

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



23 MAR -6 P5:51

**SENATE**

**S. No. 1960**

RECEIVED BY: \_\_\_\_\_

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**Introduced by SENATOR RAMON BONG REVILLA, JR.**

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**AN ACT  
INSTITUTIONALIZING THE POVERTY REDUCTION THROUGH SOCIAL  
ENTREPRENEURSHIP (PRESENT) PROGRAM AND PROMOTING SOCIAL  
ENTERPRISES, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Section 20, Article II of the 1987 Constitution provides that "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."

According to a 2019 report by the Asian Development Bank, there are an estimated 164,473 social enterprises (SEs) - roughly 17% of the total registered businesses in the country. Almost 7 for every 10 SEs are considered micro-sized businesses or employ no more than 50 employees. The same report outlines challenges experienced by starting up an SEs, including "lack of resources and access to capital, high operating costs, and a challenging regulatory environment."

In a 2015 study, the British Council reported the absence of "social enterprise specific legislation in the country." There is a noted gap for social enterprises to be able to achieve strategic planning, comply with government legislation, and optimize available marketing channels. Despite these challenges, social enterprises have been found significantly contributing "to reducing income inequality and increasing self-reliance among the poor and marginalized."

The measure aims to establish the Poverty Reduction Through Social Entrepreneurship (PRESENT) program by strengthening the existing Micro Small and Medium Enterprise Development Council to be more sync to support and capacitate

social enterprises and develop mechanisms to provide quality and accessible social services.

The measure proposes that 10% of total government procurement value be allocated to social enterprises. It also hopes to develop a continuing program for social entrepreneurship in educational institutions and to create a special credit window with banks to lend to social enterprises at concessional rates, among others.

In view of enhancing the contribution of the existing social enterprises as agents of socio-economic development, the passage of this measure is earnestly sought.



**RAMON BONG REVILLA, JR.**

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

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

3 Sec. 2. *Declaration of Policy.* - The State shall promote a just and dynamic  
4 social order that will ensure the prosperity and independence of the nation and free  
5 the people from poverty through policies that provide adequate social services,  
6 promote full employment, a rising standard of living, and an improved quality of life  
7 for all. The State recognizes the important role of enterprises in the economy as a  
8 major agent of development.

9 Towards this end, the State shall pursue an inclusive growth strategy that  
10 promotes a conducive environment to engage the vibrant social enterprise sector in  
11 poverty reduction, and economic and social development. It shall empower the poor  
12 as primary stakeholders in social enterprises, establish mechanisms vital to realizing  
13 their full potential, and extend necessary technical and financial assistance for their  
14 advancement. The State shall enable social enterprises to develop into viable anti-  
15 poverty initiatives.

16 Sec. 3. *Definition of Terms.* - The following terms when used in this Act shall  
17 mean:

- 1 a. "*Basic Sectors*" refer to the disadvantaged sectors of Philippine society, namely:  
2 farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant  
3 workers, workers in the informal sector, indigenous peoples and cultural  
4 communities, women, persons with disabilities, senior citizens, victims of  
5 calamities and disasters, youth and students, children and urban poor;
- 6 b. "*Economic Subsectors*" refer to networks of related actors, and enterprises  
7 performing various functions to value chains that transform raw materials into  
8 finished products, or develop services, and distribute or provide them through  
9 market channels to final consumers. These sub sectors may be identified by  
10 key raw material source, by finished product or final service provided. An  
11 economic subsector may be comprised of several competing value chains;
- 12 c. "*Marginalized Sectors*" refer to groups of people who are stigmatized or  
13 excluded by virtue of their physical, psychological, economic, social or cultural  
14 circumstances;
- 15 d. "*Poor*" refers to individuals and families whose income fall below the poverty  
16 threshold as defined by the National Economic and Development Authority  
17 (NEDA) and/or cannot afford in a sustained manner to provide their minimum  
18 basic needs of food, health, education and housing and other essential  
19 amenities of life;
- 20 e. "*Poverty Reduction*" refers to overcoming the income, resource and capability  
21 deprivation among the poor, basic and marginalized sectors;
- 22 f. "*Social Enterprise*" or "*SE*" refers to a social mission-driven organization in the  
23 form of an association, single proprietorship, partnership, corporation,  
24 cooperative, people's organization, non-stock non-profit and people's  
25 organizations or any other legal entity that conducts economic activities  
26 providing goods and/or services directly related to their primary mission of  
27 poverty reduction and improving the well-being of the poor, basic and  
28 marginalized sectors and their living environment, in pursuit of this primary  
29 mission, a SE:
- 30 i. Engages and invests in the poor to become effective workers, suppliers,  
31 clients and/or owners;

