

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 4729



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Introduced by **HON. GUS S. TAMBUNTING**

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### EXPLANATORY NOTE

It is declared in our Constitution as 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. Also, it is declared as State Policy that the promotion of social justice in all phases of national development as well as in valuing the dignity of every human person and the full respect for human rights. To amplify these policies, our Constitution further stated that the goals of the national economy should be towards an equitable distribution of opportunities income, and wealth, a sustained increase in the amount of goods and services produced by the nation for the people; and an expanding productivity aimed in raising the quality of life for all, especially the underprivileged.

In order to accomplish these goals, the role of enterprises in the economy as the major agent of development should be recognized. More importantly, in compliance with these policies, the creation of off-farm employment opportunities and transitional means for improving the livelihood of the people are instrumental in alleviating our nation. Nonetheless, the protection of Filipino enterprises is a foremost goal towards uplifting the plight of the people.

Thus, this is files with the objective of promoting a poverty reduction program with an environment conducive to the development and growth of an effective social enterprises sector that adheres to the State Policy in poverty reduction, economic and social development, thereby establishing mechanisms essential to realizing their potential and achieving their full growth, and extend the assistance necessary for their advancement. To fully implement the objective of this bill, seeks to ordain the promotion of social enterprise as a means to alleviate poverty through poverty-reduction programs.

Social Enterprise or SE is referred in this bill as a wealth-creating organization, however organized, whether an association, single proprietorship, partnership, corporation, cooperative, or any other legal form, whose primary stakeholders are marginalized sectors of society, engaged in providing goods and/or services that are

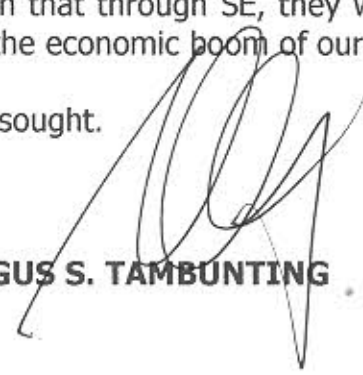
directly related to its mission of improving societal well-being. It distinguishes SE from other forms of small enterprises as SE is established to achieve triple bottom lines such as financial, social and ecological. More importantly, the role of SE is to generate profit or surplus with due regard to social and environmental costs, and makes a pro-active contribution to resolving social and environmental.

For the SE to accomplish the goal of this noble legislation, incentives and benefits are given which includes credit windows, pool of funds and creation of a developmental trust fund. Further, the incentives and benefits are only given to eligible SE in order to ensure that only SE who has the Poor as Primary Stakeholders (SEPPS) will benefit. Thus, in the end, the social mission of SE will be accomplished in accordance to this bill.

Furthermore, this bill has already included the latest comments and additions prepared by the PRESENT Coalition that were also in its Senate version.

In the end, the underprivileged will be given the opportunity to alleviate themselves from their economic conditions, such that through SE, they will become self-sustaining and thus, a major contributor in the economic boom of our nation.

Thus, the passage of this bill is earnestly sought.



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**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, AND APPROPRIATING FUNDS THEREFOR.**

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

**CHAPTER I  
GENERAL PROVISIONS**

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

**SECTION 2. *Statement of policy.*** - It is declared as policy of the State for the promotion of a just and dynamic social order ensuring the prosperity and independence of the nation and freedom of 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. The State shall provide social justice in all phases of national development.

