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Bangsamoro Autonomous Region in Muslim Mindanao
Cotabato City

BANGSAMORO TRANSITION AUTHORITY

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BTA Parliament Bill No. 157



Introduced by BTA Member **Atty. Maisara Cudia Dandamun-Latiph**

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AN ACT ORDAINING THE PROMOTION OF SOCIAL ENTERPRISES IN THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO (BARMM), ESTABLISHING FOR THE PURPOSE THE BANGSAMORO RESILIENT, INCLUSIVE SOCIAL ENTERPRISES (RISE) FOR PEACE AND SUSTAINABLE DEVELOPMENT PROGRAM, PROVIDING INCENTIVES, BENEFITS AND APPROPRIATIONS THEREFOR

**CHAPTER 1
GENERAL PROVISIONS**

SECTION 1. Short Title. – This Act shall be known as the “Bangsamoro Social Enterprise Act of 2021.”

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

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

The State 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 people's livelihoods.

In the same breadth, Republic Act No. 11054, also known as the "Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)" holds social justice as a general principle. As such, the Bangsamoro Government is required that every Filipino citizen in its territorial jurisdiction enjoys the provision of the basic necessities and equal opportunities in life. Moreover, the Bangsamoro Government is obliged to promote social justice in all aspects of life and phases of development in the Bangsamoro Autonomous Region.

As part of its vision to regional autonomy and patrimony, Art V. Sec 2 (k) of the Bangsamoro Organic Law (BOL) states that the Bangsamoro Government shall exercise its authority over matters on social enterprises.

Pursuant to the aspirations of the Bangsamoro, Art XIII, Sec 2 of the BOL states that, "In order to protect and improve the quality of life of its inhabitants, the development in the Bangsamoro Autonomous Region shall be carefully planned considering the ecological balance and the natural resources that are available for its use and for the use of future generations.

The Bangsamoro Government shall promote the effective use of economic resources and endeavor to attain economic development that facilitates growth and full employment, human development, and social justice.

The Bangsamoro Government also declares to provide equitable opportunities for the development of constituent local government units and shall strengthen governance systems to ensure people's participation.

Cognizant to these stated policy objectives, Bangsamoro Autonomy Act No 13, Sec 3 states that "the Bangsamoro Government shall develop a self-reliant and independent regional economy and patrimony that are responsive to the needs of the Bangsamoro people, and effectively controlled by the Bangsamoro.

Defined further in the Bangsamoro Administrative Code, (Chapter 3, Sec. 65) as "social mission-driven organization with specific objectives that serve its primary purpose by maximizing profits while maximizing benefits to society and the environment to fund its social programs", social enterprises play a critical role in the realization of these policy objectives.

SECTION 3. Purpose. The purpose of this Act is to promote a policy environment conducive to the development and growth of a vibrant social enterprise sector in fulfillment of Article XIII, Sec 27 of the BOL which states that the Bangsamoro Government "shall likewise encourage and promote social entrepreneurship as a means to engage the private sector to assist in the development, funding, and implementation of solutions to social, cultural, or environmental issues." The Parliament shall pass laws to

strengthen the growth and development of social enterprises in the Bangsamoro Autonomous Region to achieve social justice, social equity, and economic efficiency.

It shall empower social enterprise stakeholders, establish mechanisms essential to realizing their potential and achieving their full growth, and extend the assistance necessary for their advancement. It 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 positive change agents.

Through this Policy, BARMM will work towards building peace, social inclusion and human capital development of its diverse population, achieving poverty reduction and addressing inequality. Social entrepreneurship has a significant contribution to these aims as it promotes societal transformation and systemic change.

SECTION. 4. Definition of Terms. – As used in this Act:

