

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

HB No. 3688

Introduced by Representative RAYMOND DEMOCRITO C. MENDOZA

Trade Union Congress Party (TUCP Partylist)

AN ACT PROVIDING FOR A MAGNA CARTA FOR WORKERS, ENTERPRISES AND ORGANIZATIONS IN THE INFORMAL ECONOMY AND PROVIDING MECHANISMS FOR RECOGNITION, INTEGRATION, AND TRANSITION TO THE FORMAL ECONOMY

EXPLANATORY NOTE

The Philippine Statistical Authority (PSA) conceptual definition of the informal sector is a description of what it is. PSA said "informal sector consists of 'units'; engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned in order to earn a living. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production. It consists of household unincorporated enterprises that are market and non-market producers of goods as well as market producers of services. Labor relations, where they exist, are based on casual employment, kinship or personal and social relations rather than formal or contractual arrangements."


The vaguely described and invisible informal sector contributed 5 TRILLION PESOS to the country's GDP in 2016 and based on the 2017 Labor Force Survey, the informal sector workers 38% of the country's total working population, or at 15.6 million.

The significance of the informal sector's contribution to the Philippine economy cannot be discounted. Yet, they remained unseen in government programs, services and social protection, and struggling at the margins of the Philippine society, vulnerable and exposed to the vagaries of poverty and inequality. They are the faceless and unaccounted informal sector workers or workers in informal employment arrangement. They are the ambulant vendors, small transport operators, small and landless farmers, artisanal fisherfolk, intermittent non-corporate construction workers, waste pickers and recyclers, petty retailers, barter traders, small-scale miners and quarry workers, entertainers, beauticians, laundry persons, hairdressers, on-call domestic helpers, barkers and unorganized cargo-handlers. At various government instrumentalities, they are the forever job order workers, the barangay health workers, barangay tanod, barangay nutrition scholars, barangay daycare workers, and volunteers during disasters. They are also the micro-entrepreneurs.

Majority of them are not covered by the Labor Code or by the Civil Service Code. They live in substandard conditions, and are vulnerable to exploitation, working long hours and at a very low wages, without benefits and under very poor working conditions. They have limited access to productive resources, justice, and preventive programs for work-related diseases and risks, and underrepresented in policy-making bodies relevant to their issues and welfare. They lack social protection such as those provided by the Social Security System and Philippine Health Insurance Corporation or PhilHealth.

Several attempts in the past to have a Magna Carta for Workers in the Informal Sectors, which seeks to provide rights and benefits for workers in the informal economies by giving affordable social protection and security in the workplace, among others, have not been successful. Thus, this proposed measure is humbly submitted to overemphasized the need to provide protection to these class of workers and economic activities.

I firmly believe that enacting this proposed measure would help fulfill the Philippines' international obligations in the International Convention on Economic, Social and Cultural Rights, which pushes for the right of everyone to social insurance and Sustainable Development Goal number 8 or the "promotion of inclusive and sustainable economic growth, employment and decent work for all."


RAYMOND DEMOCRITO C. MENDOZA
Representative, TUCP Partylist

1 EIGHTEENTH CONGRESS OF THE)
2 REPUBLIC OF THE PHILIPPINES)
3 *First Regular Session*)
4
5

6 HOUSE OF REPRESENTATIVES

7
8 HB No. 3688
9

10 Introduced by Representative RAYMOND DEMOCRITO C. MENDOZA

11 Trade Union Congress Party (TUCP Partylist)

12
13 AN ACT PROVIDING FOR A MAGNA CARTA FOR WORKERS, ENTERPRISES AND
14 ORGANIZATIONS IN THE INFORMAL ECONOMY AND PROVIDING MECHANISMS FOR
15 RECOGNITION, INTEGRATION, AND TRANSITION TO THE FORMAL ECONOMY
16
17

18 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
19 *assembled:*
20

21 TITLE I
22 GENERAL PROVISIONS
23

24 Chapter I
25 GENERAL PRINCIPLES
26

27 SEC. 1. *Short Title.* This Act shall be known as the "*Magna Carta of Workers in the Informal*
28 *Economy.*"
29

30 SEC. 2. *Declaration of Policy.* It is hereby declared the policy of the State to:
31

- 32 (a) Promote a just and dynamic social order that shall ensure the prosperity and
33 independence of the nation and free the people from poverty through policies that
34 provide adequate social services, promotes decent and full employment, a rising
35 standard of living, and an improved quality of life for all;
36
37 (b) Protect, promote and fulfill the rights of every worker, including gender equity, non-
38 discrimination, the right to self-organization, just and humane conditions of work,
39 access to social protection and services, access to justice, security of and in the
40 workplaces, and the right to represent their organizations in a continuing process of
41 consultation, in the context of engaging in social dialogue; and
42

- 1 (c) Establish an integrated and coherent policy, at all levels of government, of
2 formalization of informal economic units and informal economy workers and make
3 them visible in all relevant national and local statistics.
4

5 **SEC. 3. Coverage.** This Act shall apply to all workers and economic units, including enterprises,
6 entrepreneurs and households in the informal economy, in particular:
7