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

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

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

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

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

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

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

c) *Assets* refer to all kinds of properties, real or personal, owned by the social enterprise (SE) as defined in paragraph (dd) of this Section and used for the conduct of its business: *Provided*, That for the purpose of exemption from 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 sectors* shall refer to the disadvantaged sectors of the Philippine society, namely: farmer-peasant, artisanal fisherfolk, workers in the sector and migrant 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 system 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 enable 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 Section 16 of this Act;

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

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

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

j) *Corporate Social Responsibility or CSR* shall refer to the commitment of a private enterprise or business to contribute on a voluntary basis to a sustainable social and economic development by working with relevant stakeholders to improve their lives in ways that are good for business, the social reform agenda, the sustainable development agenda, and society at large. CSR-related activities shall include, but not be limited to, the following: 1) charitable programs and projects; 2) Scientific research; 3) Youth and sports development; 4) Cultural or educational

promotion; 5) Services to veterans and senior citizens; 6) Social welfare; 7) Environmental sustainability; 8) Health development; 9) Disaster relief and assistance; and Employee and worker welfare related CSR activities;

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

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

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

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

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

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

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

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

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

t) *Micro-enterprise* as defined in R.A No. 6977, as amended by R.A No. 9501, otherwise known as the "Magna Carta for Small Enterprises." shall refer to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, includes of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have a value of not more than Three Million Pesos (P3,000,000.00). This amount is subject to review and adjustments by the Micro, Small and Medium Enterprises Development (MSMED) Council, taking into account inflation and other economic indicators and may use other variables such as number of employees, equity capital and assets size;

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

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

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

x) *People's Organization or PO* refers to a self-help group belonging to the basic sectors and/or disadvantaged groups composed of members having a common bond

of interest who voluntarily join together to achieve a lawful common social or economic end.;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

nn) *Transactional roles* refer to enterprise-related functions performed by the poor that involved an exchange of goods or services for money including being workers, suppliers, clients or owners;

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

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

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

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

ss) *Unemployment* shall mean an economic situation where persons who are 15 years old and over simultaneously satisfy the following criteria: (1) without work or have no job or business; (2) available for work and willing to take up work in paid employment or self-employment; (3) seeking work and had taken specific steps to look for a job or establish a business but failed to secure work or set up a business;

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

## **CHAPTER II**

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

**SECTION 4.** *Social Enterprise (SE); General Concept and Coverage.* - A Social Enterprise (SE), for purposes of this Act, refer to a *Social Enterprise* with the *Poor as Primary Stakeholders* (SEPPS) as the term is defined in Sec. 3 (a) of this Act. It may be collectively own by the poor in the form of cooperatives, associations, or other legal form, where the poor are the exclusive owners or comprise a majority of the shareholders, partners or members. SEPPS also include NGOs or other organizations that engaged in wealth-creating activities, the proceeds of which are used exclusively to sustain in the fulfilment of their social mission.

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

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, suppliers-owners, supervisor and managers, active members and leaders in governing bodies of the SE or its allied organizations;

b) invest a substance 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 cost;

d) employ any of the following development strategies in the pursuit of this 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 service, 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 not achieved financial sustainability may be 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.

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

a. A Social Enterprise organized as a stock corporation must not be 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 an SE from accepting subcontracts from large private business enterprises or firms or from joining in cooperative or joint-venture activities with other SEs or foundations practicing CSR.

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 enterprises or firms of from joining in cooperative or joint-venture activities with other SEs or foundations practicing CSR.

c. A social enterprise organized as stock corporations, partnerships or sole proprietorships, must invest at least 60% of its gross revenues to sustain the

fulfilment of its social mission or to provide transformational services for the poor.

**SECTION 7.** *Rules and Regulations for Application and Qualification of SEPPS.* - Within ninety (90) days from the date it is first convened, the Social Enterprise Development Council shall formulate the implementing rules and regulation for the application and accreditation of enterprises to qualify as SE under this Act, following the principles of self-regulation, transparency and responsibility.

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

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

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

The PRESENT Program shall identify and develop key SEs and resource institutions as partners in strategic economic subsectors that have the potential for

growth and where large numbers of the poor are concentrated. SEs shall be developed as vehicles to ensure that the poor benefit the most from sustainable subsector development.

