


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

7 SEP 13 2016

SENATE

RECEIVED BY: S. No. 1585

Introduced by HONORABLE JUAN MIGUEL F. ZUBIRI

EXPLANATORY NOTE

This bill seeks to provide a Magna Carta for the Workers in the Informal Sector.

The Informal Sector includes micro-entrepreneurs like ambulant vendors, fish vendors, small-scale farmers and fisherfolk; and the employed and self-employed consisting of local domestic helpers or *kasambahay*, barbers, manicurists, pedicurists, pedicab or *trisikad*, tricycle drivers, jeepney drivers, taxi drivers, carpenters, plumbers, electricians, masons, house painters, welders, and mechanics. They are indispensable for making many commodities and services affordable for the rest of society.

Comprising almost half of the total workforce, the Informal Sector (IS) accounts for 1/3 of the country's non-agricultural Gross Domestic Product as shown in a ten-year study conducted from 1994-2003. Likewise, the IS sector share in employment at more than 15 million jobs is on the rise, according to the Department of Labor and Employment.

Despite the large economic contribution of IS workers, the protection of their rights and welfare remains largely neglected not only in the Philippines but also in many countries where increasing numbers of Filipinos work. It is such that the international Labor organization selected the Philippines to the ILO's Action Program on Decent Work.

Longer hours of work, insecurity, lower incomes and hazardous working conditions characterize activities in the sector. According to the ILO, the sector is "highly heterogeneous [or diverse], encompassing production units of different features, and in a wide range of economic activities, as well as people (workers, producers, employers) working or producing under many different types of employment relations, and productive arrangements."

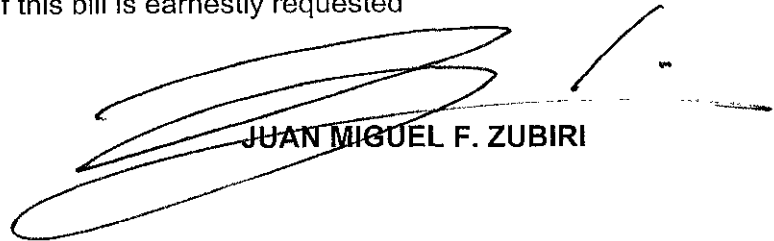
Likewise, the National Statistical Coordination Board (NSCB) recognized that "labor relations in the IS, where they exist, are based on casual employment, kinship or personal and social relations rather than formal or contractual arrangements." Thus, the workers are vulnerable to many forms of exploitation or abuse.

They are mostly poor who live in sordid conditions, achieve low level of education and lack formal certification of their marketable skills. Thus, they end up being hired to work for lower wages and in substandard conditions. Among them poor ventilation and lighting, cramped space, lack of appropriate sanitary facilities for work and personal hygiene, lack of protection from hazardous exposure to chemicals.

This Magna Carta will empower the Informal Sector in the hope that they can escape the economic rut to which many are trapped. It also aims to promote their welfare through social security, protection from occupational hazards and providing access to mechanisms to redress their grievances.

By instituting this Magna Carta, the State will finally recognize the real economic value of their labor and extend them the dignity that workers strive for.

In view hereof, approval of this bill is earnestly requested



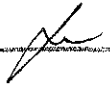
JUAN MIGUEL F. ZUBIRI

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**AN ACT
PROVIDING FOR A MAGNA CARTA FOR THE WORKERS IN THE INFORMAL
SECTOR, INSTITUTIONALIZING MECHANISM FOR IMPLEMENTATION
THEREOF AND FOR OTHER PURPOSES**

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

TITLE I

GENERAL PROVISIONS

Chapter I

Framework and Principles

SECTION 1. *Short Title.* This Act shall be known as the "Magna Carta for the
Workers in the Informal Sector."

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

(a) To promote and improve the total well-being of the poorest-of-the-poor and
the marginalized low level income earners who engaged in economic activities under
the informal sector;

(b) To nurture and protect the interests of the informal sector by providing with
adequate and timely social, economic and legal services, as well as mechanisms that
shall protect their rights and promote benefits that ensure their dignified existence
and economic advancement;

(c) *To recognize the rights of every worker in the informal sector, to protect
them, especially women and children, from abuse, economic exploitation and from
performing work that is hazardous to their physical, mental and spiritual health;*

Toward this end, the State shall come up with an integrated, holistic and
comprehensive policy instrument for the informal sector that will facilitate:

(1) the enhancement of their entrepreneurial skills and their capabilities to
become more productive and self-reliant thereby ensuring their protection,
assistance, support and participation in the mainstream economic activities; and

(2) a continuing process of consultation and dialogue with said sector to be
able to maximize the provision of a systematic package of reform intervention
services.

