE under this Act,  
3 following the principles of self-regulation, transparency and responsibility.  
4

5 **SEC. 8. *Formulation of a Poverty Reduction Through Social Entrepreneurship***  
6 ***(PRESENT) Program*** – To promote the development of an SE sector with the poor as  
7 primary stakeholders, comprehensive and fully-integrated Poverty Reduction Through  
8 Entrepreneurship (PRESENT) Program, shall be formulated, guided by the following  
9 principles:  
10

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

27 The planning framework of the PRESENT Program and its planning process shall ensure  
28 that the poor are engaged as primary stakeholders. It shall add value and complement  
29 ecosystem-based, area-based, community-based and other tools and processes in local  
30 economic development by promoting and utilizing the economic subsector as a strategic unit  
31 of analysis and planning SE development interventions.  
32

33 The PRESENT Program shall identify and develop key SEs and resource institutions as  
34 partners in strategic economic subsectors that have the potential for growth and where large  
35 numbers of the poor are concentrated. SEs shall be developed as vehicles to ensure that the  
36 poor benefit the most from sustainable subsector development.  
37

38 PRESENT medium-term and annual development plans shall be formulated in synchrony  
39 with the medium-term development plan of the national government.  
40

41 **SEC. 9 – *Social Enterprise Development Council*** – To carry out the policy declared  
42 under this Act, a Social Enterprise Development Council (SEDC), hereinafter referred to as  
43 the Council is hereby created as an agency attached to the Department of Trade and Industry  
44 (DTI). It shall be the primary agency tasked to carry out the promotion, growth and  
45 development of social enterprises in the country.  
46

47 The Council shall be comprise of the following:  
48

- 49 a) Secretary of Trade and Industry, as chairperson;
- 50 b) Secretary of Agriculture, as vice-chairperson;

- c) Lead Convenor of the National Anti-Poverty Council (NAPC), as co-vice chairperson;
- d) SE sector head representative, as co-vice chairperson;
- e) Secretary of Social Welfare and Development;
- f) Director-General of the National Economic and Development Authority (NEDA);
- g) Secretary of Finance;
- h) Secretary of the Interior and Local Government;
- i) Secretary of Labor and Employment;
- j) Secretary of Science and Technology;
- k) Secretary of Education;
- l) Secretary of Agrarian Reform;
- m) Secretary of Health;
- n) Secretary of Environment and Natural Resources;
- o) Chairperson of the Cooperative Development Authority (CDA);
- p) Nine (9) representatives from SEs, three (3) representative each from the main island groupings of Luzon, Visayas and Mindanao;
- q) Three (3) representatives from SE service institutions; and
- r) Three (3) representatives from SE advocacy groups, as members.

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

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

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

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

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

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

- a) Formulate policies, plans, programs and projects to develop and promote SEs as a tool for poverty reduction consistent with national development objectives;
- b) Oversee the successful implementation of the PRESENT Program and other SE



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

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

- 23 a) Provide administrative support to the Council with the assistance of the National  
24 Economic Development Authority secretariat in the formulation of the PRESENT  
25 development programs and plans;
- 26 b) Assist the Council in the implementation the PRESENT development program and  
27 the annual and medium term development plan;
- 28 c) Assist the Council in the accreditation of SEs;
- 29 d) Assist the Council in monitoring the PRESENT development programs and the  
30 activities of the various concerned government agencies with respect to SEs;
- 31 e) Prepare, collate and integrate all necessary inputs to the Council's yearly report on  
32 the status of SEs in the country;
- 33 f) Submit the periodic reports to the Council on the progress and accomplishment of  
34 its work programs; and
- 35 g) Perform other functions that may be assigned and authorized by the Council.  
36

37 **SEC. 12. Office.** – The Council shall have its principal of business in Metro Manila and  
38 may establish such branches within the Philippines as may be deemed necessary by the  
39 President of the Philippines to carry out the powers and functions the Council.  
40

41 **SEC. 13. National Center for Social Enterprise Development.** – There shall be  
42 established a National Center for Social Enterprise Development (NCSSED) under the Council  
43 which shall perform the following functions:  
44

- 45 a) Provide SEs with the capability training and education through the Social  
46 Enterprise Capability Building and Sustainability Program created under SEC. 16  
47 of this Act;
- 48 b) Develop and enhance a research and development system which shall equip every  
49 SE with innovative and sustainable approaches that ensures improvement in the  
50 access to basic social services by the poor pursuant to SEC. 18 of this Act; and