- 8 (a) Those in the informal economy who own and operate economic units, including:
9 - self-employed workers;
10 - self-employed own-account workers;
11 - employers;
12 - members of cooperatives; and
13 - members of other social and solidarity economy units;
14
15 (b) Home-based workers or contributing family workers, irrespective of whether they
16 work in economic units in the formal or informal economy;
17
18 (c) Employees holding informal jobs in or for formal enterprises, or for economic units
19 in the informal economy, including those in contract arrangement and/or in supply
20 chains, or as paid domestic workers employed by households;
21
22 (d) Workers in unrecognized or unregulated employment relationships;
23
24 (e) Agricultural workers or fisherfolk in unrecognized or unregulated agricultural or
25 farming endeavors and fishing activities; and,
26
27 (f) Domestic workers who are not covered by the provisions of Republic Act No.
28 10361, or the *Domestic Workers' Act* or the *Batas Kasambahay*.
29

30 **SEC. 4. Definition of Terms.** As used in this Act, the following terms shall mean:
31

- 32 (a) *"Basic Sectors"* – Refer to farmer-peasant, artisanal fisherfolk, workers in the formal
33 sector and migrant workers, workers in the informal sector, indigenous peoples and
34 cultural communities, women, persons with disabilities, senior citizens, victims of
35 calamities and disasters, youth and students, children, and urban poor;
36
37 (b) *"Community Contracting"* – Refers to an agreement between a community and a
38 company, entity, or government agency, whereby the community as a whole, or a
39 section thereof, is being contracted to implement a project or perform a function or
40 work as an independent contractor;
41
42 (c) *"Daily Basis"* – Refers to the per day mode of paying a worker, as bilaterally agreed
43 upon by the employer and worker.
44

- 1 (d) *“Informal Economy”* – refers to all economic activities by workers and economic units
2 that are, in law or in practice, not covered or insufficiently covered by formal
3 arrangements¹, and which lack social protection and are subject to hazardous
4 working conditions.
- 5
- 6 (e) *“Economic Units”* in the informal economy include:
7 - units that employ hired labour;
8 - units that are owned by individuals working on their own account, either alone
9 or with the help or contributing family workers;
10 - cooperatives and other social and solidarity economy units; and
11 - informal work that may be found across all sectors of the economy, in both
12 public and private spaces.
- 13
- 14 (f) *“Informal Economy Workers’ Organization”* – Refers to a group of informal sector
15 workers, whether formally constituted or otherwise, that are organized with the
16 primary objective of promoting the welfare of workers in the informal economy.
- 17
- 18 (g) *“Monthly Basis”* – Refers to the per month mode of paying a worker as bilaterally
19 agreed upon by the employer and worker.
- 20
- 21 (h) *“Own-account worker”* – Refers to workers who, working on their own account or
22 with one or more partners, hold the type of job defined as a self-employed job, and
23 have not engaged on a continuous basis any employees to work for them during the
24 reference period².
- 25
- 26 (i) *“Security of and in the Workplace”* – Refers to the right of every worker and informal
27 economic units to an enabling environment that guarantees and protects the spaces
28 to undertake their work, including the right to feel safe in one’s own work space, legal
29 security of tenure and freedom from discrimination, risk, danger, doubt, anxiety, or
30 fear of being removed, evicted or prevented from working.
- 31
- 32 (j) *“Social Protection”* – Refers to policies and programs that seek to reduce poverty
33 and vulnerability to risks and enhance the social status of the marginalized by
34 promoting and protecting livelihood and employment, protecting against hazards
35 and sudden loss of income, and improving people’s capacity to manage risk, as well
36 as all other interventions that support communities, households, and individuals,
37 both women and men, and realizing their rights as citizens through their full
38 participation in decision-making affecting or may affect their access to and control
39 over resources necessary to maintain and sustain a decent and secure life.
- 40

¹ Based on the ILO Recommendation No. 204 concerning the Transition from the Informal to the Formal, adopted during the 104th International Labour Conference (ILC) in June, 2015.

² ILO definition.

- 1 (k) *“Social Protection Schemes”* - Include labor market interventions, social insurance,
2 social welfare, safety nets, disaster risk reduction and management mechanisms,
3 adaptive measures in the context of climate change, affordable housing and other
4 provisions necessary for vulnerable groups to adequately address and manage
5 risks.
6
- 7 (l) *“Social and Solidarity Economy Units”* - Refers to enterprises and organizations
8 including cooperatives as defined under Republic Act No. 9520, mutual benefit
9 societies, associations, foundations and social enterprises which produce goods,
10 services and knowledge that meet the needs of the community they serve, through
11 the pursuit of specific social and environmental objectives and the fostering of
12 solidarity.
13
- 14 (m) *“Volunteer and other vulnerable workers in government instrumentalities”* – Refers
15 to workers in government instrumentalities who do not occupy plantilla positions,
16 and/or who receive allowances or honoraria, including job orders and other
17 contractual workers, barangay health workers, barangay tanod, barangay nutrition
18 scholars, barangay daycare workers, barangay volunteer and other vulnerable
19 workers in government instrumentalities for disasters or enumerators, among others.
20

21 Chapter II

22 RIGHTS AND BENEFITS

23

24 **SEC. 5. *Rights and Benefits of Workers in the Informal Economy.*** Workers in the informal
25 economy shall be entitled to all the rights accorded to workers by the Philippine Constitution, the
26 Labor Code of the Philippines, as amended, and relevant international human rights instruments
27 and international labor standards. The following rights of workers in the informal economy shall
28 be guaranteed by the State:
29