- a. *Social Enterprise or SE* refers to businesses whose primary purpose is addressing a social, cultural or environmental challenge where creating profit for owners or shareholders is secondary. They bring together the entrepreneurial skills of the private sector and the values of public service. They deliver positive social impact through their means and ends to achieve social justice, social equity, and economic efficiency. To be considered a social enterprise, the entity must have a clear social purpose included in its governing documents and re-invest a significant proportion of its profits back into the business for social, cultural, or environmental purposes
- b. *Bangsamoro Government* refers to the corporate governmental entity with all the powers granted to it by the Constitution, BOL, and other statutes, as well as those necessary for, or incidental to, the governance of the Bangsamoro Autonomous Region in Muslim Mindanao, including the Bangsamoro Parliament, Bangsamoro Government of the Day, and various instrumentalities through which political authority is exercised
- c. *Bangsamoro People* refers to those who, at the advent of the Spanish colonization, were considered natives or original inhabitants of Mindanao and the Sulu archipelago and its adjacent islands, whether of mixed or of full blood, shall have the right to identify themselves, their spouses and descendants, as Bangsamoro
- d. *Islamic finance* - financial organizations and/or arrangements with risk sharing as their core element, and in contributing to financial stability through the use of financial contracts and services that are founded on risk sharing rather than speculation in compliance with Shari'ah principles to help enterprises achieve their mandates
- e. *Assets* refer to all kinds of properties, real or personal, owned by the social entrepreneur 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
- f. *Basic sectors* shall refer to, non-moro indigenous peoples, farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant workers, workers in

- the informal sector, youth and students, and urban poor
- g. *Disadvantaged sectors* refer to: women, children, senior citizens, differently-abled persons, indigenous cultural communities, internally displaced persons whether natural or human-induced, widows and orphans, homeless, victims of conflicts and atrocities, that affects their well-being and their participation in community affairs
 - h. *Capability building* refers to the process of enhancing the viability and sustainability of social enterprises. It pertains to 1) education, training, coaching and other learning events such as, but not limited to, study tours; 2) technical, consultancy and advisory services; 3) assistance in organizational systems development; 4) technology incubation, development and dissemination; 5) value chain and subsector development; 6) conduct of SE trade fairs and missions; 7) networking and policy advocacy initiatives, and other such activities that enable SEs to be effective and efficient
 - i. *Civil society organizations (CSOs)* 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
 - j. *Cooperative* shall refer to a cooperative is a duly registered association of person, with common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with the universally accepted cooperative principles (Para. 1, Section 59, Chapter 3 BAA. No.13)
 - k. *Foundation* shall mean the categorization of a non-profit organization duly registered 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
 - l. *Impact 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 poverty reduction, concern for environmental protection, strong organizational governance, and a desire for a more economically just world
 - m. *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
 - n. *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); and inclusion (assistive device/technology, personal assistance, sign language interpreter, accessibility)
- o. *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 of the net income of which inures to the benefit of any private individual
 - p. *Non-Moro Indigenous Peoples/Non-Moro Indigenous Cultural Communities* refer to a group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organized community on communally bounded and defined territory, and who have, under claims of ownership since time immemorial, occupied, possessed and utilized such territories, sharing common bonds of language, customs, traditions and other distinctive cultural traits, or who have, through resistance to political, social and cultural inroads of colonization, non-indigenous religions and cultures, become historically differentiated from the majority of Filipinos. ICCs/IPs shall likewise include peoples who are regarded as indigenous on account of their descent from the populations which inhabited the country, at the time of conquest or colonization, or at the time of inroads of non-indigenous religions and cultures, or the establishment of present state boundaries, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains. They do not ascribe to the Moro identity
 - q. *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
 - r. *Sadaqah* is a charity given voluntarily. Sadaqa also describes a voluntary charitable act towards others, whether through generosity, love, compassion or faith
 - s. *Social development* refers 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
 - t. *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
 - u. *Social enterprise intermediaries* are organizations that support social enterprises through training, investment brokering, creating platforms and networks between social enterprises and other ecosystem stakeholders. Government intermediaries are excluded from this category
 - v. *Social entrepreneurship* entails innovations designed to explicitly improve societal well-being, housed within entrepreneurial organizations, which initiate, guide or contribute to change in society
 - w. *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
- x. *Social value* refers to the additional benefit to society of procuring a good or service, over and above the direct benefit and value of the good or service to the procuring entity. Additional benefits may include support for poor communities or marginalized groups, advancement of human rights and social justice, protection of the environment, and community development
 - y. *Waqf* means assets that are donated, bequeathed, or purchased for being held in perpetual trust for general or specific charitable causes that are socially beneficial. In many ways, the concept of waqf is similar to the Western concept of endowment
 - z. *Zakat* is a form of obligatory charity that has the potential to ease the suffering of millions. With the literal meaning of the word being 'to cleanse,' Muslims believe that paying zakat purifies, increases and blesses the remainder of their wealth