- 1 c) Manage a Social Enterprise Marketing Assistance Program (SMAP) that will  
2 ensure the generation of the highest possible income for the SEs pursuant to SEC.  
3 19 of this Act.  
4

5 The NCSED shall be headed by the Executive Director of the Council Secretariat. It shall  
6 maintain a multi-sectoral, multi-disciplinary pool of experts including those from the  
7 academe, practicing professionals, business and industry, youth, women and other concerned  
8 sectors, who shall be screened in accordance to the qualifications set by the Council.  
9

10 The NCSED shall coordinate with the University of the Philippines Institute for Small  
11 Scale Industries (UP ISSI), the Technical Education and Skills Development Authority  
12 (TESDA), the Technology and Livelihood Resource Center (TLRC) , the Department of  
13 Transportation and Communications (DOTC), civil society organizations and other relevant  
14 agencies, state universities and colleges in implementing its programs.  
15

16 **SEC. 14. Personnel.** – Subject to the civil service laws, rules and regulations, the Council  
17 is authorized to select, appoint, employ and fix the compensation of the officers and  
18 employees of the Secretariat and the NCSED as shall be necessary to carry out its functions.  
19

20 **SEC. 15. Role of LGUs in SE Development.** – Pursuant to the relevant provisions of R.A.  
21 No. 7160, otherwise known as the Local Government Code, the LGUs shall be primarily  
22 responsible for the development of SEs and the implementation and enforcement of the  
23 relevant provisions of this Act within their respective jurisdictions with the end in view of  
24 reducing poverty therein. The LGUs are hereby mandated to include in their respective local  
25 development plans certain policies and programs geared toward the development of SEs in  
26 their jurisdiction.  
27

28 LGUs with viable SE development plan as incorporated in their respective local  
29 development plans are entitled to avail of the SE Development Fund created under the  
30 immediately succeeding SEC. for the purpose of initiating and facilitating the development  
31 and sustainability of SEs in their own jurisdiction: *Provided*, That no LGU shall establish and  
32 operate its own SE.  
33

### 34 CHAPTER III 35 DEVELOPMENT OF SOCIAL ENTERPRISES 36

37 **SEC. 16. Capability Building and Sustainability Program; Creation of SE Development**  
38 **Fund** – There is hereby established a SE Capability Building and Sustainability Program  
39 whose primary objective is to guarantee the viability and sustainability of SEs through  
40 activities that advance, in general, both transformational services and transactional services.  
41 This program shall include training in social entrepreneurship development, institutional  
42 strengthening, human resource competency and skill training, business planning and advisory  
43 services, upgrading of accounting and auditing systems, technical assistance for the  
44 installation or improvement of management information systems, technology intervention,  
45 technology incubation/ commercialization, market studies, and product development  
46 competitiveness, business matching activities, trade fairs and missions, policy advocacy,  
47 disaster-resiliency and other related activities.  
48

49 The SE Capability Building and Sustainability Program shall likewise include the  
50 establishment of an insurance system for SEs affected by natural calamities in line with the

1 National Framework Strategy on Climate Change 2010-2022 as provided for under RA 9729  
2 or the Climate Change Act of 2009 and RA 10121 or the Philippine Disaster Risk Reduction  
3 and Management Act of 2010.

4  
5 For this purpose, there is hereby created and established a SE Development Fund (SEDF)  
6 in the amount of Three Billion Pesos (Php3,000,000,000.00) to be administered by the  
7 Council with an endowment from the earnings of the Philippine Amusement and Gaming  
8 Corporation (PAGCOR), in foreign sources as may be accepted by the Council. Capability  
9 building projects approved by the Council shall be implemented by the NCSSED.

10  
11 Only the fruits of the SEDF shall be used for the purposes provided herein. Any  
12 undisbursed fruits for the preceeding year shall form part of the disbursable portion of the  
13 SEDF in the following year.

14  
15 **SEC. 17. *Social Enterprise Research and Development System*** – The Council, in  
16 coordination with the NEDA, DOST, and DTI, and other appropriate agencies and research  
17 institutions, shall develop and enhance a research and development system that:

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

27  
28 **SEC. 18. *Social Enterprise Marketing Infrastructure Development*** – The Council shall  
29 promote the development and expansion of local and foreign markets for the products and  
30 services of SEs, guided by the principles of fair trade. Consistent with this, the Council shall:

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

38  
39 The SMIN shall be set up from the level of the municipal and provincial LGUs, the  
40 regional and up to the Council level within one (1) year from the approval of this Act, taking  
41 into account existing information networks such as the internet and using a dedicated website  
42 for the purpose, to ensure linkage of the SEs with the government and its various  
43 departments, agencies, bureaus and instrumentalities, the local and domestic markets, as well  
44 as research institutions. The Council shall provide technical assistance in setting up the SMIN  
45 at the local and regional levels.