SEC. 3. *Framework and Principles.* The government shall pursue a minimum
regulation and encourage the development of ingenuity and the entrepreneurial spirit
among the citizenry. In this regard, the LGUs and their respective attached agencies

1 shall see to it that procedural rules and requirements for the IS are minimized in the
2 act of registration, availment of financing, grants and other incentives and accessing
3 other government services and assistance.

4 In order to hasten the growth and expansion of the various business activities
5 or enterprises under the informal sector, the private sector shall be encouraged to
6 assist in the effective implementation of this Act by participating in government
7 programs for the informal sector. In this regard, the DTI, in consultation with the
8 concerned government agencies, the LGUs and the informal sector, may recommend
9 simplified procedure and localized incentives for the benefit of the informal sector.
10 The government shall encourage the organization, establishment, strengthening and
11 expansion of the various business activities or enterprises under the informal sector
12 in the barangay level preferably unified under a municipal/city, provincial, regional
13 and national federation/association.

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

16 (a) *Daily Basis* refers to the per day mode of paying a private worker as
17 bilaterally agreed upon by both the employer and the worker.

18 (b) *Employer* refers to a natural person or group or partnership of people for
19 which a paid worker renders productive employment or service.

20 (c) *Hazardous work or condition* refers to any activity or circumstance where a
21 worker is exposed to any risk which constitutes an imminent danger to his/her health
22 and safety.

23 (d) *Kasambahay* refers to any person, whether male or female, who is to be
24 engaged, is engaged or has been engaged locally in a salaried capacity under a full-
25 time basis and paid directly by the employer, undertaking tasks ascribed as normal
26 household chores within a specific household. The term includes maids, cooks,
27 houseboys, family drivers and babysitters (*yaya*) who provide daily service to a single,
28 specific household, either on a live-in or live-out basis. In common term, *kasambahay*
29 is called household helper.

30 (e) *Worker of minor age* refers to children fifteen (15) years up to seventeen
31 (17) years of age who are engaged in productive employment under a valid contract
32 of employment.

33 (f) *Informal Sector*, which is herein otherwise referred to as IS, refers to a
34 category of individuals or partnerships of people involved in any business activity or
35 enterprise whose total assets value, inclusive of the capital investments, must not be
36 more than Ten Thousand Pesos (P10,000.00) for single proprietorship and Twenty-
37 five Thousand Pesos (P25,000.00) for partnership ventures and/or whose annual
38 income must not exceed Thirty-five Thousand Pesos (P35,000.00) and One Hundred
39 Fifty Thousand Pesos (P150,000.00), respectively.

40 The above definition shall be subject to review and adjustment upon the
41 recommendation by the Regional Wage Board (RWB), in consultation with the

1 National Economic Development Authority (NEDA) *motu proprio* taking into account
2 inflation and other economic indicators.

3 (g) *Monthly Basis* refers to the per month mode of paying a private worker as
4 bilaterally agreed upon by both the employer and the worker.

5 (h) *Pacquiao Basis* refers to the pre-contracted wholesale mode of paying a
6 private worker as bilaterally agreed upon by both the employer and the worker.

7 (i) *Self-employed worker* refers to any person, whether male or female, who is
8 to be engaged, is engaged or has been engaged locally and paid directly by the
9 homeowner/employer to provide services to either a single or a number of
10 households on a contractual or day-to-day basis. The term includes gardeners,
11 laundry women and household helpers hired on a day-to-day basis, provided that
12 they do not report for work to a single household for four (4) days a week or more,
13 else they shall be classified as *kasambahay*.

14 (j) *Worker* refers to a general term to mean either or both the self-employed or
15 paid employee covered under the provisions of this Act.

16 (k) *Working hours* refers to the period of time within which a worker is required
17 to be on call to perform any and all tasks that may be designated, regardless of
18 whether there are actual tasks being undertaken.

19 Chapter II

20 Coverage, Qualifications and Accreditation

21 SEC. 5. *Registration; Payment*. IS business activities or enterprises shall,
22 upon registration, pay Fifty pesos (P50.00) to the municipality or city where they
23 intend to be productively employed during their initial year of operation. The said fee
24 shall cover the cost of the issuance of the license to operate.