CHAPTER 2

SOCIAL ENTERPRISE, COVERAGE, QUALIFICATION

SECTION 5. Social Enterprise (SE); General Concept and Coverage – *SE* refers to businesses whose primary purpose is addressing a social, cultural or environmental challenge where creating profit for owners or shareholders is secondary. They bring together the entrepreneurial skills of the private sector and the values of public service. They deliver positive social impact through their means and ends to achieve social justice, social equity and economic efficiency. To be considered a social enterprise, the entity must have a clear social purpose included in its governing documents and re-invest a significant proportion of its profits back into the business for social, cultural, or environmental purposes, as defined in Sec 3 (a) of this Act. (Bangsamoro Autonomy Act, No.13, Sec 59)

Social enterprise principles are aligned with Islamic beliefs. It is innate in Islam to care about others, especially to the poor (Mustahiq) with an instrument referred to as “Zakat”, one of basic Islamic pillars that must be met by every Muslim. This has a dimension of worship that synergizes between a duty towards Allah and a liability against their society.

A social enterprise may be organized as a stock corporation, non-stock corporation, partnership, sole proprietorship, or cooperative, provided that it invests a substantive part of its net revenues to sustain the fulfillment of its social and/or environmental mission and provides transformational services for the well-being of the marginalized sector it serves or society at large.

Social enterprises may operate in areas such as but not limited to: (a) social services; (b) employment, including youth employment; (c) women empowerment; (d) protection and promotion of health; (e) education; (f) environmental protection; (g) promotion of tourism, culture and cultural heritage; (h) sports activities, with the purpose of recreation and socialization; (i) promotion of the development of local communities including indigenous peoples; (j) peace and reconciliation; (k) disaster risk, reduction and management.

SECTION 6. Formulation of the Bangsamoro Resilient and Inclusive Social Enterprises for Peace and Sustainable Development (RISE for Peace and Sustainable Development). -- To strengthen the development and growth and development of social enterprises and promote inclusive innovation in the Bangsamoro Autonomous Region to achieve social justice, social equity, economic efficiency and peace, a comprehensive and fully-integrated capacity-building program shall be formulated, guided by the following principles:

a) Incorporation of social justice, social equity and economic efficiency in the regional government's development strategy through a social entrepreneurship program that contributes to social inclusion and reconciliation in the region;

b) People's participation and empowerment by mobilizing CSOs and social movement groups working with the basic sectors and disadvantaged communities;

c) Promoting sustainable programs that reduce inequality, improve incomes and increase self-reliance of basic and disadvantaged sectors;

d) Enabling SEs to overcome constraints and to take advantage of opportunities for enhancing the position and benefits of the basic sectors and disadvantaged communities in economic planning;

e) Gender-sensitivity by ensuring women's equal rights and access to SE resources;

f) Nurturing young people's skills to develop social enterprises, solve local problems and support economic development; and

g) Mainstreaming Social Entrepreneurship Education in various educational institutions and organizations to ensure a more agile social innovation ecosystem.

The planning framework of the RISE for Peace and Sustainable Development Program and its planning process shall ensure that the poor and marginalized communities are engaged as stakeholders identified herein of this law as Section 6. The RISE for Peace and Sustainable Development Program shall identify and develop key SEs, social enterprise intermediaries, and resource institutions as partners in strategic economic sub-sectors that have the potential for growth and where large numbers of the poor are concentrated and could be major players. SEs and inclusive innovation shall be developed and promoted as vehicles to ensure that the poor and marginalized benefit the most from sustainable sub-sector development. The RISE for Peace and Sustainable Development Program's medium-term and annual development plans shall be formulated in synchrony with the regional development plan of the Bangsamoro Government.

Pursuant to the BAA, the Cooperatives and Social Enterprise Authority (CSEA) shall promote the growth of social enterprises. Thus, it shall be the lead agency in the implementation of the RISE for Peace and Sustainable Development Program. As mandated by the BAA, the CSEA shall establish the Bangsamoro Social Enterprise Council, an advisory body in charge of monitoring the implementation of the RISE for Peace and Sustainable Development Program.