- 1           ii. Ensures that a substantive part of the wealth created by the enterprise  
2           is distributed to or benefits these sectors;
- 3           iii. Reinvests its surplus or profits back to the enterprise to sustain the  
4           fulfillment of its social mission; and
- 5           iv. Utilizes its surplus or profits and mobilizes other resources to assist the  
6           poor to become partners in SE or value chain management and  
7           governance and to become partners in community, sectoral and societal  
8           transformation;
- 9       g. "*Social Enterprise Service Institution*" refers to an organization that provides  
10       assistance, including trainings, education and other capacity building measures,  
11       research and development, and other activities, to SEs for them to become  
12       viable and sustainable;
- 13       h. "*Transactional Services*" refer to enterprise or market-driven activities, such as  
14       providing loans, demonstrating new technologies or conducting training that  
15       are necessary for the poor in the SE system to effectively and efficiently perform  
16       their roles as workers, suppliers, clients and owners. Transactional services may  
17       be fee-based, such as the granting of loans, or non-fee based, such as the  
18       extension of production-related trainings;
- 19       i. "*Transformative Services*" refer to activities that empower the poor, such as  
20       leadership formation, organizational development, financial and legal literacy,  
21       asset build-up and providing education and experiential learning opportunities,  
22       to become conscious change agents for themselves, for their communities,  
23       sectors and society as a whole;
- 24       j. "*Value Chains*" refer to value-adding economic activities that firms and workers  
25       do to bring product from its conception to its end use. A value chain typically  
26       consists of:
- 27           i. raw materials processing;
- 28           ii. inbound distribution or logistics;
- 29           iii. manufacturing operations;
- 30           iv. outbound distribution or logistics;
- 31           v. marketing and selling; and
- 32           vi. after-sales service.

1 These activities are supported by

- 2 1. purchasing or procurement;
- 3 2. research and development;
- 4 3. human resource development; and
- 5 4. organizational development; and

6 k. "Living Wage" refers to the amount of family income needed to provide for the  
7 family's food and non-food expenditures with sufficient allowance for  
8 savings/investments for social security so as to enable the family to live and  
9 maintain a decent standard of human existence beyond mere subsistence level,  
10 taking into account all of the family's physiological, social and other needs.

11 *Sec. 4. Establishment of a Poverty Reduction Through Social Entrepreneurship*  
12 *(PRESENT) Program.* - There is hereby established a Poverty Reduction Through Social  
13 Entrepreneurship (PRESENT) Program to progressively improve the position and  
14 benefits received by the poor, marginalized and basic sectors of Philippine society from  
15 economic subsector development. To do this, the PRESENT Program shall identify  
16 strategic economic sub sectors with potential for growth, the geographic concentration  
17 of the basic, marginalized and poor sectors, and how these sectors can be tapped to  
18 spur the growth and development of a specific subsector. The PRESENT Program shall  
19 involve identifying and developing key SEs and resource institutions as partners in  
20 providing transactional and transformational services towards poverty reduction. The  
21 formulation of the PRESENT Program shall be guided by the following:

- 22 a. Promoting sustainable programs that support the development of inclusive  
23 value chains in key economic sub sectors, with a view to reducing inequality in  
24 incomes and increasing self-reliance among the poor;
- 25 b. Enabling SEs to overcome constraints and to take advantage of opportunities  
26 for enhancing the position and benefits of the poor and their living  
27 environments, including those that harness innovative approaches in  
28 addressing social problems;
- 29 c. Developing sustainable mechanisms for the provision of quality and accessible  
30 social services to the poor;
- 31 d. Empowering people by ensuring the participation of the basic, poor and  
32 marginalized sectors;

- 1 e. Promoting gender sensitivity by ensuring women’s equal rights and access to  
2 resources of SEs;
- 3 f. Promoting ecological soundness in the pursuit of sustainable and equitable  
4 development;
- 5 g. Incorporating the PRESENT Program in the government’s poverty reduction  
6 drive as a major sustainable and comprehensive strategy; and
- 7 h. Rationalizing of poverty reduction programs by streamlining and coordinating  
8 the various anti-poverty programs of the government to reduce inefficiency and  
9 duplication to improve the effectiveness of each program. The planning process  
10 and framework of the PRESENT Program shall ensure that the poor are engaged  
11 as primary stakeholders. It shall add value and complement ecosystem-based,  
12 area-based, community-based and other tools and processes in local economic  
13 development by promoting and utilizing the economic subsector as a strategic  
14 unit of analysis and planning for the development of interventions spearheaded  
15 by SEs. The medium-term and annual development plans of the PRESENT  
16 Program shall be aligned with the medium-term development plan of the  
17 national government.