25 SEC. 6. *Annual Dues*. IS business activities or enterprises shall pay the fee to
26 the municipal or city treasurer where they are registered and accredited, starting on
27 their second year of operations, based on the following schedule:

- 28 (a) Those with net assets before financing amounting to not more than
29 P 2,000.00 P 180.00
30 (b) Those with net assets before financing of more than P 100,000.00 to
31 P 2,000.00 to 5,000.00 P 360.00
32 (c) Those with net assets before financing of more than P400,000.00 to
33 P 7,500.00 to 10,000.00 P 720.00

34 The collected fee shall accrue exclusively to the municipality or city and shall
35 be used for IS development programs approved by the municipal or city council.

36 SEC. 7. *Revocation of Business Authority*. The authority to do business shall,
37 after due notice and hearing, be revoked and cancelled upon the failure of the IS
38 business activities or enterprises, without valid reasons, to commence its operations
39 within forty-five (45) days from receipt of the authority to operate.

40 SEC. 8. *Coverage*. This Act shall cover members of the informal sector who
41 are operating, employed or working either as micro-entrepreneur, paid worker or self-
42 employed as defined herein. *Provided, however,* That the aforesaid micro-

1 entrepreneur, paid worker or self-employed qualifies the minimum requirements set
2 forth in this Act.

3 For purposes of this Act, the term "informal sector" shall cover the following:

4 (a) Micro-entrepreneurs:

5 (i) sidewalk vendors, fish vendors;

6 (ii) small scale farmers and fisherfolks;

7 (b) Employed/Self-Employed:

8 (i) local domestic helpers or *kasambahay*;

9 (ii) barbers, manicurists, pedicurists;

10 (iii) pedicab/tricycle drivers;

11 (iv) jeepney drivers ;

12 (v) taxi drivers ;

13 (vi) carpenters, plumbers, electrician, mason, house painters;

14 (vii) welders, mechanics

15 SEC. 9. *Accreditation.* Any member of the IS who meets such eligibility,
16 qualification and other necessary requirements as provided for under this Act shall be
17 accredited as member of the IS.

18 Accreditation for eligibility for any development program shall be reviewed,
19 revalidated and reassessed every two (2) years from the date of last accreditation by
20 the LGUs where the IS operates. Renewal of eligibility shall be based in accordance
21 with the merit and fitness principle.

22 SEC. 10. *Eligibility for Benefits.* The selection and appointment of
23 beneficiaries under this Act shall be in accordance with the merit and fitness principle:
24 *Provided,* That the applicant is an accredited member of the IS, as prescribed herein.
25 *Only accredited member shall be eligible for assistance, support and grants under*
26 *this Act.*

27 Chapter III

28 Special Allocations for Development Initiatives

29 SEC. 11. *Special Allocations for Development Initiatives.* The national
30 government shall allocate at least ten (10%) percent of its annual national budget to
31 be appropriated proportionately in accordance with the corresponding internal
32 revenue allocation (IRA) of respective LGUs. Such allocation shall be annually added
33 to the current IRA of LGUs.

34 The said allocation shall be utilized by LGUs for the implementation of
35 livelihood programs pursuant to the provisions of this Act. Priority shall be given to
36 income generating programs for the poorest-of-the-poor. The emphasis of the
37 programs shall be focused on micro-credit programs and schemes through the
38 mobilization of the IS with no assets to engage in self-employment and income
39 generating activities.

40 For this purpose of this Chapter, an Informal Sector Development Fund shall
41 be established in every city/municipality for the their supervision and management
42 subject to accounting and auditing procedures by the Commission on Audit (COA).

1 SEC. 12. *Sourcing and Adopting Development Initiatives.* The Small Business
2 Guarantee and Finance Corporation (SBGFC), which is created under Republic Act
3 No. 8289, shall assist in the sourcing and adopting of development initiatives for
4 competitive enterprises in terms of finance, technology, production, management and
5 business linkages, and provide and promote, develop and widen in both scope and
6 service reach various alternative modes of financing for IS business activities or
7 enterprises, including but not limited to, direct and indirect project lending, venture
8 capital, financial leasing, secondary mortgage and/or rediscounting of loan papers to
9 IS business activities or enterprises, and crop production financing.

10 The Corporation shall guarantee loans obtained by qualified IS worker or
11 business activity or enterprise, whether single proprietorship or a partnership venture,
12 under such terms and conditions adopted by its Board. It shall become liable under
13 its guarantees upon proof that the loan has become past due under such terms and
14 guidelines adopted by its Board and printed on the contract of guarantee.

15 All provisions stipulated under R.A. No. 8289 in connection with the SBGFC
16 shall continue to effect except those which are deliberately changed or amended
17 hereof.