46  
47 All government departments, agencies, bureaus, research institutions, as well as the LGUs  
48 shall consolidate and continuously update all relevant information and data that would be of  
49 use to SEs on a periodic basis and make such data available in dedicated website on the  
50 internet.

1  
2 The SMIN shall provide information and marketing services related to products of SEs  
3 which shall include the following:  
4

- 5 1. Supply data;
- 6 2. Demand data;
- 7 3. Price and price trends;
- 8 4. Product standards;
- 9 5. Directory of, but not limited to SEs, traders, key market centers, processors and  
10 business institutions both at the national and local levels;
- 11 6. Information and technology generated from research institutions;
- 12 7. International, regional and local market forecasts; and
- 13 8. Resource accounting data.

#### 14 15 CHAPTER IV 16 INCENTIVES AND BENEFITS 17

18 **SEC. 19. *Special Credit Windows.*** – In addition to the special credit windows  
19 provided for the promotion of microfinance as provided under SEC. 16 of RA 8425, the Land  
20 Bank of the Philippines, Development of the Philippines, Philippine Postal Bank and Al  
21 Amanah Bank, are hereby mandated to set aside at least eight percent (8%) of their total loan  
22 portfolio based on their balance sheet in the end of the preceding quarter, and open a special  
23 credit windows for SEs.  
24

25 For a period of ten (10) years from the date of the effectivity of this Act, all other  
26 lending institutions as defined under the Central Bank Act or the General Banking Act, as  
27 amended, whether public or private, shall likewise set aside at least eight percent (8%) of  
28 their total loan portfolio based on their balance sheet as of the end of the previous quarter and  
29 make the same available for SEs through a special credit window. The BSP, in consultation  
30 with the Council, shall formulate the rules for the effective implementation of this provision:  
31 *Provided, That the purchase of government notes, securities and other negotiable instruments*  
32 *shall not be deemed compliance with the foregoing provision.*  
33

34 The BSP shall establish an incentive program to encourage lending to SEs beyond the  
35 mandatory credit allocation such as possible reduction in bank's reserve requirement.  
36

37 The Council shall establish a system to monitor all loan applications of SEs in order to  
38 account for the absorptive capacity of the SE sector. The BSP shall require lending  
39 institutions covered by this Act to furnish the Council on a quarterly basis a regular report on  
40 their respective compliance with the above provisions on the mandatory credit allocations for  
41 SEs and shall act immediately on the Council's reports of non-compliance herewith.  
42

43 The special credit window for SEs shall bear interest lower than the market rate and  
44 shall have longer terms of payment and waiver of applicable fees.  
45

46 **SEC. 20. *Special Credit Window Purposes.*** – The special credit window provided  
47 under SEC. 19 of this Act shall be intended for the following purposes:  
48

- 49 a) Organizational development loan or capacity-building loan for the conduct of social  
50 preparation activities or the conduct of capability-building training or professional



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

21  
22 **SEC. 21. Eligibility for Agriculture and Fisheries Credit.** – At least ten percent (10%) of  
23 the funds created under SEC. 6 of RA 1000, otherwise known as “*The Agri-Agra Reform*  
24 *Credit Act of 2009*,” mandated to be set aside by all banking institutions, whether government  
25 or private, for agriculture and fisheries credit, shall be make available for SEs engaged in  
26 agriculture and fisheries activities.

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

37  
38 The SEGFP shall be administered by the Council and shall be used to mitigate the risks  
39 involved in SE sector lending, facilitating the provision of credit therefor. The fund shall be  
40 placed in trust with the Land Bank of the Philippines for the purpose of providing guarantee  
41 cover to participating financial institutions and other parties in extending financing to SEs:  
42 *Provided, That the fund may also be used to cover the performance bond of SEs in*  
43 *government procurement.*

44  
45 The Council, in coordination with the Land Bank of the Philippines shall draw up the  
46 mechanics and administrative arrangements and issue the implementing guideline for the  
47 fund pool.