- 30 (a) Right to security of and in the workplace;
31
- 32 (b) Right to make a living by work freely chosen or accepted and avail of technical and
33 vocational guidance and training programs;
34
- 35 (c) Right to just and favorable conditions of work, including provision for work-life
36 balance, child care and other facilities;
37
- 38 (d) Right to a living wage and equal remuneration for work of equal value without
39 distinction of any kind, in particular for women who shall be guaranteed equal wages
40 for work similar or equivalent to those done by men;
41
- 42 (e) Right to equal opportunity for promotion, subject to no other considerations than
43 seniority and competence;
44

- (f) Right to safe and healthy working conditions safeguarding general, occupational and reproductive health;
- (g) Right to basic services including affordable medical care, reproductive and other health services, low-cost housing, water, sanitation, electricity and transport;
- (h) Right to rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays whenever applicable;
- (i) Right to maternity and paternity benefits, as provided for by law;
- (j) Right to equal access to education, skills training, and economic resources to develop self-reliance, especially of children and young persons, without any discrimination;
- (k) Right to self-organization and to collectively negotiate with government and other entities in the promotion of their welfare and advancement of their interests, free from any political interference;
- (l) Right to adequate standard of living for workers and their families, adequate food, clothing, and shelter, and the continuous improvement of such standard;
- (m) Freedom from any form of discrimination, violence, exploitation including sexual exploitation, harassment, abuse and any form of inhumane treatment which debases, degrades or demeans the intrinsic worth and dignity of the worker as a human being;
- (n) Accessible social protection and safety nets, labor market programs, and social welfare interventions such as social security, health care and insurance;
- (o) Equal treatment before the law;
- (p) Right to participate in policy and decision-making processes and social dialogue, including access to information and resources relevant to the promotion and protection of their rights and welfare;
- (q) Equal access to justice for redress of grievances, including alternative dispute resolution processes; and
- (r) Access to public procurement including advice and reserving quota for informal economic units.

SEC. 6. *Rights and Benefits of Own-Account Workers.* Own-account workers as well as informal economic units, being the working poor's primary instruments to address and overcome poverty, shall be accorded preferential rights by the State over the following:

- (a) Infrastructure support such as farm to market roads, common, affordable and secure workplaces and facilities, merchandising centers, farmers' markets or a *bagsakan* with proper storage facilities, and inventory bulk-buying centers;
- (b) Policy support to promote and protect local and domestically-produced products and services;
- (c) Ease and facilitation of access to markets, including capacity-building to access e-marketing facilities;
- (d) Access to affordable, appropriate and adequate financial services, including, among others, collateral-free and gender-balanced credit at low interest;
- (e) Access to appropriate and adequate machinery, equipment, and other technologies, with the end in view of increasing productivity and growth;
- (f) Protection from unjust dislocation from places where economic activities are conducted observing the policy of "relocation before demolition".
- (g) Measures against racketeering, extortion, and harassment, by both State and non-State elements;
- (h) Common workplaces, common technology facilities, adequate and affordable marketing facilities such as economic freedom parks, merchandising centers, and inventory bulk-buying centers;
- (i) Freedom from deprivation of property without valid cause and due process of law; and,
- (j) Affordable and customized social security and insurance programs.

SEC. 7. *Rights of Legitimate Organization of Workers in the Informal Economy or Employment.* Workers in the informal economy or employment may organize into unions, cooperatives, social and solidarity economic units' organizations, and mutual benefit associations. Legitimate organization of workers in the informal economy or employment shall have the right:

- (a) To freely function and act as the representatives of their members in policy and decision-making processes, collective negotiations, tripartite bodies and consultations, multi-sectoral and other similar bodies;
- (b) To establish, join or affiliate with national federations or confederations and international trade union organizations;
- (c) To access information from concerned government institutions and other parties that are pertinent to the protection and promotion of the rights and welfare of their members;

- 1 (d) To own property, real or personal, for the use and benefit of their organizations and
2 members;
3
4 (e) To sue and be sued under their registered name; and
5
6 (f) To undertake all other activities, not contrary to law, designed to benefit their
7 organizations and members.
8

9 **SEC. 8. *Assistance to Organizations of Workers in the Informal Economy.*** The State shall
10 encourage and support the formation of organizations among marginalized farmers, fisherfolk,
11 women, and workers in the informal economy or employment whether in manufacturing,
12 agriculture, transport, retail, services, and home-based workers.
13

14 Toward this end, all national government agencies, government financial institutions and
15 local government units' plans, programs and policies shall foster an atmosphere conducive to the
16 exercise of the right to self-organization of the workers in the informal economy and access to
17 purchase inputs at lower cost, obtain fair prices for their produce, avail of credit assistance and
18 skills training, and share from collective gains in the case of the cooperatives.
19

20 **Chapter III**
21 **SECURITY IN THE WORKPLACE OF WORKERS IN**
22 **INFORMAL ECONOMY OR EMPLOYMENT**
23

24 **SEC. 9. *Designation of Workplaces.*** Local Government Units (LGUs), in coordination with
25 their respective Workers in Informal Economy or Employment Local Development Office
26 (WIELDO) created pursuant to this Act, and in consultation with the organization of workers in the
27 informal economy and their members, affected communities and other relevant groups, shall
28 identify, designate and design a system of assignment on the following:
29

- 30 (a) Productivity and merchandizing centers as viable workplaces for informal workers,
31 which may include markets and vacant areas near markets, vacant public spaces
32 and other spaces which may be a private property that the LGU may acquire, lease,
33 or negotiate with legitimate organization of workers in the informal economy for lease
34 under a memorandum of agreement.
35
36 (b) Routes, terminals, and specific lanes for small transport workers.
37

38 The LGUs shall, within ninety (90) days from the effectivity of this Act, pass an ordinance
39 designating such workplaces, routes, terminals and specific lanes.
40

41 **SEC. 10. *Policy on Eviction and Demolition.*** Workers in the informal economy or
42 employment shall not be evicted from their homes and workplaces without legal ground as
43 provided for Republic Act No. 7279, otherwise known as the "Urban Development and Housing
44 Act of 1992" and provision of livelihood opportunities, adequate water and electricity availability

as well as decent conditions of living. Logistical viability for the displaced shall be given priority in the course of determining the relocation sites or areas.