SECTION 7. Components of the Bangsamoro RISE for Peace and Sustainable Development Program. The RISE for Peace and Sustainable Development Program shall include:

- a. **SE Capability Building and Sustainability Program; Creation of SE Development Fund.** – There is hereby established a SE Capability Building and Sustainability Program whose primary objective is to guarantee the viability and sustainability of social enterprises 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, impact measurement, 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, gender and development, resiliency, and other related activities.

- b. **Social Enterprise Research and Development System.** -The CSEA, in coordination with the Bangsamoro Planning and Development Authority (BPDA), Development Academy of Bangsamoro under the Office of the Chief Minister, Ministry of Science and Technology (MOST), and the Ministry of Trade, Investments and Tourism (MTIT), and other appropriate agencies and research institutions, shall develop and enhance a research and development system that:
 - b.1 Provides studies on economic opportunities, social inclusion and SE development in key economic sectors and other inputs for the CSEA to undertake strategic planning for its RISE for Peace and Sustainable Development Program;

 - b.2 Equip SEs and support institutions with technologies that are appropriate for enhancing the participation and benefits of the poor in various economic subsectors; and,

 - b.3 Equip SEs and support institutions with innovative and sustainable approaches to improve access of the poor to quality basic social services.

- c. **Social Enterprise Marketing Infrastructure Development.** - The CSEA shall promote the development and expansion of local and foreign markets for the products and services of social enterprises, guided by the principles of fair trade. Consistent with this objective, the CSEA shall:
 - c.1 Establish a SE Marketing Assistance Program (SMAP) that will assist social enterprises 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;

c. 2 Develop, install and sustain with the assistance of the MTIT an SE Marketing Information Network (SMIN), providing business information and contacts and turning these to actionable and accessible services for SEs to access business know-how, market information and intelligence including trade leads.

SECTION 8. Qualifications for Benefits and Incentives. – To qualify 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 stakeholders from the SE, including becoming worker-owners, supplier-owners, supervisors and managers, active members and leaders in governance of the SE or its allied organizations;
- b. Invest a substantive part of its surplus, profits or mobilize other resources to assist its stakeholders to become partners in SE or value chain management/governance and/or to become partners in community, sectoral and societal transformation;
- c. Pursue a pro-active contribution to resolving social and environmental problems and generate profit or surplus with due regard to social and environmental costs;
- d. Allocate and redistribute a substantive part of their product/service cost (direct or operational) towards a beneficiary group or for the attainment of their social/environmental mission in the form of services, dividends and other forms of benefit;
- e. Ensure that payments and incentives for products or services are consistent with the principles of fair trade;
- f. Be duly registered with the appropriate agencies as provided under the Corporation Code, the Cooperative Code of the Philippines, Magna Carta for Micro, Small and Medium Enterprises, Barangay Micro Business Enterprises Act, Microfinance NGOs' Act, and other laws;
- g. Not be founded solely by the Bangsamoro Government or a local/ national government, or a public authority
- h. Apply rules of democratic governance, where decision-making includes relevant stakeholders in addition to share owners or members
- i. Transfer assets to another social enterprise, or a social enterprise network in the Bangsamoro region, in case of termination or dissolution (asset lock).

SECTION 9. Acquisition of Social Enterprise Status. A social enterprise shall be qualified by the CSEA.

The social enterprise status is valid for three years, during which time the SE must submit annual activity and social-impact reports demonstrating how it meets the criteria for SEs. It must renew its status at the end of the period; failure to do so will result in its removal from the CSEA Registry. The CSEA Registry will serve to determine eligibility to apply to calls for tender targeting social enterprises and financial support as may be determined under the RISE for Peace and Sustainable Development Program.

International social enterprise resource institutions, social enterprise intermediaries, and their subsidiaries operating in the Philippines must partner with a qualified social

enterprise or social enterprise resource institution qualified by CSEA to avail government support.

SECTION 10. Obligation to Report. Social enterprises are required to submit periodic reports to the CSEA on the activities carried out that qualifies them as social enterprises. Forms, deadlines and reporting methods are defined by instructions of the CSEA.

SECTION 11. Lead Agency. – Cooperatives and Social Enterprise Authority. (CSEA) - Pursuant to the BAA, the CSEA shall be the primary entity to promote the viability and growth of social enterprise in the Bangsamoro region. It shall be the sole agency of the Bangsamoro Government that registers cooperatives and qualifies social enterprises. It shall be attached to the Office of the Chief Minister unless otherwise delegated to an appropriate agency.

