

[REPUBLIC ACT NO. 8425, December 11, 1997]

**AN ACT INSTITUTIONALIZING THE SOCIAL REFORM AND
POVERTY ALLEVIATION PROGRAM, CREATING FOR THE
PURPOSE THE NATIONAL ANTI-POVERTY COMMISSION,
DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER
PURPOSES**

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

SECTION 1. *Title.* – This Act shall be known as the "Social Reform and Poverty Alleviation Act."

SEC. 2. *Declaration of Policy.* – It is the policy of the State to:

1. Adopt an area-based, sectoral and focused intervention to poverty alleviation wherein every poor Filipino family shall be empowered to meet its minimum basic needs of health, food and nutrition, water and environmental sanitation, income security, shelter and decent housing, peace and order, education and functional literacy, participation in governance, and family care and psycho-social integrity;
2. Actively pursue asset reform or redistribution of productive economic resources to the basic sectors including the adoption of a system of public spending which is targeted towards the poor;
3. Institutionalize and enhance the Social Reform Agenda, hereinafter known as the SRA, which embodies the results of the series of consultations and summits on poverty alleviation;
4. Adopt and operationalize the following principles and strategies as constituting the national framework integrating various structural reforms and anti-poverty initiatives:
 - a. Social reform shall be a continuing process that addresses the basic inequities in Philippine society through a systematic package of social interventions;
 - b. The SRA shall be enhanced by government in equal partnership with the different basic sectors through appropriate and meaningful consultations and participation in governance;
 - c. Policy, programs and resource commitments from both government and the basic sectors shall be clearly defined to ensure accountability and transparency in the implementation of the Social Reform Agenda;
 - d. A policy environment conducive to sustainable social reform shall be pursued;

- e. A policy environment conducive to sustainable social reform shall be pursued;
- f. The SRA shall pursue a gender-responsive approach to fight poverty;
- g. The SRA shall promote ecological balance in the different ecosystems, in a way that gives the basic sectors a major stake in the use, management, conservation and protection of productive resources;
- h. The SRA shall take into account the principle and interrelationship of population and development in the planning and implementation of social reform programs thereby promoting self-help and self-reliance; and,
- i. The SRA implementation shall be focused on specific target areas and basic sectors.

SEC. 3. *Definition of Terms.* – As used in this Act, the following terms shall mean:

- a. "Artisanal fisherfolk" - Refers to municipal, small scale or subsistence fishermen who use fishing gear which do not require boats or which only require boats below three (3) tons;
- b. "Basic sectors" - Refer to the disadvantaged sectors of Philippine society, namely: farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, differently-abled persons, senior citizens, victims of calamities and disasters, youth and students, children, and urban poor;
- c. "Cooperative" - Refers to a duly registered association of at least fifteen (15) persons, majority of which are poor, having a common bond of interest, who voluntarily join together to achieve a lawful common social and economic end. It is organized by the members who equitably contribute the required share capital and accept a fair share of the risks and benefits of their undertaking in accordance with the universally accepted corporate principles and practices;
- d. "Capability building" - Refers to the process of enhancing the viability and sustainability of microfinance institutions through activities that include training in microfinance technologies, upgrading of accounting and auditing systems, technical assistance for the installation or improvement of management information systems, monitoring of loans and other related activities. The term capability building 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 people's development trust fund to microfinance institution as defined in this Act. Capability building precludes the grant of any loan or equity funds to the microfinance institution;
- e. "Collateral-free arrangement" - A financial arrangement wherein a loan is contracted by the debtor without the conventional loan security of a real estate or chattel mortgage in favor of the creditor. In lieu of these conventional securities, alternative arrangements to secure the loans and ensure repayment

are offered and accepted;