SEC. 11. Policy on Confiscation of Materials and Impounding of Vehicles. In cases where demolition or eviction is warranted, the person, government agencies or their respective agents who conducts the same shall issue an itemized receipt of all products, goods, and other materials seized or confiscated from vendors and other affected workers in the informal economy or employment.

Tricycles, *pedicabs*, and other modes of transportation shall not be impounded for violations of license, registration, or traffic regulations unless the said vehicles were utilized in the conduct of criminal activities. In cases of violation of traffic regulations, a traffic violation ticket shall be issued to the erring driver without impounding his/her vehicle.

SEC. 12. Policy on Relocation of Vending Sites. Before any public market is closed, sold or demolished, all market vendors shall first be relocated by the LGU to a temporary or new public market. Notice of the intention to close, sell, or demolish any public market shall be made to all concerned vendors at least sixty (60) days before the actual transfer or relocation to another market site. Within the sixty-day period after issuance of notice, the LGU shall conduct consultations with affected vendors on the selection of the relocation site and implementation of the relocation.

Vendors, ambulant or otherwise, occupying or selling in public places not previously designated as vending site shall be provided with viable temporary sites by the LGU and notice of temporary transfer shall be given to the vendors at least fifteen (15) days before the actual transfer to temporary vending site. The fifteen (15) days notice shall likewise apply to vendors granted with permits but whose workplaces are withdrawn from the list of allowable vending sites. Any change in the list of allowable vending sites shall only be done after consultations with affected vendors.

In the event that a new public market is constructed in place of an old one, market vendors with stalls displaced from their workplaces shall be given priority in the assignment of stalls in the new market.

SEC. 13. Policy on Relocation of Terminals. Designated terminals for tricycles, *pedicabs* and other similar modes of transportation shall not be arbitrarily relocated without prior notice and consultation with small transport groups, legitimate organizations of workers in the informal economy or employment, affected community and other relevant sectors. Relocation of terminals can only be implemented through an Ordinance, the enactment of such shall be subject to the required consultation and notice of intention to relocate terminals to affected small transport groups and community at least sixty (60) days before its issuance.

Chapter IV
SOCIAL PROTECTION FOR THE INFORMAL SECTOR

SEC. 14. *Formalization of the Social Protection Floor.* The State shall sustain, enhance, and institutionalize the social protection floor initiative through convergence of the resources of various agencies of the government for continuous social security and health insurance subsidies to vulnerable and other informal workers as well as initiate programs for the unemployed, children, and older persons based on applicable and ever improving standards.

SEC. 15. *Social Welfare Efforts.* The Department of Social Welfare and Development (DSWD) shall consolidate social welfare efforts to address the needs of the workers in the informal economy, including direct assistance, policy development and community engagement for the workers.

SEC. 16. *Role of the Department of Labor and Employment.* The Department of Labor and Employment (DOLE) shall engage in labor market interventions that shall provide adequate protection for the workers in the informal economy and ensure timely and immediate action for labor concerns as well as security of tenure, job generation and other pertinent concerns.

SEC. 17. *Social Safety Nets.* Social safety nets provided or implemented by the DOLE, DSWD, Department of Agriculture (DA) and other government agencies such as conditional cash transfers, unconditional cash transfers, school feeding programs, unconditional in-kind transfers, public works and fee waivers shall be made accessible to all workers in the informal economy and to their legitimate organizations.

SEC. 18. *Social Insurance.* Social insurance programs including Social Security, Pag-ibig (Home Development Mutual Fund) and PhilHealth shall be fully available to workers of the informal economy, and for the purpose, policies and mechanisms for their full utilization and benefit shall be formulated by the SSS, HDMF and PhilHealth.

Chapter V
LABOR STANDARDS AND ENFORCEMENT OF LABOR LAWS
FOR WORKERS IN THE INFORMAL ECONOMY

SEC. 19. *Applicability of the Provisions of the Labor Code.* The provisions of the Labor Code governing the employer-employee relationship particularly on general labor standards and occupational safety and health standards shall apply to all forms of work arrangements in the informal economy.

SEC. 20. *Prohibited Acts Specific to Workers in the Informal Economy.* The following are deemed prohibited:

- 1 (1) **Non-compliance with minimum labor standards and occupational health and**
2 **safety standards.** The employment contract shall be in writing specifying the terms
3 and condition of engagement which must not be lower than the minimum standards
4 provided by law. However, the absence of a written agreement does not mean the
5 absence of an employment relationship.
6

7 The contract shall be explained to the worker and attested to by a representative
8 from the LGU or an elected Barangay official in the city or municipality where the
9 worker is designated to work.
10

- 11 (2) **Recruitment or Finders' Fees.** Regardless of whether the worker was sourced
12 either through an employment agency or a third party, WIE shall neither be changed
13 nor levied a recruitment fee or finders' fee by the aforementioned employment
14 agency or third party.
15