The CSEA with all the branches, sub-divisions, instrumentalities and agencies of the Bangsamoro Government shall ensure the provision of technical guidance, financial assistance and other services to enable the cooperatives and social enterprises to develop into viable and responsive economic enterprises and be platforms for poverty reduction and peace-building.

SECTION 12: Powers and Functions - The CSEA shall perform the following duties and functions, aligned with the stipulations under the Bangsamoro Administrative Code:

- a. Co-develop policies and plans with appropriate BARMM agencies to promote, coordinate, synergize, integrate, and ensure compatibility and complementation of policies and programs for SEs consistent with regional development objectives;
- b. Together with the identified Ministries and BARMM government agencies, implement the RISE for Peace and Sustainable Development Program to develop and grow SEs in the BARMM;
- c. Convene policy dialogues, conduct research and organize study tours to share knowledge and best practice in creating an enabling environment for social enterprise;
- d. Convene the Bangsamoro Social Enterprise Council (BSEC) at least annually and perform secretariat functions for the BSEC;
- e. Manage the CSEA Registry, the Qualification Process for SEs and facilitate the renewal procedures with recommendations from BSEC;
- f. Issue certificate of qualification upon determination that the criteria set for this purpose have been fully satisfied: Provided, That the certificate of qualification shall be valid only for such period as may be prescribed under the implementing rules and regulations of this Act;
- g. Propose the concomitant plantilla positions and structure for the personnel under it;
- h. Manage the funds provided for by this law, including ensuring the funds' growth where possible;
- i. Support social entrepreneurs on product development, business finance, market and linkage, and legal accreditation;
- j. Promote social enterprise education in schools and universities;
- k. Ensure that the marginalized, vulnerable and disabled individuals and groups are

- able to participate in the new socio-economic model for BARMM;
- l. Promote and strengthen social enterprises as pathways to reintegrate former combatants, surrenderers, and disaster-affected communities, among others;
 - m. Provide social entrepreneurs with capacity development and access to training, mentoring and funding opportunities;
 - n. Identify, attract, and access sources of financing to expand the SE sector;
 - o. Issue guidelines to SEs measuring and report on the impact of SEs in BARMM
 - p. Align and synchronize the provision of support programs, benefits and incentives for SEs provided for in this Act; and
 - q. Promulgate such rules and regulations and exercise such other powers and functions as may be necessary to carry out the purposes of this Act, including guidelines for the administration of grant windows; and
 - r. 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. Organizational Structure and Personnel. - The CSEA shall be headed by an Executive Director assisted by three (3) Division Chiefs and support staff. It shall be composed of the following divisions: (a) Administrative and Finance Division; (b) Cooperative Development Division; and (c) Social Enterprise Division.

Subject to the civil service laws, rules and regulations of the Bangsamoro Government, the CSEA is authorized to select, appoint, employ and fix the compensation of the officers and employees and the Bangsamoro Center for Social Enterprise Development (BCSED) as shall be necessary to carry out its functions.

SECTION 14. Bangsamoro Social Enterprise Council. The Bangsamoro Social Enterprise Council (BSEC), an alliance of social enterprise leaders who leverage their networks, knowledge and experience in order to build a strong and enabling environment for social enterprises, shall be organized by the CSEA. The BSEC will have the following functions:

- a. Monitor the implementation of the RISE for Peace and Sustainable Development Program
- b. Assess the progress of SEs for the renewal of its SE status
- c. Assist in animating and supporting the implementation of the RISE for Peace and Sustainable Development Program through partnership and collaboration with many other valued actors across the BARMM and internationally
- d. Provide strategic advice to the Bangsamoro Government on developing the RISE for Peace and Sustainable Development Program
- e. Assist CSEA in all efforts to strengthen the social enterprise sector

The BSEC shall be composed of:

- a. Nine (9) representatives from SEs managed by or for the benefit of the basic and disadvantaged, marginalized and vulnerable sectors operating no less than five (5) years in BARMM (one per province and each component city)
- b. Two (2) social enterprise intermediaries operating no less than five (5)