48  
49 **SEC. 23. Utilization of People's Development Trust Fund.** – The earnings of the People's  
50 Development Trust Fund (PDTF) declared under SEC. 11 or RA 8425 may be utilized and

1 accessed by the NSCED or accredited SE for the following purposes:

- 2
- 3 a) Consultancy and training services for SEs and their beneficiaries on the
- 4 establishment of the necessary support services such as financial preparation,
- 5 funding sourcing, operation of credit and saving entities, monitoring and evaluation
- 6 including training on marketing, financial, human resource operational and
- 7 strategic management;
- 8 b) Scholarship or training grants for SE staff and officers, and selected beneficiaries;
- 9 c) Community organizing for SEs;
- 10 d) SE development and capability building programs, feasibility studies and
- 11 researches;
- 12 e) Legal and other management support services for SEs such as registration or
- 13 accreditation, documentation, contract review and enforcement, audit and
- 14 operational assessment;
- 15 f) Information dissemination of SE technology and management; and
- 16 g) Other activities to support SEs as approved by the designated agency administering
- 17 the PDTF.
- 18

19 **SEC. 24. Tax exemptions.** – An accredited SE shall have the following tax exemptions:

- 20
- 21 a) The SE with a net income of not more than Fifteen Million Pesos (PhP15,000
- 22 ,000.00) shall be exempt from all national, city, provincial, municipal or barangay
- 23 taxes of whatever name and nature: *Provided*, That such net income shall be
- 24 allocated for transformational services and other activities of the SE as provided
- 25 under SEC. 5.g of this Act;
- 26 b) Documentary stamp tax;
- 27 c) Capital gain tax on sales or exchanges of real property classified as capital assets or
- 28 shares of stock; and
- 29 d) For five (5) years after the effectivity of this Act, all SEs duly certified by the
- 30 Council, in consultation with the Department of Finance (DOF) and the Board of
- 31 investment (BOI) of the DTI, shall be exempted from the payment of tariff and
- 32 duties for the importation of all types of products inputs, equipment, machinery,
- 33 implements, and spare parts; *Provided*, That these inputs, equipment, machinery,
- 34 implements, and spare parts shall be for the exclusive use of the importing SEs and
- 35 can be shown to be directly related to further improve the value chain operations of
- 36 the SEs.
- 37

38 The Council shall, in consultation with the DOF and the BOI, within ninety (90) days

39 from the effectivity of this Act, formulate the implementing rules and regulations governing

40 the importation of the inputs, equipment, machinery, and implement for use by the SEs.

41

42 For income tax purposes, a reinvestment made by a SE for the expansion of its

43 socioeconomic projects within the are of its operation shall be tax deductible for the gross

44 income.

45

46 **SEC. 25. Preferential Rights.** – Social enterprises shall be accorded a preferential right in

47 the procurement process and in the implementation of procurement contract by the

48 government in all its branches, departments, agencies, subdivisions and instrumentalities

49 including in the government owned and controlled corporations and local governments units.

50

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

- a) Direct contracting as provided under SEC. 50 of RA 9184, otherwise known as the "Government Procurement Reform Act," may be resorted to if the contracting party selling the goods and services required by the procuring entity is a social enterprise as certified by the Council.
- b) Shopping as provided under SEC. 52, paragraph (a) of RA 9184 may be resorted to when there is an unforeseen contingency requiring immediate purchase: *Provided*, That the procurement of the goods and services shall be first obtained from the social enterprise within the area of operation of the procuring entity which is duly certified by the Council as having the capacity to supply the required goods and services: *Provided, further*, That the amount shall not exceed One hundred thousand pesos (P100,000.00).  
Shopping as provided in SEC. 52, paragraph (b) of RA 9184 may be resorted in the procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding Two hundred fifty thousand pesos (P250,000.00): *Provided*, That the Procurement does not result in splitting of contracts: *Provided, further*, That a price quotations shall be first obtained from a social enterprise as certified by the Council as having the capacity to furnish or provide the required office supplies and equipment. Only in the event of failure of submission or absence of SE price quotation that at least three (3) price quotations from other bona fide suppliers shall be obtained.
- c) Negotiated procurement as provided under SEC. 53 of RA 9184 may be allowed when the goods or services subject of the procurement may be obtained from a SE within the area of operation of the procuring entity which is duly certified by the Council as having the capacity to supply the required goods and services.  
Only in the event that no procurement is perfected by way of direct contracting, shopping, or negotiated procurement due to the absence of SEs within the area of operation of the procuring entity or the lack of interest or capacity to supply on the part of existing SEs, shall the procuring entity through its bids and awards committee issue an invitation to bid.