- f. "Group character loan" - A loan contracted by a member and guaranteed by a group of persons for its repayment. The creditor can collect from any of the members of the group which guaranteed the said loan, without prejudice to the right of reimbursement of the member or members of the group who had advanced the payment in favor of the actual debtor;
- g. "Indigenous cultural communities/indigenous peoples" - As defined in Republic Act No. 8371, otherwise known as "The Indigenous Peoples Rights Act of 1997;"
- h. "Migrant workers" - As defined in Republic Act No. 8042, otherwise known as the "Migrant Workers and Overseas Filipino Act of 1995:"
- i. "Micro-enterprise" - Any economic enterprise with a capital of One hundred fifty thousand pesos (P150,000) and below. This amount is subject to periodic determination of the Department of Trade and Industry to reflect economic changes;
- j. "Microfinance" - A credit and savings mobilization program exclusively for the poor to improve the asset base of households and expand the access to savings of the poor. It involves the use of viable alternative credit schemes and savings programs including the extension of small loans, simplified loan application procedures, group character loans, collateral-free arrangements, alternative loan repayments, minimum requirements for savings, and small denominated savers' instruments;
- k. "Minimum basic needs" - Refer to the needs of a Filipino family pertaining to survival (food and nutrition; health; water and sanitation; clothing), security (shelter; peace and order; public safety; income and livelihood) and enabling (basic education and literacy; participation in community development; family and psycho-social care);
- l. "Human development index" - Refers to the measure of how well a country has performed, based on social indicators of people's ability to lead a long and healthy life, to acquire knowledge and skills, and to have access to the resources needed to afford a decent standard of living. This index looks at a minimum of three outcomes of development: the state of health (measured by life expectancy at birth), the level of knowledge and skill (measured by a weighted average of adult literacy and enrollment rates), and the level of real income per capita, adjusted for poverty considerations;
- m. "Nongovernment organizations" - Refer to duly registered nonstock, nonprofit organizations 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;
- n. "People's organization" - 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;

- o. "Poor" - Refers to individuals and families whose income fall below the poverty threshold as defined by the National Economic and Development Authority and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life;
- p. "Poverty alleviation" - Refers to the reduction of absolute poverty and relative poverty;
- q. "Absolute poverty" - Refers to the condition of the household below the food threshold level;
- r. "Relative poverty" - Refers to the gap between the rich and the poor;
- s. "Social reform" - Refers to the continuing process of addressing the basic inequities in Filipino society through a systematic, unified and coordinated delivery of socioeconomic programs or packages;
- t. "Small Savers Instrument (SSI)" - Refers to an evidence of indebtedness of the Government of the Republic of the Philippines which shall be in small denominations and sold at a discount from its redemption value, payable to bearer and redeemable on demand according to a schedule printed on the instrument, with a discount lower than the full stated rate if not held to maturity. The resources generated under this scheme shall be used primarily for micro-credit for the poor. SSIs are not eligible as legal reserve of banks and legal reserves prescribed of insurance companies operating in the Philippines;
- u. "Urban poor" - Refers to individuals or families residing in urban centers and urbanizing areas whose income or combined household income falls below the poverty threshold as defined by the National Economic and Development Authority and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life;
- v. "Workers in the formal sector" - Refers to workers in registered business enterprises who sell their services in exchange for wages and other forms of compensation;
- w. "Workers in the informal sector" - Refers to poor individuals who operate businesses that are very small in scale and are not registered with any national government agency, and to the workers in such enterprises who sell their services in exchange for subsistence level wages or other forms of compensation; and
- x. "Youth" - Refers to persons fifteen (15) to thirty (30) years old.

SEC. 4. *Adoption and Integration of Social Reform Agenda (SRA) in the National Anti-Poverty Action Agenda.* – The National Anti-Poverty Action Agenda shall principally include the core principles and programs of the Social Reform Agenda (SRA). The SRA shall have a multi-dimensional approach to poverty consisting of the following reforms:

1. Social dimension access to quality basic services. – These are reforms which refer to equitable control and access to social services and facilities such as education, health, housing, and other basic services which enable the citizens to meet their basic human needs and to live decent lives;
2. Economic dimension asset reform and access to economic opportunities. - Reforms which address the existing inequities in the ownership, distribution, management and control over natural and man-made resources from which they earn a living or increase the fruits of their labor;
3. Ecological dimension sustainable development of productive resources. - Reforms which ensure the effective and sustainable utilization of the natural and ecological resource base, thus assuring greater social acceptability and increased participation of the basic sectors in environmental and natural resources conservation, management and development;
4. Governance dimension democratizing the decision-making and management processes. - Reforms which enable the basic sectors to effectively participate in decision-making and management processes that affect their rights, interests and welfare.

The SRA shall focus on the following sector-specific flagship programs:

1. For farmers and landless rural workers – agricultural development;
2. For the fisherfolk - fisheries and aquatic resources conservation, management and development;
3. For the indigenous peoples and indigenous communities - respect, protection and management of the ancestral domains;
4. For workers in the informal sector - workers' welfare and protection;
5. For the urban poor - socialized housing; and
6. For members of other disadvantaged groups such as the women, children, youth, persons with disabilities, the elderly, and victims of natural and man-made calamities – the Comprehensive Integrated Delivery of Social Services (CIDSS).

Additionally, to support the sectoral flagship programs, the following cross-sectoral flagships shall likewise be instituted:

1. Institution-building and effective participation in governance;
2. Livelihood programs;
3. Expansion of micro-credit/microfinance services and capability building; and
4. Infrastructure buildup and development.

TITLE I - NATIONAL ANTI-POVERTY COMMISSION