18 SEC. 13. *Eligibility for Government Assistance.* To qualify for assistance,
19 incentives and grants, a worker or business activity or enterprise shall be:

20 (a) duly registered and accredited with the appropriate agency in the LGU
21 where they are actively operating and paid the necessary fees for registration and
22 accreditation from the office of the municipal or city treasurer-concerned;

23 (b) one hundred percent (100%) owned and capitalized by Filipino citizens, be
24 it single proprietorship or a partnership venture; and

25 (c) fall under the above-mentioned sub-categories of IS;

26 SEC. 14. *Exclusivity of Government Programs.* The government shall ensure
27 that programs of financing, grants and other similar incentives shall be exclusively
28 extended to an accredited IS worker and business activity or enterprise.

29 SEC. 15. *Entitlement of Government Procurements.* The government shall
30 work for a mechanism to ensure that duly accredited IS worker or business activity or
31 enterprise for an entitlement of a share of at least ten percent (10%) of total
32 procurement value of goods and services supplied to the government, its bureaus,
33 offices and agencies annually: *Provided,* That prices and quality of goods offered by
34 the above-mentioned accredited IS worker or business activity or enterprise are
35 competitive.

36 SEC. 16. *Coordination with LGUs.* Pursuant to the provisions of Republic Act
37 No. 7160, the local chief executives in coordination with IS representatives and
38 appropriate agencies shall formulate specific plans that will address the socio-
39 economic needs of the IS and incorporate them in their respective provincial, city and
40 municipal development plans.

41 SEC. 17. *Tax Exemption.* A duly accredited IS worker or business activity or
42 enterprise shall be exempted from all taxes, national or local, license and building

1 permit fees and other business taxes, except real property and capital gains taxes,
2 import duties and other taxes on imported articles. In addition, any and all income,
3 receipts and proceeds derived from their business operations shall be excluded for
4 the computation of gross income for purposes of computing the individual income tax
5 of the members thereof.

6 It shall be exempted from any and all government rules and regulations in
7 respect of assets, income, and other activities indispensably and directly utilized in,
8 proceeding from or connected with the IS business or the enterprise.

9 SEC. 18. *Forfeiture of Benefits.* All the exemptions and other benefits herein
10 provided shall, after due notice and hearing, be forfeited in case of any violation of the
11 provisions of this Act by any IS member or partnership venture.

12 SEC. 19. *Inclusivity of Benefits.* The exemptions and other benefits provided
13 in this Act shall apply for a period not exceeding five (5) years from the date of the
14 registration, provided such IS worker or business activity or enterprise is registered
15 and accredited within five (5) years from the effectivity of this Act.

16 Chapter IV

17 Informal Sector Development Council

18 SEC. 20. *Creation of an Informal Sector Development Council; Mandate.*
19 There is hereby created an Informal Sector Development Council, herein otherwise
20 referred to as the Council, which shall be attached to the DTI and shall be constituted
21 within sixty (60) days after the approval of this Act.

22 The Council shall be the primary agency responsible for the promotion, growth
23 and development of the IS in the country by way of facilitating and closely
24 coordinating national efforts to promote the sector's viability and growth, including the
25 provision of an integrated program for skills enhancement, literacy and education,
26 health services, social welfare and services, assistance in the tapping of local as well
27 as foreign funds, and other functions relative to the attainment of the objectives and
28 policy of this Act.

29 SEC. 21. *Composition.* The Council shall be headed by the Secretary of the
30 DTI as Chairman, and may elect from among themselves a Vice-Chairman to preside
31 over the Council meetings in the absence of the Chairman. The members shall be
32 the following:

- 33 (a) Director General of the NEDA;
- 34 (b) Secretary of DA;
- 35 (c) Secretary of DOLE;
- 36 (d) Secretary of DSWD;
- 37 (e) Secretary of the DOH
- 38 (f) Secretary of DOT;
- 39 (g) Administrator of the NHA;
- 40 (h) Administrator of the CDA;
- 41 (i) Chairman of Small Business Guarantee and Finance Corporation;

1 (j) Three (3) representatives from the private sector at large, all Filipino
2 citizens, to represent Luzon, Visayas and Mindanao; and

3 (k) One (1) representative from the informal sector to be appointed by the
4 President.

5 An *ex officio* member of the Council who possesses a cabinet-rank shall
6 designate an undersecretary or assistant secretary as his/her permanent alternate
7 representative in case he/she fails to attend meetings in the exigency of his/her
8 official function in the department.