- 16 (3) **Hazardous Work and Conditions.** Workers shall not be engaged to do hazardous
17 work, activity or undertaking, or be exposed to hazardous working conditions.
18 Hazardous work or conditions shall include the following:
19

20 (a) Any work which requires workers to render services beyond eight (8) hours
21 without commensurate compensation;
22

23 (b) Any work or activity which exposes the worker to physical, emotional or sexual
24 abuse or threat of such abuse;
25

26 (c) Any work which involves manual handling or transport of heavy loads;
27

28 (d) Any work in an unhealthy environment which exposes workers to hazardous
29 substances, agents or processes, or to temperature, noise levels, or vibrations
30 damaging or potentially damaging to their health;
31

32 (e) Any work which requires workers to continuously render service during late
33 nights;
34

35 (f) Any and all forms of slavery or practices similar to slavery, such as the sale
36 and trafficking of persons, forced or compulsory labor, debt bondage and
37 serfdom;
38

39 (g) Any use, procuring or offering of the worker for prostitution or pornography;
40

41 (h) Any use, procuring or offering of the worker for the commission of any offense
42 or crime, particularly for the production, trafficking, or sale of narcotic drugs
43 and substances as defined in the Dangerous Drugs Act;
44

1 (i) Any other type of work or activity which, by its nature or the circumstances in
2 which it is carried out, is likely to jeopardize the health, safety, or morals of the
3 workers; and
4

5 (j) Any other type of work, activity, condition or undertaking that maybe
6 hereinafter be defined as hazardous by the Department of Labor and
7 Employment.
8

9 (4) **Interference and Coercion.** Any person is prohibited from committing any of the
10 following acts of interference and coercion:
11

12 (a) Preventing any worker from upholding or exercising his/her rights;
13

14 (b) Preventing any worker from joining or assisting organization for purposes not
15 contrary to law;
16

17 (c) Preventing any worker from carrying out his/her duties or functions in an
18 organization, or to penalize the same for any lawful action performed in that
19 capacity;
20

21 (d) Harassing, threatening, coercing or intimidating any worker that result in
22 preventing him or her from performing his or her duties and functions;
23

24 (e) Transferring, penalizing or terminating the services of a worker without valid
25 or legal ground; and
26

27 (f) Other acts calculated to diminish the independence and freedom of workers'
28 organization to direct its own affairs.
29

30 (5) **Non-compliance with Republic Act No. 7610, as amended by Republic Act No. 9231**
31 **in the employment of minors.** In cases where minors are contracted or hired to render
32 work or services, the age should be at least fifteen (15) years old and there is parental or
33 legal guardian consent in the employment contract, which is presented and attested to by
34 any representative of the LGU or duly elected Barangay official where the work is to be
35 done, and that the employers of these children should provide them with access to at least
36 elementary or secondary education, either through traditional schooling or alternative
37 learning systems.
38

39 **SEC. 21. Visitorial and Enforcement Power of the Secretary of Labor and Employment.**
40 Employment contracts and/or engagements in the Informal Economy shall be subject to the
41 visitorial and enforcement power of the Secretary of Labor and Employment pursuant to Article
42 128 of the Labor Code of the Philippines.
43
44
45
46

TITLE II
Chapter I
INFORMAL ECONOMY DEVELOPMENT COUNCIL (IEDC)

SEC. 22. *Creation of the Informal Economy Development Council (IEDC).* There is hereby created an Informal Economy Development Council, hereinafter referred to as the IEDC, which shall be an attached agency of the National Economic Development Authority (NEDA). The IEDC shall have an Executive Committee that runs its day to day operation and regional structures to ensure the development and implementation of programs and policies on the development of the Informal Economy and the formalization of workers in the informal economy or employment.

The IEDC shall be constituted within thirty (30) days after the issuance of the Implementing Rules and Regulation of this Act.

SEC. 23. *Mandate and Functions of IEDC.* The mandate and functions of IEDC shall include the following:

- (a) Develop and ensure implementation of annual, long-term and medium-term plans for the informal economy. The last of which should form part of the Medium-Term Philippine Development Plan (MTPDP) towards institutionalizing comprehensive, rights-based, gender-responsive and child-friendly programs and policies for the Informal Economy;
- (b) Develop policies and create an inter-agency committee to transition workers in the informal economy and informal economic units to formal economy in accordance with the standards provided under this Act and other legal norms, treaties or statutes;
- (c) Identify needed skills, develop training programs, and train and certify workers for jobs in a range of industries that produce goods and render services for the benefit of the workers in the informal economy;
- (d) Develop and ensure implementation of gender-based monitoring and evaluation mechanisms, efficient and effective programs and policies, and gender-responsiveness of interventions toward harnessing the full potentials of women in the Informal Economy;
- (e) Ensure that concerned government agencies shall allocate in their respective budget a Special Allocation for Development Initiatives for workers in the informal economy;
- (f) Develop and ensure implementation of a simple system of registration accreditation for the Informal Economy workers, enterprises, and organizations in accordance with the standards and provisions of this Act;
- (g) Provide guidelines for the implementation by LGUs of a fair and credible system of evaluation, accreditation, review and assessment, merit promotion, rendering of

grant and incentive awards and other policies relative to the effective and efficient implementation of this Act;