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

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

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

**SEC. 26. 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

1 from the gross income of the investor or donor subject to the conditions of SEC. 34  
2 paragraph (c) of RA 8424 otherwise known as the "National Internal Revenue  
3 Code of 1997," as amended.

- 4 b) Donations to an accredited SE shall be exempt from donor's tax subject to the  
5 qualifications of SEC. 101 of RA 8424, as amended.

6 For the purpose of availing of the tax incentives under this SEC., the accreditation  
7 of the recipient SE by the Council shall be a sufficient evidence for qualification as  
8 a social investor under this Act.  
9

## 10 11 CHAPTER V 12 APPROPRIATION AND OTHER PROVISIONS 13 14

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

- 17 a) The sum of One hundred million pesos (P100,000,000.00) is hereby appropriated  
18 as the initial operating fund which sum shall be sourced from the President's  
19 Contingent Fund and voluntary contributions, grants and gifts from both local and  
20 foreign sources as may be accepted by the Council. In the subsequent years, the  
21 Council shall have a separate annual appropriation under the DTI which shall be  
22 included in the annual General Appropriations Act in the fiscal year immediately  
23 following the approval of this Act.  
24 b) The aggregate sum of Three billion pesos (P3,000,000,000.00) for ten (10) years is  
25 hereby appropriated for the establishment of the SEDF from the share of the  
26 national government in the earnings of the PAGCOR and from voluntary  
27 contributions, grants and gifts from both local and foreign sources as may be  
28 accepted by the Council, in the following manner: on the first year, One hundred  
29 million pesos (P100,000,000.00); on the second year, One hundred fifty million  
30 pesos (P150,000,000.00); on the third year, Two hundred million pesos  
31 (P200,000,000.00); on the fourth year, Two hundred fifty million pesos  
32 (P250,000,000.00); on the fifth year, Three hundred million pesos  
33 (P300,000,000.00); and every year thereafter until the tenth year, Five hundred  
34 million pesos (P500,000,000.00) annually.  
35

36 SEC. 28. *Penalty Clause.* – The penalty of imprisonment for not less than six (6) months  
37 but not more than two (2) years or a fine of not less than Twenty-five thousand pesos  
38 (P25,000.00) but not more than Fifty thousand pesos (P50,000.00), or both imprisonment and  
39 fine, at the discretion of the court, shall be imposed upon any person, corporation,  
40 government entity or agency who, intentionally or by gross negligence, fails to provide the  
41 benefits, rights and incentives granted to SEs in violation of this Act, or perform any act in  
42 violation of its provisions.  
43

44 If the violation is committed by the SE or a government agency, the members,  
45 officers, directors or trustees thereof who are directly involved shall be held liable therefor.  
46

47 If the violation is committed by the employees and agents who acted in gross violation  
48 of the provisions of this Act, the officers, directors or trustees, or incorporators of the SE shall  
49 be jointly and severally liable with the offending employees, agents, and the enterprise.  
50



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

3  
4 **SEC. 29. *Non-Compliance with the Mandatory Allocation of Credit Resources.*** –  
5 Administrative sanctions including a fine of not less than Five hundred thousand pesos  
6 (P500,000.00) shall be imposed by the Banko Sentral ng Pilipinas upon any banking or  
7 lending institution who fails to provide the credit allocations granted to SE in violation of  
8 SEC. 19 of this Act.

9  
10 **SEC. 30. *Non-Impairment Clause.*** – Nothing in this Act shall be construed to  
11 diminish, impair, or repeal the rights granted to marginalized sectors under existing laws.

12  
13 **SEC. 31. *Information Dissemination.*** – The Philippine Information Agency (PIA)  
14 shall, in coordination with the Council, the DTI, DA, and the DILG, ensure the proper and  
15 adequate information dissemination of the contents and benefits of this Act to the general  
16 public especially to its intended beneficiaries.

17  
18 Within sixty days (60) after its effectivity, the Council shall distribute copies of this  
19 Act to every department, agency, subdivision, and instrumentality of the government,  
20 including government-owned and controlled corporations, regional and provincial offices,  
21 and local governments.

22  
23 All duly accredited SEs shall be given one (1) copy of this Act at cost. Thereafter,  
24 every newly accredited SE shall be issued a copy of this Act together with the rules and  
25 regulations promulgated pursuant to this Act.