9 The private sector members of the Council shall be entitled to receive *per*
10 *diem* of Two Thousand Pesos (P2,000.00) per meeting. The Council shall meet once
11 every two months or it may call for special meetings as the need may arise: *Provided*,
12 That the frequency of such special meetings shall not exceed four (4) times annually.

13 The DTI shall allocate Ten million pesos (P10,000,000.00) out of its savings
14 for the initial operating expenses of the Council, after which the Council's budget shall
15 be included in the department's annual appropriation.

16 SEC. 22. *Mandate of the Council.* The Council shall have the following
17 mandate:

18 (a) Prepare and establish a System of Accreditation for the IS in accordance
19 with the standards and provisions of this Act;

20 (b) Provide guidelines for the implementation by the LGUs of a fair and
21 credible system of evaluation, accreditation, review and assessment, merit promotion,
22 rendering of grants and incentive awards and other policies relative to the effective
23 implementation of this Act;

24 (c) Prepare a program of training for human resource development, including
25 the specific areas of entrepreneurship and business management;

26 (d) Coordinate with LGUs for the development and implementation of periodic
27 evaluation of all accredited IS members -- taking into account their accomplishments,
28 capabilities and potentials — which results of shall be used as bases for evaluation,
29 accreditation, the grant of awards and incentives, training and retraining;

30 (e) Establish a performance appraisal system for all accredited IS members
31 which shall be the basis for incentives, rewards and recognition, training and
32 development, including adequate mechanisms that shall ensure their active
33 participation and involvement; and

34 (f) Establish the criteria and process for the accreditation and renewal of such
35 eligibility for development assistance, support and grants.

36 SEC. 23. *Authority of the Council to Solicit Assistance from Various Agencies.*
37 The Council may, from time to time, call upon the participation of any government
38 agency or bureaucracy in its deliberations especially when such agency is directly or
39 indirectly concerned with and/or affecting the growth and development of the IS in
40 any particular area or manner.

41 The Council, further, may create an Executive Committee of five (5) members
42 elected by the Council from among themselves or their duly designated alternate

1 representatives, with at least two (2) members representing the private sector, and
2 with authority to act for and on behalf of the Council during intervals of meetings, and
3 within the specific authority granted by the Council.

4 SEC. 24. *Council Secretariat.* The Council, through the Chairman, shall
5 designate, in his capacity as secretary of the DTI, any division or bureau within the
6 DTI to act as the Council Secretariat and shall have the following duties and
7 functions:

- 8 (a) To prepare, in coordination with LGUs and other local government
9 agencies, and recommend annual as well as medium-term IS Enterprise
10 Development Plans for the approval of Council;
- 11 (b) To coordinate the preparation of position papers and background
12 materials for discussion or approval during Council meetings;
- 13 (c) To assist the Council in coordinating and monitoring the policies, programs
14 and activities of all government agencies with respect to the
15 implementation of this Act;
- 16 (d) To prepare, collate, integrate all inputs to the Council's yearly report on the
17 status of the IS business activities or enterprises in the country;
- 18 (e) To submit periodic reports to the Council on the progress and
19 accomplishment of its work programs; and
- 20 (f) To perform *ad hoc* functions as authorized by the Council.

21 SEC. 25. *Rationalization of Programs.* The Council shall conduct continuing
22 review of government programs for the poorest-of-the-poor and the IS and submit to
23 Congress and the President a report thereon together with its policy
24 recommendations.

25 The President is hereby empowered to establish, within ninety (90) days upon
26 the effectivity of this Act, an informal sector enterprise promotion body which shall be
27 the principal government agency that will formulate, implement, coordinate and
28 monitor all non-financing government programs, including fee-based services, to
29 support and promote entrepreneurial spirit among the poorest-of-the-poor. The
30 informal sector enterprise promotion body shall be attached to the DTI and shall be
31 under the policy, program and administrative supervision of the Informal Sector
32 Development Council. The said office shall be allocated the amount of Ten million
33 pesos (P10,000,000.00) for its first year of operation which shall be appropriated from
34 the special fund of the Office of the President, and thereafter its annual appropriation
35 shall be included in the General Appropriations Act.

36 Heads of LGUs in the provincial, city and municipal levels are further
37 empowered to establish in their respective jurisdiction an Informal Sector Division or
38 Bureau, under the office of the Provincial Governor or City/Municipal Mayor,
39 whichever is applicable, to implement, coordinate and monitor all business activities
40 or enterprises and intervene on IS-related problems and concerns under their
41 respective jurisdictions.