18 *Sec. 5. National Enterprise Development Council.* - The existing Micro, Small  
19 and Medium Enterprise Development (MSMED) Council, which is an attached agency  
20 of the Department of Trade and Industry (DTI), shall be strengthened to effectively  
21 spur the growth and development of MSMEs and SEs throughout the country, and to  
22 carry out the policy under this Act. It shall hereafter be known as the National  
23 Enterprise Development Council or referred as the “Council”. In addition to the  
24 existing functions of the Council as provided under Republic Act 9501, otherwise  
25 known as the “*Magna Carta for Micro, Small and Medium Enterprises*”, the Council  
26 shall serve as the primary agency tasked to carry out the promotion, growth and  
27 development of SEs in the country. It shall also approve the SE development plans as  
28 formulated and recommended by the Center for Social Enterprise Development  
29 (CSED) created under Section 6 of this Act.

30 *Sec. 6. Creation of the Social Enterprise Committee.* - Under the Council, a  
31 Social Enterprise Committee shall be established. The SE Committee shall be  
32 composed of the Secretary of DTI, Secretary of National Economic and Development

1 Authority, Secretary of Interior and Local Government, the Chairman of the Small  
2 Business Corporation, and three (3) representatives each from the SEs groups:  
3 *Provided*, that such representatives shall each come from the main island groupings  
4 of Luzon, Visayas, and Mindanao.

5 The SE Committee shall perform the following mandate:

- 6 a. Promote social enterprise as a key strategy for reducing poverty and enabling  
7 inclusive growth;
- 8 b. Provide oversight for the implementation of the PRESENT Program and  
9 activities of the CSED;
- 10 c. Establish policies, plans, programs and projects to develop and promote SEs  
11 as a tool for poverty reduction in accordance with a comprehensive social  
12 enterprise development plan that is fully integrated and consistent with national  
13 development objectives and plans;
- 14 d. Monitor and evaluate the performance of programs and projects of CSED for  
15 appropriate incentives;
- 16 e. Submit annual and other periodic reports to the President and the Congress of  
17 the Philippines not later than April 30 of each year; and
- 18 f. Promulgate such rules and regulations and exercise such other powers and  
19 functions as may be necessary to carry out the purposes of this Act and for the  
20 continued enhancement, growth and development of the SE sector.

21 *Sec. 7. Center for Social Enterprise Development.* - There shall be established  
22 a Center for Social Enterprise Development (CSED) under the supervision of the SE  
23 Committee to be headed by an Executive Director. The Executive Director shall have  
24 the primary responsibility of implementing the comprehensive policies for social  
25 enterprise development. Specifically, the CSED shall be responsible for the following:

- 26 a. The development and implementation of the PRESENT Program as approved  
27 by the Council, with the following components:
  - 28 i. Formation and Implementation of Plans: The CSED shall formulate and  
29 implement social entrepreneurship-oriented strategic and economic sub-  
30 sector development plans that shall serve as the basis for major policies,  
31 projects and activities;



- 1           ii. Capacity Building and Sustainability: CSED shall work with qualified SE  
2           service institutions and other intermediaries to design and deliver  
3           training and education in social entrepreneurship development,  
4           institutional start-up or strengthening, human resource competency and  
5           skills training, business planning and advisory services, upgrading of  
6           accounting and auditing systems, technical assistance for the installation  
7           or improvement of management information systems, technology  
8           intervention, technology incubation/commercialization, market studies,  
9           and product development competitiveness, business matching activities,  
10          trade fairs and missions, policy advocacy, disaster resiliency and other  
11          related activities.
- 12          iii. Research and Development: The CSED, in coordination with NEDA,  
13          Department of Science and Technology (DOST), DTI, and other  
14          appropriate agencies, research institutions, academe, and  
15          intermediaries, shall develop and enhance a research and development  
16          system that:
- 17                  1. Provides recommendations and robust discussions and  
18                  engagements on poverty reduction vis-a-vis SE development in  
19                  key economic subsectors and other inputs for the Council to  
20                  undertake strategic planning for programs and projects;
- 21                  2. Equips SEs and supports institutions with services and  
22                  technologies that are appropriate for enhancing the participation  
23                  and benefits of the poor in various economic subsectors, and  
24                  innovative and sustainable approaches to improve access of the  
25                  poor to quality basic social services;
- 26          iv. Information and Marketing Assistance: The CSED shall promote the  
27          development and expansion of local and foreign markets for the  
28          products and services of SEs. Towards this end, the CSED shall:
- 29                  1. Establish a marketing assistance program that will assist SEs  
30                  match supply with demand in both domestic and foreign markets,  
31                  as well as promote SE products and services through tri-media  
32                  marketing, trade fairs and trade missions; and