- (h) Develop and ensure effective implementation of labor standards covering workers in the informal economy or employment as provided for by this Act and of the Labor Code of the Philippines;
- (i) Establish a performance appraisal system for all accredited workers, enterprises and organizations in the informal economy which shall be the basis for granting or renewal of incentives, rewards and recognition, training and development, including adequate mechanisms to ensure their active participation and involvement;
- (j) Ensure effective participation of workers in the informal economy or employment and their organizations through the establishment of regular consultative mechanisms and processes including the conduct of annual national, regional and provincial consultations among the organizations;
- (k) Establish and develop a centralized and sex-disaggregated database system to effectively guide policy formulation and implementation relative to the workers in the informal economy or employment. The databank shall be available for public use and shall include the following: statistical profile of informal sector workers based on age, location, type of work, average monthly incomes, work hours, and other relevant statistical information; data on informal enterprises, including capitalization and sources of capital, number and status of workers, average incomes; list and contact information of government and non-government organizations (NGOs) that provide educational, socio-economic, legal, and other services to workers in the informal economy; database on the needs and problems of women and children in the informal economy nationwide aimed at strengthening policies and programs against child labor; and compilation of international instruments, existing laws and programs affecting the interest and welfare of workers in the informal economy and information on how these may be used or avail of;
- (l) Develop and ensure implementation of a communication plan including massive information dissemination activities for workers in the informal economy, their enterprises and organizations, in the various regions towards better understanding and appreciation of the benefits this Act and to prepare their transition to the formal economy;
- (m) Develop and ensure the implementation of a comprehensive plan to eliminate child labor;
- (n) Monitor and coordinate implementation of policies and programs through the Regional IEDC offices;
- (o) Coordinate and harmonize all informal economy-related policies, programs, projects and activities of various government agencies towards greater efficiency and

effectiveness, and regularly convene coordinative meetings of all government agencies directly or indirectly involved in the growth and development of the Informal Economy;

(p) Monitor the LGU-generated incomes from informal employment through the LGUs' periodic report submitted to the Council; and

(q) Develop and ensure implementation of accessible just conflict resolution and adjudication systems and mechanisms to promote dialogue, conciliation, mediation and redress of grievances to protect the rights of workers in the informal economy or employment.

SEC. 24. Composition. The IEDC shall be co-chaired by the Director General of NEDA and the Secretary of Department of Labor and Employment. IEDC members may elect from among themselves a Vice-Chair to preside over meetings in the absence of the Chair. The members shall be the following:

- (a) Secretary of the Department of Trade and Industry (DTI)
- (b) Director General of the National Economic and Development Authority (NEDA);
- (c) Secretary of Department of Agriculture (DA);
- (d) Secretary of Department of Social Welfare and Development (DSWD);
- (e) Secretary of the Department of Interior and Local Government (DILG);
- (f) Chairperson of the Commission on Human Rights (CHR);
- (g) Lead Convener of the National Anti-Poverty Commission (NAPC);
- (h) Secretary of the Department of Transportation (DOTC);
- (i) Secretary of the Department of Information and Communications Technology (DICT);
- (j) Chairperson of the Social Security System (SSS);
- (k) Chairperson of Philippine Health Insurance Corporation (PhilHealth);
- (l) Chairperson of Philippine Commission on Women (PCW);
- (m) Secretary of the Department of Public Works and Highways (DPWH);
- (n) One (1) representative from the private sector;
- (o) One (1) representative each from the League of Cities, League of Municipalities, League of Provinces and League of Councilors;
- (p) The incumbent NAPC Informal Sector Sectoral Representative;
- (q) Three (3) sectoral representatives from the informal economy that will be appointed by the President;

At least 30% of total membership of IEDC shall come from organizations of workers in the informal economy accredited with DOLE and DA. Guidelines for the selection of non-government IEDC members, including processes and mechanics shall be provided in the Implementing Rules and Regulations of this Act. *Provided, further,* That at least 40 percent of the 30 percent are women and their term of office shall be three (3) years without re-appointment.

1 The private sector, workers in informal economy and women's organizations'
2 representatives to the IEDC shall be entitled to receive per diem per meeting.
3

4 **SEC. 25. IEDC Meetings.** The IEDC shall meet once every two (2) months and may call for
5 special meetings as the need arises; provided, that the frequency of such special meetings shall
6 not exceed four (4) times annually.
7

8 **SEC. 26. Initial IEDC Funds.** Ten million pesos (P10,000,000.00) shall be allocated from the
9 Presidential discretionary fund for the initial operating expenses of the IEDC.
10

11 **SEC. 27. IEDC Secretariat.** The IEDC Secretariat shall initially be constituted by the NEDA
12 and pending its creation, the DOLE shall perform the following secretariat functions:
13

- 14 (a) Prepare and recommend, in coordination with LGUs and other government
15 agencies, annual, medium-term, and long-term Informal Economy Development
16 Plans for approval of the IEDC;
17
- 18 (b) Coordinate the preparation of position papers and background materials for
19 discussion or approval during IEDC and its Executive Committee meetings;
20
- 21 (c) Assist in coordinating and monitoring policies, programs and activities of all
22 government agencies with respect to the implementation of this Act;
23
- 24 (d) Prepare, collate, and integrate all inputs to the IEDC's yearly report on the status of
25 workers in the informal economy or employment, business activities or enterprises
26 in the country, or other matters as directed by IEDC;
27
- 28 (e) Submit reports to IEDC on the progress and accomplishments of its work programs;
29 and
30
- 31 (f) Perform other secretariat and administrative functions as authorized by the IEDC or
32 its Executive Committee.
33