1 Chapter V

2 IS Livelihood Resource Center

3 SEC. 26. *IS Livelihood Resource Center.* The IS Livelihood Resource Center
4 shall be established in every city/municipality to enhance access of assistance and
5 support to disadvantaged members particularly in remote rural areas.

6 For this purpose, the DTI, Technical Education and Skills Development
7 Authority (TESDA) and Technology and Livelihood Resource Center (TLRC) shall
8 develop livelihood programs which will harness the skills of the IS members.

9 The aforesaid agencies shall conduct human resource development program
10 and management in the following areas:

11 (a) Adequate facilities and resources to render quality social service;

12 (b) Opportunities for IS workers to grow and develop their potentials and
13 experience a sense of worth and dignity in their work;

14 (c) Mechanisms for democratic consultations;

15 (d) Upgrading of working conditions;

16 (e) Allocation of funds for the participation of IS workers in skills training and
17 workshops and other similar activities as part of their continuing advancement; and

18 SEC. 27. *Functions of IS Livelihood Resource Center.* The IS Livelihood
19 Resource Center shall have the following functions:

20 (a) Conduct training program which will provide new ideas to IS players and
21 upgrade the technical and entrepreneurial skills of others who are already in the field;

22 (b) Implement consciousness-raising capability building and leadership
23 training;

24 (c) Provide technical support and access credit to the informal sector engaged
25 in micro-entrepreneurship and cottage industries or other productive work;

26 (d) Monitor the performance of the IS in the area

27 (e) Give advise and recommendations as to the strengthening and expansion
28 of the IS activities; and

29
30 (f) Provide services, to include but not limited to counseling, legal assistance,
31 credit assistance, and other services necessary for the furtherance of this Act.

32 The LGUs shall allocate at least P 100,000.00 annually for the operation and
33 maintenance of the Center. The local chief executives shall act as the primary
34 overseers to the overall operation of the Center.

35 Chapter VI

36 IS Comprehensive and Integrated Plan

37 and Inter-Agency Networking

38 SEC. 28. *Comprehensive Plan.* The NEDA shall be tasked to formulate a Ten-
39 Year Comprehensive and Integrated Plan on the impact of globalization to the IS. It
40 shall determine and recommend the necessary safety nets needed by the IS to
41 prepare them for the possible effects of globalization.

1 SEC. 29. *Inter-Agency Networking.* The DOLE shall provide for and lead the
2 inter-agency networking system among the different departments and
3 instrumentalities of government, should the same be required in the continuing efforts
4 to protect the interests, rights and privileges of IS workers.

5 The Council, in coordination with the DECS and CHED, shall design a
6 comprehensive and integrated program for IS members to give them opportunity to
7 pursue free education.

8 The cooperatives through the help of the DTI, TESDA and TLRC shall inform
9 IS in the rural of opportunities for market and technology access and the availability of
10 livelihood training and seminars to respond to IS needs and potentials.

11 The DSWD shall, within a period of one (1) year from the date of effectivity of
12 this Act, institute a program designed specifically to provide emergency services
13 specifically to women and the minor-aged IS workers who are in need of custody,
14 shelter, healing, or medical, psychological, legal and rehabilitative services.

15 The DSWD shall, upon the recommendation of the DOLE, effect the
16 repatriation of minor-aged IS workers who either voluntarily seek government
17 protection against abuse and exploitation or upon report or discovery of the same.
18 The cost of such repatriation shall be borne by the DSWD. The DOLE shall formulate
19 the rules and regulations governing the emergency repatriation of the same.

20 For this purpose, a Repatriation Fund is hereby created and established under
21 the administration and control of the DSWD in the amount of Five million pesos
22 (P5,000,000.00) to be taken from the President's Social Fund.

23 Chapter VII

24 General Rights

25 SEC. 30. *Basic Rights.* Every member of the IS have the right to:

26 a) Participate in all spheres of society including the decision-making
27 processes to fully realize their role as agents and beneficiaries of people-centered
28 development;

29 b) Be treated equally before the law;

30 c) Be provided with safe and healthful conditions in the workplace;

31 d) Be given equal access to education, skills training, and economic resources
32 to develop their self-reliance;

33 e) Be properly informed of the issues and concerns affecting the welfare and
34 interests of their sector;

35 f) Be protected from any form of discrimination, violence, sexual exploitation
36 and abuse.

37 SEC. 31. *Right to Medical Care and Humane Treatment.* Every worker has a
38 right to good quality health care, without any discrimination and within the limits of the
39 resources available for health and medical care. In the course of such care, his
40 human dignity, culture, convictions and integrity shall be respected.