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

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

The Council shall be composed of the following:

- a) Secretary of Trade and Industry, as chairperson;
- b) Secretary of Agriculture, as co-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 Securities and Exchange Commission
- f) Chairman of the Cooperative Development Council
- g) Secretary of Social Welfare and Development;
- h) Director-General of the National Economic Development Authority (NEDA);
- i) Secretary of Finance;
- j) Secretary of Interior and Local Government;
- k) Secretary of Labor and Employment;
- l) Secretary of Science and Technology;
- m) Secretary of Education;
- n) Secretary of Agrarian Reform;
- o) Secretary of Health;
- p) Secretary of Environment and Natural Resources;
- q) Chairperson of the Cooperative Development Authority (CDA);
- r) Nine (9) representatives from SEs, three (3) representatives each from the main island groupings of Luzon, Visayas, and Mindanao;
- s) Three (3) representatives from SE service institutions; and
- t) Three (3) representatives from SE advocacy groups, as members.

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.

**SECTION 10.** *Designation of permanent Representatives to the Council.* - Within 30 days from the effectivity of this Act, Cabinet-ranked *ex-officio* members of

the Council shall designate a permanent representative to the Council, to attend the meetings of the council in cases that the Cabinet-ranked *ex-officio* members cannot personally attend such 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.

**SECTION 11.** *Term and Appointment of SE Sector Representatives.* - Within 90 days from the effectivity of this Act, the President shall select appoint the representatives of the SEs from the main island groupings of Luzon, Visayas and Mindanao, the SE service Institutions, and the SE Advocacy Groups from among the nominees submitted by their respective organizations. Nominations for representatives shall be submitted within 60 days from the effectivity of this Act. These representatives must be conversant in the theory and practice of SE under this Act.

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

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

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

**SECTION 12.** *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 programs;
- c) Identify and access sources of financing to expand the SE sector;
- d) Monitor and evaluate the performance of programs and projects for appropriate incentives;
- e) Call upon any government agency to carry out and implement programs and projects identified by the council;
- f) Call upon people's organizations, non-government organizations, the academe and other sectors to provide advice on matters pertaining to SEs

- and conduct of transactional and transformational services to farmers, procedures, workers, consumers and other stakeholders;
- g) Submit annual and other periodic reports to the President and the Congress of the Philippines through the Congressional Oversight Committee;
  - h) Promulgate such rules and regulations and exercise such other powers and functions as may be necessary to carry out the purposes of this Act; and
  - i) Perform such other functions as may be necessary for its effective operations and the continued enhancement, growth and development of the SE sector.

**SECTION 13.** SEDC: How Convened, Quorum, and *Per Diem*. Within 90 days from the effectivity of this Act, and upon the appointment of at least 10 representatives for the SE Sector, the SEDC shall be convened upon the call of its Chairperson or his permanent designated representative. The Council shall thereafter meet at least once every quarter, and may furthermore be convened for special meetings through a call of the Chairman, his designated permanent representative, or a majority of the Council members, as may be necessary.

A majority of all the members of the SEDC shall constitute a quorum to do business. *Provided that*, in no case shall the SEDC be convened without the attendance of at least five (5) of the representatives for the SEs, SE service Institutions, and SE Advocacy Groups.

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.

**SECTION 14.** SEDC Executive Committee. The Council may create an Executive Committee of seven (7) members elected by its members from among themselves or they designated permanent representatives, with at least three members representing the SEs, and with the authority to act for the Council, and within the specific authority granted by the Council.

**SECTION 15.** *Secretariat*. - There is hereby created a Secretariat headed by an Executive Director and two (2) Deputy Directors, and supported by staff, whose composition shall be determined by the SEDC, to serve as the national, technical and administrative secretariat of the Council with the member agencies providing additional support staff when the need arises. The Secretariat shall perform the following functions:

- a) Provide administration support to the Council, with the assistance of the National Economic and Development Authority secretariat in the formulation of the PRESENT development programs and plans;
- b) Assist the Council in the implementation of the PRESENT development program and the annual and medium-term development plan;
- c) Assist the Council in the accreditation of SEs;

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

**SECTION 16. *Office.*** - The Council shall have its principal place of business in Metro Manila and may establish such branches within the Philippines as may be deemed necessary by the President of the Philippines to carry out the powers and functions of the Council.