- years
- c. Two (2) impact investors operating no less than five (5) years
- d. Representatives from the ministries of the Bangsamoro Government:
 - d.1 Social Services and Development
 - d.2 Trade, Investments and Tourism
 - d.3 Labor and Employment
 - d.4 Basic, Higher, and Technical Education
 - d.5 Agriculture, Fisheries and Agrarian Reform
 - d.6 Bangsamoro Youth Commission
 - d.7 Bangsamoro Women Commission
 - d.8 Indigenous People Agency
 - d.9 Interior and Local Government

The CSEA, after approval of this Act, shall convene a transitional BSEC composed of representatives from the aforementioned sectors operating in BARMM for the last five (5) years to conduct elections. CSEA shall convene the social enterprise sector to conduct elections among social enterprises for the selection of the SE representative in each province and component city. The elected BSEC shall establish its by-laws, electoral process and three-year program of action.

SECTION 15. Bangsamoro Center for Social Enterprise Development. – There shall be established a Bangsamoro Center for Social Enterprise Development (BCSED) under the CSEA which shall perform the following functions:

- a. Provide social enterprises with capability-training and education through the Social Enterprise Capability Building and Sustainability Program created under Section 7a 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 basic sectors and disadvantaged communities pursuant to Section 7b of this Act;
- 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 7c of this Act.
- d. Implement capability building projects approved by CSEA;
- e. Supervise capability- building projects approved by CSEA implemented through SEIs contracted for the purpose with support from BSEC; and
- f. Research on existing policies and programs of other countries for benchmarking purposes (e.g. support system, ecosystem, programs, regulations).

SECTION 16. Role of local government units (LGUs) in SE Development. – Local government units shall have the following responsibilities:

- a. Establish and implement a social enterprise support and development plan in order to promote social enterprise in the Bangsamoro region
- b. Incorporate viable SE support and development plan in their local development planning and to collaborate with social enterprises.

- c. Allocate five percent (5%) of its funds for SE research, marketing, capacity-building and financing SE initiatives at the local level.
- d. Prioritize the participation of social enterprises in public procurement procedures, under the conditions set out in this Act.

SECTION 17. Social Entrepreneurship Education in Schools. – Toward strategically developing the nation’s human resource capability in social entrepreneurship, the Ministry of Basic, Higher and Technical Education shall cause the integration of SE content and inclusion of SE courses and principles in the curricula at all levels, especially in the secondary and tertiary levels. This shall be part of the RISE for Peace and Sustainable Development Program stated in this Act.

A continuing social enterprise education program for out-of-school youth and adults shall likewise be developed and undertaken. The social entrepreneurship education program for primary and secondary education shall include information regarding:

- a. Social issues and civic ways of addressing them;
- b. The entrepreneur as a member of society with responsibilities to avoid harm and injustice
- c. The producer as a steward of natural resources;
- d. The consumer as a responsible member of society and their responsibility to develop critical awareness which is the responsibility to be alert and questioning about environmental and social impacts of the goods and services they uses;
- e. Social concern which is the responsibility to be aware of the impact of their consumption to society, especially to the disadvantaged;
- f. Environmental awareness which is the responsibility to understand the consequences of their use of natural resources, consumption, recognizing their individual and social responsibility to conserve natural resources for future generations; and
- g. Gender justice, or the full equality and equity between men and women in all spheres of life, resulting in women jointly, and on an equal basis with men, defining and shaping the policies, structures, and decisions that affect their lives and society as a whole.

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.

CHAPTER 3 FINANCING, TAXES, INCENTIVES AND BENEFITS

SECTION 18. Financing. – Social Enterprises shall be supported through financing appropriate to their growth stage to enable them to provide a combination of transactional and transformational services to the marginalized communities they serve or their societal goals through a combination of grants, loans, Islamic Finance and other financial instruments and modalities from public and private sources.

Islamic Finance may be utilized by social enterprises to develop and upscale initiatives, create opportunities for greater financial inclusion, and contribute to financial stability through the use of financing instruments and modalities founded on risk sharing rather than speculation in compliance with Shari'ah principles.

Islamic philanthropy including sadaqah (charity), zakat (poor tax) and waqf (trust) which are considered as strategic, empowering, and sustainable are encouraged to finance and support social enterprises.

Local government units shall allocate five percent (5%) of their funds towards financing social enterprise initiatives which were prioritized in local development plans.