34 **SEC. 28. Regional and Provincial IEDC Officers.** The DOLE Regional and Provincial offices
35 (NEDA Resolution) shall have Regional and Provincial IEDC Officers who shall be appointed by
36 the IEDC and shall have functions that include: monitoring and coordinating of IEDC initiatives in
37 the regions and Provinces; evaluation of policies programs for workers in informal economy;
38 providing technical assistance in the development of local plans and programs; as well as other
39 administrative functions necessary for the success of IEDC initiatives in their jurisdiction.
40

41 IEDC Regional Officers shall be represented in all Regional Development Councils
42 (RDCs).
43
44
45

1 **SEC. 29. *Rationalization of Programs.*** IEDC shall conduct continuing review of government
2 programs for workers in the informal economy and submit to Congress and the President of the
3 Philippines an Annual Report thereon together with its policy recommendations.
4

5 **SEC. 30. *Transitioning the Informal Economic Units To Formal Economy.*** The
6 IEDC shall assess all means to ensure the transition of informal economic units from their
7 position in the informal economy to formal economy through registration, monitoring and
8 compliance requirements.
9

10 **SEC. 31. *Transitioning the Workers In The Informal Economic Units to Formal***
11 ***Economy.*** The DOLE shall primarily ensure that workers in informal economic units be
12 given the opportunity to transition to formal economy through a fundamental recognition
13 of their rights, as well as registration and formal engagement through programs and
14 services. This shall apply to those informal economy workers in private establishments
15 as well as those in public establishments.
16
17

18 Chapter II

19 WORKERS IN INFORMAL EMPLOYMENT LOCAL DEVELOPMENT OFFICE (WIELDO) 20

21 **SEC. 32. *Workers in Informal Employment Local Development Office (WIELDO).*** There
22 shall be established in all LGUs a Workers in Informal Employment Local Development Office
23 (WIELDO). The Office shall:
24

- 25 (a) Prepare a city, municipal or barangay development plan and work program that will
26 address the needs of workers in the informal economy or employment, prioritizing
27 the poorest and most vulnerable;
28
- 29 (b) Proposed rules and regulations, after due consultation with the informal sector
30 organizations and members, towards smooth interventions and support to informal
31 enterprise or economic units for development and transitioning to formality;
32
- 33 (c) Conduct regular consultation with informal sector organizations in the area,
34 identifying specific needs of various subsectors and recommend appropriate
35 measures to be taken;
36
- 37 (d) Encourage and extend support to the organization of economic units and workers in
38 the informal economy; and
39
- 40 (e) Perform other functions and undertakings, pursuant to the provisions of this Act.
41

42 In the performance of WIELDO's functions, the principle of preferential treatment to the
43 poorest and most vulnerable shall be observed.
44

1 **SEC. 33. Composition.** The Local Chief Executives (LCEs) shall be the primary overseers of
2 WIELDO's operations. The Implementation Rules and Regulations of this Act shall provide for
3 WIELDO's composition provided that, informal workers' representatives shall form at least fifty
4 percent (50%) of WIELDO's membership. Provided further, that Informal Economy
5 representatives shall not be less than five (5), and provided finally, that at least forty percent (40%)
6 of all WIELDO's members are women. The guidelines on WIELDO's operations shall also be
7 provided in the Implementation Rules and Regulations of this Act.
8

9 **SEC. 34. Local Government Unit Informal Economy Development Fund (LGU-IEDF).** An
10 Informal Economy Development Fund shall be established by every municipality and city. Such
11 fund shall be supervised and managed by the concerned LGU through the WIELDO but subject
12 to audit by the Commission on Audit (COA).
13

14 For the establishment and operations of WIELDO, each LGU shall provide an initial fund
15 for its operation. Thereafter, the LGU-IEDF shall be funded using:
16

- 17 (a) Fees paid by individual workers in the informal economy, licenses on their livelihood
18 activities, and such fees that may be collected in relation to the vending operation or
19 activities of organizations and associations in the informal economy;
20
- 21 (b) Shares from the 70% of the at least 10% funds from the Annual General
22 Appropriations Act; and
23
- 24 (c) Annual allocations from LGUs Development Fund the percentage of which shall be
25 determined by LGUs.
26
27

28 **SEC. 35. Registration.**
29

- 30 (a) **Workers.** There shall be a simple and standard system of registration in accordance
31 with the framework and principles of this Act. A one-time registration fee of not more
32 than Fifty pesos (P50.00) per individual worker, shall be paid to the municipality or
33 city where they reside.
34

35 Any Informal Economy (IE) worker registered in the local government provided for
36 in this Act shall be listed in the centralized database system and shall be issued an
37 identity card and a record book that shall list all services and benefits availed of.
38 These signify eligibility to avail of development programs, provided, that the poorest
39 and the most vulnerable workers shall be given priority.
40

41 The concerned LGU shall review, revalidate and reassess such database as a tool
42 for local planning and for other purpose every two (2) years from the date of last
43 registration. Renewal of eligibility shall be in accordance with the merit and fitness
44 principle, and with the conditions that no child labor shall be used and no activities
45 harmful to the environmental shall be implemented.
46

1 (b) *Informal Economic Unit.* A comprehensive database of all economic units shall be
2 developed and maintained. Such database shall take into account the different sub-
3 classifications in terms of asset size, number of workers, social insurance provided,
4 statutory benefits and wages, industry, geography, premises, sex, ethnicity,
5 vulnerability, and roles and functions. The database shall also indicate informal
6 economic units which may be categorized as livelihood enterprises and
7 entrepreneurial or growth oriented informal businesses.
8