- 1                   2. Develop, install and sustain market information systems for SEs  
2                   with the assistance of the DTI and the Department of Tourism  
3                   (DOT). All government departments, agencies, bureaus, research  
4                   institutions, and local government units (LGUs) shall consolidate  
5                   and continuously update on a regular basis and make accessible  
6                   all relevant information and data that would be useful to SEs;
- 7           b. Establishment and implementation of criteria and process for the qualification  
8           of SEs to be eligible for the support and other incentives provided under this  
9           Act and as approved by the Council;
- 10          c. Identification of sources of financing for the SE sector, which shall not be limited  
11          to grants, loans and equity financing for enterprise incubation, start-up and  
12          expansion;
- 13          d. Management of multi-stakeholder convergence programs and activities among  
14          government agencies and private organizations in support of the PRESENT  
15          Program;
- 16          e. Coordination with the concerned government agencies and LGUs in the  
17          development and implementation of the PRESENT Program and projects;
- 18          f. Coordination with social enterprise stakeholders, including people's  
19          organizations, non-government organizations, and multi-sectoral and multi-  
20          disciplinary pool of experts from the academe, practicing professionals,  
21          business, industry, youth, women, and other concerned sectors to provide  
22          advice and technical assistance on matters pertaining to SEs.

23           *Sec. 8. Role of LGUs in SE Development.* - LGUs shall be encouraged to  
24   incorporate viable SE development plans in their local development plans, and, as far  
25   as practicable, collaborate with SEs with regard to the implementation thereof.

26           *Sec. 9. Creation of Social Enterprise Development Fund.* - There is hereby  
27   created the Social Enterprise Development Fund which shall be used to fund grants to  
28   SEs for the implementation of the PRESENT Program. The CSED, in coordination with  
29   the SE Committee, shall develop the roadmap for the utilization of the Fund, which  
30   shall be approved by the Council.

1           Sec. 10. *Special Credit Windows.* - The Land Bank of the Philippines (LBP),  
2 Development Bank of the Philippines (DBP) and other government financial institutions  
3 shall establish special credit windows for the following purposes:

- 4           a. Credit line for business development loan or working capital loan to cover the  
5           operational and management expenses of an existing business or income  
6           generating project, including receivable financing or purchase of additional  
7           inventory, soft or intangible investments, such as trade fair participation or  
8           acquisition of software or franchise development packages:
- 9           b. Fixed assets financing to cover the acquisition of fixed assets like machineries  
10           and equipment, motor vehicle, or acquisition of lot for project site or  
11           construction of a plant and building and the improvement thereof;
- 12           c. Value chain financing to cover any of the value chain activities such as  
13           production, processing and marketing;
- 14           d. Domestic letter of credit or trust receipt to provide a stand-by credit facility for  
15           the SE borrower for the purchase of product inputs, equipment, machinery,  
16           implements, and spare parts; and
- 17           e. Revolving credit line for re-lending to finance the livelihood project  
18           requirements of the beneficiaries/clients of SEs.

19           Sec. 11. *Compliance with Mandatory Allocation of Credit Resources.* - Loans  
20 granted by financial institutions to SEs shall be computed by the Bangko Sentral ng  
21 Pilipinas (BSP) as equivalent to two times the amount of the loan for purposes of  
22 determining the financial institution's compliance to the mandatory allocation of credit  
23 resources to micro, small and medium enterprises as provided under Republic Act  
24 9501, otherwise known as the "*Magna Carta for Micro, Small and Medium Enterprises.*"

25           Sec. 12. *Preference in Government Procurement.* - Eligible SEs shall be entitled  
26 to a share of at least ten percent (10%) of total annual procurement value of goods  
27 and services supplied to the Government, its bureaus, offices and agencies. The  
28 Department of Budget and Management (DBM) shall monitor the compliance of  
29 government agencies on the required procurement for SEs and submit its report to  
30 the Council and the Congress of the Philippines no later than May 30 of each year.