**SECTION 17. *National Center of Social Enterprise Development.*** - There shall be established a National Center of Social Enterprise Development (NCSED) under the Council which shall perform the following functions:

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

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

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

**SECTION 18. *Personnel.*** - Subject to Civil service laws, rules and regulations, the Council is authorized to select, appoint, employ and fix the compensation of the officers and employees of the Secretariat and the NCSED as shall be necessary to carry out its functions.

**SECTION 19. *Role of LGUs in SE Development.*** - Pursuant to the relevant provisions of R.A. No. 7160, otherwise as the Local Government Code, the LGUs shall be primarily responsible for the development of SEs and the implementation and enforcement of the relevant provisions of this Act within their respective jurisdictions with the end in view of reducing poverty therein. The LGUs are hereby mandated to include in their respective local development plans certain policies and programs geared the development of SEs in their jurisdiction.

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

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

**SECTION 20. *SE Capability Building and Sustainability Program; Creation of SE Development Fund.*** - There is hereby established a SE Capability Building and Sustainability Program whose primary objectives is to guarantee the viability and sustainability of SEs through activities that advance, in general both transformational services and transactional services. This program shall include training in social entrepreneurship development, institutional strengthening, human resource competency and skills training, business planning and advisory services, upgrading of accounting and auditing systems, technical assistance for the installation or improvement of management information systems, technology intervention, technology incubation/commercialization, market studies, and product development competitiveness, business matching activities, trade fairs and missions, policy advocacy, disaster-resiliency and other related activities

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

For this purpose, there is hereby created and established a SE Development Fund (SEDF) in the amount of Three Billion Pesos (P3,000,000,000.00) to be administered by the Council with an endowment from the earnings of the Philippine Amusement and Gaming Corporation (PAGCOR), in addition to appropriations by Congress, voluntary contributions, grants, gifts from both local and foreign sources as may accepted by the Council. Capability building projects approved by the Council shall be implemented by the NCSED, by itself or through reputable Social Enterprise Service Institutions contracted for the purpose, and acting under the supervision of the NCSED.

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

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

- a) Provided studies on opportunities for poverty reduction and SE development in key economic subsectors and other inputs for the Council to undertake strategic planning for its PRESENT program;
- b) Equip SEs and support institutions with technologies that are appropriate for enhancing the participation and benefits of the poor in various economic subsectors; and,
- c) Equip SEs and support institutions with innovative and sustainable approaches to improve access of the poor to quality basic social services.

**SECTION 22.** *Social Enterprise Marketing Infrastructure Development.* - The Council shall promote the development and expansion of local and foreign markets for the products and services of SEs, guided by the principles of fair trade. Consistent with this, the Council shall:

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

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

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

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

- i. Supply data;

- ii. Demand data;
- iii. Price and Price trends;
- iv. Product standards;
- v. Directory of, but not limited to SEs, traders, key market centers, processors and business institutions both at the national and local levels;
- vi. Information and technology generated from research institutions;
- vii. International, regional and local market forecasts institutions;
- viii. Resource accounting data.

## **CHAPTER IV INCENTIVES AND BENEFITS**

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

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

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

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

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

**SECTION 24. *Special Credit Window Purposes.*** - The special credit window provided under Section 19 of this Act shall be intended for the following purposes:

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

**SECTION 25. *Eligibility for Agriculture and Fisheries Credit.*** - In addition to the special credit window provided above, at least ten percent (10%) of the funds created under Section 6 of RA 10000, otherwise known as "*The Agri-Agra Reform Credit Act of 2009*," mandated to be set aside by all banking institutions, whether government or private, for agriculture and fisheries credit, shall be made available for SEs engaged in agriculture and fisheries activities.