9 Further, the database shall include information on payments collected from IE
10 workers, Workers in the Informal Economy (WIE) organizations and economic units.
11 The Barangay Micro Business Enterprise (BMBE) Registry, in general, shall include
12 these informal economic units, pursuant to the qualification of micro-enterprises
13 under Section 3(i) of Republic Act 8425.
14

15 The aforesaid comprehensive database shall form part of the bases of assessment
16 and monitoring of the growth of informal economy.
17

18 All local government units shall formulate a uniform and simple checklist of
19 requirements for registration and establish an IE One-Stop Shop Center which shall
20 handle all transactions and processing of business permit applications within their
21 respective jurisdiction and worker's registration. The Center shall ensure that
22 processing of the business permit of the informal economic units shall be expedited
23 within one day.
24

25 The DOLE shall create a checklist of requirements for registration.
26

27 (c) *Informal Economy Organizations/Associations.* IEO/A shall register or accredit with
28 the Department of Labor and Employment (DOLE).
29

30 **SEC. 36. Annual Dues.** IE workers and organizations shall pay annual dues to be determined
31 by the Local Government Unit (LGU) concerned, in consultation with their respective Workers in
32 Informal Economy Local Development Office (WIELDO) referred herein. In no case shall the
33 annual dues to be paid by IE workers be more than 30% of the prescribed daily minimum wage
34 as determined by the Regional Tripartite Wages and Productivity Board (RTWPB) in their
35 respective regions or provinces.
36

37 These annual dues shall accrue to the respective LGU where they are accredited. The
38 accumulated funds from these dues shall be used for programs to benefit IE workers and
39 organizations/associations, business activities, enterprises and organizations, as recommended
40 by the WIELDO. Such programs and disbursement of funds shall be approved by the concerned
41 LGU Council in consultation with the local informal economy constituents.
42
43

SEC. 37. Registration and Non-Registration. In no case shall registration be construed as a basis for rights and entitlements under this Act. Non-registration should not deprive workers in the informal economy of their rights stated in the Act. Registration as a worker in the informal economy in the local government unit shall not be made as a prerequisite to work by any private enterprise or government unit, including in the local government unit.

SEC. 38. Additional Sources of Funds. The following may be tapped by LGUs as additional sources of funds for WIELDO initiatives:

- (a) At least fifty percent (50%) of fees and annual dues collected from small transport – for programs for workers in the small transport industry;
- (b) At least fifty percent (50%) of collected fees and annual dues from business establishments and entrepreneurs falling under the category of informal sector – for programs focusing on micro-entrepreneurs and their workers;
- (c) At least fifty percent (50%) of collected fees and annual dues from small vendors – for programs focusing on vendors;
- (d) At least fifty percent (50%) of fees and annual dues collected from marginalized fisherfolks – for programs focusing on fisherfolk.
- (e) At least ten percent (10%) of funds from the Philippine Amusement and Gaming Corporation (PAGCOR) and Philippine Charity and Sweepstakes Office (PCSO).

TITLE III FINAL PROVISIONS

SEC. 39. Penal Provision.

- (a) Any person who shall willfully interfere with, restrain or coerce a worker in the exercise of his or her rights or shall in any manner commit any act in violation of any of the provisions of this Act shall, upon conviction, be punished by a fine of not less than Twenty Thousand Pesos (P20, 000.00) or imprisonment of one (1) to six (6) years or both fine and imprisonment at the discretion of the Court.
- (b) If the offender is a public official or, the Court, in addition to the penalties provided in the preceding paragraph, may impose the additional penalty or disqualification from public office.
- (c) Any person who violates Section 26 of this Act (Policy on Confiscation of Materials and Impounding of Vehicles) shall be liable. Nothing herein shall prohibit the aggrieved WIE from initiating a criminal or civil action against the responsible person or officer applicability.

1 (d) Failure to implement Sections 27 and 28 of this Act (Policy on Relocation of Vending
2 Sites and Policy on Relocation of Terminals) shall render the responsible official/s
3 administratively liable pursuant to Republic Act 7160 and other pertinent laws and
4 criminally liable whenever applicable.
5

6 (e) In the case of a private institution/company found to be violating any provision of this
7 Act, it shall be subject to additional penalty ranging from suspension or revocation
8 of business license at the discretion of the Court.
9

10 **SEC. 40. *Implementing Rules and Regulations (IRR).*** The Implementing Rules and
11 Regulations (IRR) of this Act shall be formulated by a drafting committee to be led by DOLE and
12 composed of representatives of offices that will be members of IEDA and WIE organizations
13 provided that, at least 30% of the drafting committee members shall come from the latter and
14 provided further that at least 30% of committee members are women. Said committee will start
15 work on the IRR within three (3) months after the effectivity of this Act and finish within six (6)
16 months thereafter.
17

18 **SEC. 41. *Separability Clause.*** If any provision of this Act is declared unconstitutional or
19 invalid, the provisions not affected shall continue to be in full force and effect.
20

21 **SEC. 42. *Repealing Clause.*** All laws, decrees, orders, rules and regulations or other
22 issuances inconsistent with the provisions of this Act are hereby repealed, amended or modified
23 accordingly,
24

25 **SEC. 43. *Effectivity.*** This Act shall take effect fifteen (15) days after its publication in at least
26 two (2) newspapers of general circulation of the Official Gazette, whichever comes first.
27

28 *Approved,*