Efforts towards making SEs investment-ready shall be endeavored by the CSEA. Products, intermediaries, and market infrastructure shall be further developed with BSEC to attract impact investors.

SECTION 19. The Bangsamoro Social Enterprise Fund (BSEF). - The Bangsamoro Government, through the CSEA, shall establish BSEF to give grants to social enterprises to improve their local communities. The budget may be from the Special Development Fund under the Bangsamoro General Appropriations Act. BSEF will be managed by the CSEA in partnership with the BCSED, and the BSEC. It will help social enterprises grow, build their capacity and get them ready for investment.

SECTION 20. Tax Incentives. – All SEs qualified by CSEA, in consultation with the Ministry of Finance (MoF) and the Ministry of Trade, Investment and Tourism (MTIT), 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 operations of the social enterprises.

CSEA shall, in consultation with the MoF and MTIT, 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 an SE for its initiatives within the area of its operation shall be tax deductible from the gross income.

CSEA will develop a system of valuation of social, economic and environmental contributions of social enterprises and the social impact among the marginalized sector they serve, as bases for tax incentives from the government. CSEA will also offer tax incentives to impact investors, incentivizing investment capital to flow to social enterprises that benefit marginalized sectors and the society at large.

SECTION 21. 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 government units.

Such a preferential right is anchored not just in economic efficiency but in social values which provide long-term benefits to society. As defined in this bill, social value refers to the additional benefit to society of procuring a good or service, over and above the direct benefit and value of the good or service to the procuring entity.

These social values include, *inter alia*, social inclusion, peace-building, poverty reduction, sustainable development, environmental conservation, climate action, community development, and gender and social justice. As such, the determination of government procurement shall factor in social values.

SECTION 22. Appropriations. – The amount necessary to implement the provisions of this act shall be charged against the current year’s appropriation of the Office of the Chief Minister. Thereafter, such sums as may be necessary for its continued implementation shall be included in the General Appropriations Act of the Bangsamoro (GAAB). The budget requirements for the implementation of this Act for cooperating agencies shall be incorporated in their respective budgets.

SECTION 23. Penal 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 two hundred fifty-thousand (P250,000) or both imprisonment and fine, at the discretion of the court, shall be imposed upon any person, who, intentionally or by gross negligence, fails to provide the benefits, rights and incentives granted to SEs in violation of this Act or perform any act in violation of its provisions.

If a corporation is found to have violated the provisions of this Act, the officers, directors, members or trustees shall be held liable. If the violation was committed by a government official or employee, such official or employee shall be terminated from the service with forfeiture of all the benefits due him in addition to the fine and/or imprisonment mentioned above.

Corporations and other juridical entities, financial or otherwise, found representing themselves as a SE shall be caused to pay double the benefits it reaped from this program through the taxes it was able to save when it represented itself as a SE. In addition, the officers of the juridical entity who represented itself as a SE shall be liable for a fine of P500,000.00 or imprisonment for not less than two (2) years or both fine and imprisonment at the discretion of the court.

SECTION 24. Bangsamoro Transition Authority (BTA) Oversight Committee. – Upon the effectivity of this Act, a BTA Oversight Committee is hereby constituted. This Committee shall set the overall framework to review the implementation of this Act. It shall likewise determine inherent weaknesses in the law and recommend necessary remedial legislation or executive measures.

For purposes of determining remedial legislation, the BTA Oversight Committee shall, within six (6) years after the effectivity of this Act, conduct a sunset review which shall include a systematic evaluation of the impact of this Act, accomplishments of the program, and the performance of its implementing agencies.


SECTION 25. Separability. – If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SECTION 26. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the CSEA shall, in consultation and coordination with the concerned government agencies and social enterprise sector, promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 27. Repealing Clause. – For purposes of this Act, regional policies which are inconsistent with this Act are hereby deemed amended. All other laws, executive orders, decrees, rules and regulation or parts thereof inconsistent with any provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 28. Effectivity. – This Act shall take effect fifteen (15) days from its publication in two (2) newspapers of general circulation.

Adopted,


ATTY. MAISARA C. DANDAMUN-LATIPH
Member of Parliament–Bangsamoro Transition Authority
Bangsamoro Autonomous Region in Muslim Mindanao