**SECTION 26. *Social Enterprise Guarantee Fund Pool with Non-collateral Loans.*** - This is hereby created a social Enterprise Guarantee Fund Pool (SEGFP) which shall be comprised of the five percent (5%) of the preceding year budget surplus of the government-owned and controlled corporations and government financial institutions including the PAGCOR, the Philippine Charity sweepstakes Office (PCSO), the Security System (SSS), the Government service Insurance System (GSIS), the National Power Corporation and the Philippine National Oil Company (PNOC), as contribution to the SGFP in accordance with relevant laws, charters and by-laws, in addition to voluntary contributions, grants and gifts from both local and foreign sources as may be accepted by the Council.

The SEGFP shall be administered by the Council and shall be used to mitigate the risks involved in SE sector lending, facilitating the provision of credit therefor. The fund shall be placed in trust with the Land Bank of the Philippines for the purpose of providing guarantee cover to participating financial institutions and other

parties in extending financing to SEs: *Provided*, that the fund may also be used to cover the performance bond of SEs in government procurement.

The Council, in Coordination with the Land Bank of the Philippines, shall draw up the mechanics and administrative arrangement and issue the implementing guidelines for the fund pool.

**SECTION 27. *Utilization of People's Development Trust Fund.*** - The earnings of the People's Development Trust Fund (PDTF) declared under Section 11 of RA 8425 may be utilized and accessed by the NSCED or accredited SE for the following purposes:

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

**SECTION 28. *Tax Exemptions.*** - Without prejudice to existing tax exemption provisions already applicable to different SEs under laws, A qualified SE shall have following tax exemptions:

- a) SEs with a net annual income or not more than Fifteen million pesos (P15,000,000.00) shall be exempt from all national, city, provincial, municipal or barangay taxes of whatever name and nature: *Provided*, That such net income shall be allocated for transformational services and other activities of the SE as provided under Section 5.g of this Act;
- b) VAT and other percentage taxes;
- c) Documentary stamp tax;
- d) Capital gains tax on exchanges of real property classified as capital assets or shares of stock; and
- e) For five (5) years after the effectivity of this Act, all SEs duly certified by the Council, consultation with the Department of Finance (DOF) and the Board of investment (BOI) of the DTI, shall be exempted from the payment of VAT, tariff and duties for the importation of all types of product inputs, equipment, machinery, implements, and spare parts: *Provided*, That these inputs, equipment, machinery, implements, and spare parts shall be for the

exclusive use of the importing SEs and can be shown to be directly related to further improve the value chain operations of the SEs.

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

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

**SECTION 29. *Preferential Rights.*** - Without prejudice to preferential rights already available to specific enterprises or organizations under other laws, qualified SEs shall be accorded a preferential right in the procurement process and in the implementation of procurement contracts by the government in all its branches, departments, agencies, subdivisions, and instrumentalities, including in the government-owned and controlled corporations and local governments units.

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

a) Direct contracting as provided under Section 50 of RA 9184, otherwise known as the "*Government Procurement Reform Act*," may be resorted to 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 Section 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 Section 52, paragraph (b) of RA 9184 maybe resorted din 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 Section 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.

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 Section 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 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 section including the limitations and restrictions in its application.

**SECTION 30.** *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 (c) of RA 8424 otherwise known as the "*National Internal Revenue Code of 1997*," as amended.
- b) Dividends or other forms of profit shares received from an accredited SE shall be exempt from income tax.
- c) Donations, grants and contributions to an accredited SE shall be exempt from donor's tax.

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

## **CHAPTER V**

### **APPROPRIATION AND OTHER PROVISIONS**

**SECTION 31.** *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: on the first 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 32. *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 SE 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.

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

If the offender is a public or employee, the offender shall, upon conviction, suffer the necessary penalty of absolute disqualification.

**SECTION 33. *Non-Compliance with the Mandatory Allocation of Credit Resources.*** - Administrative sanctions including a fine of not less than Five Hundred Thousand Pesos (P500,000.00) shall be imposed by the Banko Sentral ng Pilipinas upon any banking or lending institution who fails to provide the credit allocations granted to SE in violation of Section 19 of this Act.