41 The employer or any member of the household or institution shall, at all times,
42 treat his/her worker in a just and humane manner. In no instance shall abusive

1 language, physical violence or any act which debases, degrades or demeans the
2 intrinsic worth and dignity of the worker as a human being be used upon the latter.

3 SEC. 32. *Right to Organize*. The State recognizes the right of IS workers to
4 organize themselves to promote their welfare and advance or safeguard their
5 interests. Towards this end, the government shall assist IS especially in the rural
6 areas in establishing self-help organizations.

7 IS engaged in agricultural, manufacturing and service sector are encouraged
8 to form women's cooperatives in every city/municipality to enable members to avail of
9 credit assistance and skills training which will help improve their quality of life.

10 Chapter VIII

11 Benefits and Incentives

12 SEC. 33. *Medical/Health Insurance*. A worker, regardless of age and
13 compensation levels, shall be covered by a free medical/health insurance under the
14 Philippine Health Insurance Corporation (PHILHEALTH), and be entitled to all the
15 benefits provided for under the law: *Provided, however, That the worker has rendered*
16 *at least one (1) year of continuous service in the employment he/she is currently in:*
17 *Provided, further, That if the worker intends to have a medical/health insurance*
18 *during his/her the initial months of his/her employment, he/she shall shoulder all the*
19 *necessary premiums due him/her until the seventh (7th) month when the employer*
20 *shares fifty (50%) percent of the monthly required premiums.*

21 For purposes of this Section, The PHILHEALTH shall, within ninety (90) days
22 from the effectivity of this Act, promulgate guidelines for the mechanism of collecting
23 the aforesaid contributions especially for those contracted workers who are employed
24 on daily, monthly or *pacquiao* basis. The PHILHEALTH is hereby mandated to
25 implement an outreach program that will facilitate the remittance of premiums by
26 either the employer or the worker by whatever means deemed feasible.

27 Pending the promulgation of pertinent implementing rules and regulations to
28 this effect, the employee shall receive the employers' share or counterpart
29 contribution and may remit said amount together with his/her own share to the SSS.

30 SEC. 34. *Social Security Coverage*. A worker, regardless of age and
31 compensation levels, shall be covered by social security and be entitled to all the
32 benefits provided under Republic Act No. 8282: *Provided, however, That the worker*
33 *has rendered at least one (1) year of continuous service in the employment he/she is*
34 *currently in: Provided, further, That if the worker intends to become a member of the*
35 *SSS or intends to continue his/her social security contribution during his/her the initial*
36 *months of his/her employment, he/she shall shoulder all the necessary premiums due*
37 *him/her until the seventh (7th) month when the employer shares fifty (50%) percent of*
38 *the monthly required contribution.*

39 For purposes of this Section, The SSS shall, within ninety (90) days from the
40 effectivity of this Act, promulgate guidelines for the mechanism of collecting the
41 aforesaid premiums especially for those contracted workers who are employed on
42 daily, monthly or *pacquiao* basis. The SSS is hereby mandated to implement an

1 outreach program that will facilitate the remittance of premiums by either the
2 employer or the worker by whatever means deemed feasible.

3 Pending the promulgation of pertinent implementing rules and regulations to
4 this effect, the employee shall receive the employers' share or counterpart
5 contribution and may remit said amount together with his/her own share to the SSS.

6 Chapter IX

7 Institutional Mechanisms

8 SEC. 35. *Consultations with IS Organizations.* The Informal Sector
9 Development (ISD) Council, in coordination with other concerned agencies and
10 LGUs, shall conduct annual national, regional and provincial consultations among the
11 IS organizations to determine the specific issues and problems affecting the their
12 sector. The Council shall channel IS concerns to the appropriate agencies and
13 provide the necessary recommendations to the executive and legislative
14 departments.

15 SEC. 36. *Establishment of IS Database.* The Council shall establish and
16 develop a centralized database system to effectively work policy formulation and
17 policy concerns relative to the IS. The databank shall include but not limited to the
18 following:

19 a) List of government and non-governmental organizations which provide
20 educational, socio-economic and legal services to the IS;

21 b) Inventory of upheld and pending cases involving the IS activities;

22 c) Statistical profile of the various IS classified according to activities,
23 involvement and other statistical information;

24 d) Database of the needs and problems of women and children in the IS
25 nationwide; and

26 e) Compilation of existing laws and programs affecting the interest and welfare
27 of the IS.

28 The public shall be allowed to have access to the said data provided that they
29 shall abide with the regulations that will be set by the inter-agency committee.