26  
27 **SEC. 32. *PRESENT Program in Government.*** – All agencies of the government  
28 implementing a poverty alleviation program shall, in coordination with the Council and  
29 within a period of five (5) years but in no case longer than ten (10) years from the approval of  
30 this Act, incorporate the PRESENT Program in their respective poverty alleviation programs  
31 as a tool for poverty reduction.

32  
33 The Council shall, in coordination with the various government agencies with poverty  
34 alleviation programs, prepare the appropriate beneficiaries thereof and organize them into  
35 full-fledged SEs under the contemplation of this Act.

36  
37 Within a period of five (5) years, the Council shall facilitate the development and  
38 dissemination of tools, and invest in the development of the capability of SEs to plan, monitor  
39 and evaluate their social and financial performance and outcomes. The Council shall evolve  
40 socially acceptable benchmarks for evaluating the performance of SEs and incorporate them  
41 to effectively develop and regulate the sector.

42  
43 **SEC. 33. *Social Entrepreneurship Education in Schools*** – Toward strategically  
44 developing the nation's human resource capability in social entrepreneurship, the DepEd and  
45 the CHED shall cause the integration of SE content and inclusion of SE courses in the  
46 curricula at all levels, especially in the secondary and tertiary levels. This shall be part of the  
47 *SE Capability Building and Sustainability Program stated in Sec. 6 of this Act.*

48  
49 A continuing social entrepreneurship education program for out-of-school youth and  
50 adults shall likewise be developed and undertaken.

1  
2 The social entrepreneurship education program for primary and secondary education shall  
3 include information regarding:

- 4 a) social issues and civic ways of addressing them
- 5 b) the producer as a steward of natural resources
- 6 c) the consumer as a responsible member of society and his responsibility to  
7 develop critical awareness which is the responsibility to be alert and  
8 questioning about the environmental and social impacts of the goods and  
9 services he/she uses;  
10 c.1) social concern which is the responsibility to be aware of the impact of his  
11 consumption to society, especially the disadvantaged; and  
12 c.2) environmental awareness which is the responsibility to understand the  
13 environmental consequences of this use of natural resources, consumption,  
14 recognizing his individual and social responsibility to conserve natural  
15 resources for future generations;

16  
17 All higher learning institutions and vocational schools are mandated to include a subject on  
18 social entrepreneurship in their social studies program or in their business, commerce, or  
19 economics courses.

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

27  
28 **SEC. 35. *Interpretation and Construction.*** – In case of doubt in the meaning of any  
29 provision of this Act or in the rules and regulations promulgated pursuant to this Act, it shall  
30 be resolved in favor of SEs and their stakeholders.

31  
32 **SEC. 36. *Congressional Oversight Committee.*** – There is hereby created a  
33 Congressional Oversight Committee on Social Enterprises composed of the Chairman of the  
34 Senate Committee on Economic Affairs, Trade and Commerce and the Chairman of the  
35 House Committee on Trade and Industry, four (4) members of the Senate and four (4)  
36 members of the House of Representatives. The members from the Senate shall be appointed  
37 by the Senate President from among the members of the Senate Committee on Economic  
38 Affairs, Trade and Commerce based on the proportional representation of the parties or  
39 coalition therein. The members from the House of Representatives shall be appointed by the  
40 Speaker from among the members of the House Committee on Trade and Industry based on  
41 the proportional representation of the parties or coalitions therein.

42  
43 The Oversight Committee, upon review and approval of the Implementing Rules and  
44 Regulations of this Act shall become *functus officio* and thereafter cease to exist: *Provided,*  
45 *however,* That the Council shall submit to the Committee on Economic Affairs, Trade and  
46 Commerce of the Senate and the Committee on Trade and Industry of the House of  
47 Representatives an annual report on the implementation of this Act.

48  
49 The appropriation for the oversight committee shall be charged to the budget of both Houses  
50 of Congress in the Annual General Appropriations Act.

1  
2       **SEC. 37. *Social Enterprise Week*** – In order to institute continuing awareness on the  
3 importance of SEs as a viable government strategy in pursuing poverty alleviation, the week  
4 of the month when this Act shall have been signed into law shall be declared as the “*Social*  
5 *Enterprise Week*” and shall be celebrated annually. The Council shall, through the NCSED,  
6 be responsible in organizing activities for the event.  
7

8                                   **CHAPTER V**  
9                                   **FINAL PROVISIONS**  
10

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

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

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

26       **SEC. 41. *Effectivity***. – This Act shall take effect fifteen (15) days after its publication  
27 in the Official Gazette or in two (2) national newspapers of general circulation.  
28

29       *Approved,*