31           Sec. 13. *Insurance for Social Enterprises.* - The Insurance Commission shall  
32 issue the necessary rules and regulations to implement measures to ensure that the

1 insurance industry shall provide insurance products, both life and non-life, for social  
2 enterprises and their stakeholders.

3       Sec. 14. *Exemption from the Coverage of the Minimum Wage Law.* - SEs, at  
4 least three (3) years from its organization, and have total assets, inclusive of those  
5 arising from loans but exclusive of the land on which the SE's office, plant and  
6 equipment are situated, is not more than Three Million Pesos (P3,000,000.00) shall be  
7 exempt from the coverage of the Minimum Wage Law; *Provided*, That all employees  
8 covered under this Act shall be entitled to the same benefits given to any regular  
9 employee such as social security and healthcare benefits.

10       Sec. 15. *Eligibility for Benefits and Incentives.* - In the case of social enterprises  
11 organized as stock corporations, partnerships or sole proprietorships, the following  
12 requirements shall apply to become eligible for benefits and incentives provided under  
13 this Act:

14       a. An SE must not be organized as a branch, subsidiary or division of a private  
15 business enterprise, regardless of the size of such private enterprise, nor may  
16 its policies be determined by a private business enterprise: *Provided*, that this  
17 shall not preclude an SE from accepting subcontracts from large private  
18 business enterprises or firms or from joining in cooperative or joint venture  
19 activities with other SEs or foundations practicing corporate social  
20 responsibility;

21       b. At least sixty percent (60%) of an SE's total expenditures and profits are plowed  
22 back to the enterprise for the benefit of the poor, and such SE engages in  
23 practices that optimize the benefits for the poor through the provision of living  
24 wages, above-market pricing for economically disadvantaged producers and  
25 suppliers, and other best practices that distribute the profit generated by the  
26 enterprise.

27       Sec. 16. *Social Entrepreneurship in Education Institutions.* - The Council, in  
28 coordination with the Department of Education (DepEd), Technical Education and  
29 Skills Development Authority (TESDA) and the Commission on Higher Education  
30 (CHED), shall mainstream SE in their modules. A continuing social entrepreneurship  
31 education program for out-of-school youth and adults shall be developed.

1           Sec. 17. *Social Enterprise Week.* - In order to promote the importance of SEs  
2 as a viable strategy to address poverty alleviation, the Social Enterprise Week shall be  
3 instituted and coinciding on the week in the month it was passed into law. The Social  
4 Enterprise Week shall be spearheaded by the CSED.

5           Sec. 18. *Appropriations.* - The amount necessary for the implementation of this  
6 ACT shall be allocated from the existing MSMED Council Fund. Thereafter, such  
7 appropriation necessary for the continued implementation shall be included in the  
8 budget of the DTI under the annual General Appropriations Act. The CSED may raise  
9 funds from other sources for specific projects as may be authorized by law.

10          Sec. 18. *Harmonization with the Go Negosyo Act.* - The implementation of the  
11 provision of this Act shall be harmonized with the provisions of Republic Act 10644  
12 otherwise known as the "Go Negosyo Act."

13          Sec. 19. *Transitory Provision.* - Within a period of three (3) years, the Council,  
14 through the SE Committee, shall facilitate the development and dissemination of tools  
15 and invest in the development of the capability of SEs to plan, monitor and evaluate  
16 their social and financial performance. The SE Committee shall evolve socially  
17 acceptable benchmarks for performance evaluation of SEs and incorporate such to  
18 more effectively develop and regulate the sector.

19          Sec. 20. *Implementing Rules and Regulations (IRR).* - Within ninety (90) days  
20 from the effectivity of this Act, the DTI, in consultation with the appropriate  
21 government agencies and other relevant stakeholders, shall formulate the IRR to  
22 effectively implement the provisions of this Act.

23          Sec. 21. *Separability Clause.* – If any provision of this Act is declared invalid or  
24 unconstitutional, other provisions hereof which are not affected thereby shall remain  
25 in full force and effect.

26          Sec. 22. *Repealing Clause.* – All laws, orders, decrees, rules and regulations,  
27 and other parts thereof inconsistent with the provisions of this Act are hereby  
28 repealed, amended or modified accordingly.

29          Sec. 23. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
30 publication either in the Official Gazette or in two (2) newspapers of general circulation  
31 in the Philippines.

*Approved,*