**SECTION 34. *Non-Impairment Clause.*** - Nothing in this Act shall be construed to diminish, impair, or repeal the rights granted to marginalized sectors under existing laws.

**SECTION 35. *Information Dissemination.*** - The Philippine Information Agency (PIA), shall in coordination with the Council, the DTI, DA, and the DILG, ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries.

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

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

**SECTION 36.** *PRESENT Program in Government.* - All agencies of the government implementing a poverty alleviation program shall, in coordination with the Council and within a period of five (5) years but in no case longer than ten (10) years from the approval of this Act, incorporate the PRESENT Program in their respective poverty alleviation programs as a tool for poverty reduction.

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

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

**SECTION 37.** *Social Entrepreneurship Education in Schools.* - Toward strategically developing the nation's human resource capability in social entrepreneurship, the DepEd and the CHED shall cause the integration of SE content and inclusion of SE courses in the curricula at all levels, especially in the secondary and tertiary levels. This shall be part of the *SE Capability Building and Sustainability Program stated in Sec. 6 of this Act.*

A continuing social entrepreneurship education program for primary and secondary education shall include information regarding:

- a) social issues and civic ways of addressing them
- b) the producer as a steward of natural resources
- c) the consumer as a responsible member of society and his responsibility to develop critical awareness which is the responsibility to be alert and questioning about the environmental and social impacts of the goods and services he/she uses;
  - c.1) social concern which is the responsibility to be aware of the impact of his consumption to society, especially the disadvantaged; and
  - c.2) environmental awareness which is the responsibility to understand the environmental consequences of his use of natural

resources, consumption, recognizing his individual and social responsibility to conserve natural resources for future generations;

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

**SECTION 38. *Applicability of Other Laws.*** - The Labor Code and all other laws, the Social Security Act, the Medical Care Act, other social legislations, and all other laws and executive orders that govern the relationship between the employer and the employee shall apply to SE and its employees and that all employees covered under this Act shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits.

**SECTION 39. *Interpretation and Construction.*** - In case of doubt in the meaning of any provision of this Act or in the rules and regulations promulgated pursuant to this Act, it shall be resolved in favor of SE and their stakeholders.

**SECTION 40. *Congressional Oversight Committee.*** - There is hereby created a Congressional Oversight Committee on Social Enterprises composed of the Chairman of the Senate Committee on Economic Affairs, Trade and Commerce and the Chairman of the House Committee on Trade and Industry, four (4) members of the Senate and four (4) members of the House of Representatives. The members from the Senate shall be appointed by the Senate President from among the members of the Senate Committee on Economic Affairs, Trade and Commerce based on the proportional representation of the coalition therein. The members from the House of Representatives shall be appointed by the Speaker from among the members of the House committee on Trade and Industry based on the proportional representation of the parties or coalitions therein.

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

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

**SECTION 41. *Social Enterprise Week.*** - In order to institute continuing awareness on the importance of SEs as a viable government strategy in pursuing poverty alleviation, the week of the month when this Act shall have been signed into law shall be declared as the "*Social Enterprise Week*" and shall be celebrated annually. The Council shall, through the NCSED, be responsible in organizing activities for the event.

## **CHAPTER VI FINAL PROVISIONS**

**SECTION 42. *Implementing Rules and Regulations.*** - Within ninety (90) days from the effectivity of this Act, the Secretary of Trade and Industry shall, in consultation and coordination with the concerned government agencies and sector, promulgate the necessary rules and regulations for the effective implementation of this Act.

**SECTION 43. *Separability Clause.*** - If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not effected shall remain in full force and effect.

**SECTION 44. *Repealing Clause.*** - For purposes of this Act, Section 11 of RA 8425 and Sections 50, 52 and 53 of RA 9184 which are inconsistent with this Act are hereby deemed amended. All other laws, executive orders, presidential decrees, rules and regulation or parts thereof inconsistent with any provisions of this Act are hereby repealed, amended or modified accordingly.

**SECTION 45. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the official Gazette or in two (2) national newspapers of general circulation.

Approved,