30 Chapter X

31 Benefits to Participating Private Sector

32 SEC. 37. *Incentives to Private Sector.* The national government shall
33 implement a mechanism which shall give incentives and benefits to private sector
34 organizations participating in a national effort to advance the interest and welfare of
35 the IS.

36 The Department of Finance in coordination with the Bureau of Internal
37 Revenue shall promulgate guidelines for the effective implementation of this Section.

1 TITLE II

2 IS WORKERS ENTERING INTO CONTRACTED EMPLOYMENT

3 Chapter I

4 Requisites for Contracting Employment

5 SEC. 38. *Employment Contract.* All working arrangements entered into by IS
6 workers shall be covered by a written employment contract, in a language or dialect
7 understood by both employer and worker, duly signed by both the employer and the
8 worker. Under this Act, the employer and the worker may enter into either one of the
9 following three (3) working arrangements: *Daily Basis, Monthly Basis, or Pacquiao*
10 *Basis.*

11 In every contract entered into each contracting party shall be provided with a
12 full set of the duly signed employment contract, the basic provisions of which shall
13 include the following:

- 14 (a) working arrangement/mode;
- 15 (b) period/duration of employment;
- 16 (c) compensation and mode of payment;
- 17 (d) computation of contributions for social security and medical insurance;
- 18 (e) computation of leave deductions;
- 19 (f) duties and responsibilities;
- 20 (g) working hours and day-off schedule;
- 21 (h) living quarters or sleeping arrangements (for live-in workers)

22 In cases wherein employment of a worker of minor age are allowed, the said
23 employment contract shall be signed on his/her behalf by either parent or legal
24 guardian, with the expressed written consent of said minor.

25 In cases wherein employment of illiterate worker are allowed, the said
26 employment contract shall be explained to the worker concerned and attested to by a
27 representative from the LGU or an elected Barangay official in the city or municipality
28 where the worker is designated to work.

29 SEC. 39. *Medical Certificate as Pre-requisite for Employment.* A medical
30 certificate attesting to the physical and mental fitness of an applicant for work must be
31 secured from a licensed physician as a pre-requisite for employment, the cost of
32 which shall be for the account of the employer.

33 Chapter II

34 IS Workers of Minor Age

35 SEC. 40. *Allowable Employment of Worker of Minor Age.* Children below
36 sixteen (16) years of age may be employed: *Provided,* That a parental consent be
37 presented and attested by any representative from the LGU or duly elected barangay
38 official where the productive employment is to be done: *Provided, further,* That the
39 provisions of the UN Convention on the Worst Forms of Child Labor be taken into
40 consideration in the course of employing such children.

41 In no instance, however, shall children below fifteen (15) years of age be
42 engaged in whatever form of productive service.

1 Unless expressly employed as *kasambahay* with duly executed contract of
2 employment, children who live with their parents at the employer's residence or those
3 whose sustenance or education is being provided for by the homeowner, shall not be
4 considered as *kasambahay*.

5 Workers of minor age shall not be allowed to render work for more than ten
6 (10) hours a day, five (5) days per week, exclusive of one (1) hour breaks each for
7 breakfast, lunch and dinner.

8 SEC. 41. *Custody over Minor-aged individual*. Should a minor-aged worker
9 refuse to be repatriated against the recommendation of the DSWD, said individual
10 may be placed under the custody and care of the DSWD or that of a duly recognized
11 and accredited non-government organization, or placed in a suitable employment.

12 Chapter III

13 Standardized Wage Rate

14 SEC. 42. *Standardized Wage Rate*. Pursuant to the provisions of this Act, a
15 standardized wage rate is hereby set forth:

16 For *Kasambahay*

- | | | |
|---|---|-------------------------|
| 17 (a) 4 th – 6 th class municipalities | - | Below P1,000.00 |
| 18 (b) 1 st – 3 rd class municipalities & | - | P 1,001.00 – P 1,800.00 |
| 19 Chartered & Component Cities | | |
| 20 (c) National Capital Region | - | P1, 801.00 – P 2,500.00 |

21 For *Employed Worker*

- | | | |
|--|---|---------------------|
| 22 (a) 4 th – 6 th class municipalities | - | |
| 23 Skilled: | | P 90.00 – P 120.00 |
| 24 Unskilled: | | P 60.00 – P 80.00 |
| 25 (b) 1 st – 3 rd class municipalities & Chartered & Component Cities | | |
| 26 Skilled: | | P 130.00 – P 180.00 |
| 27 Unskilled: | | P 90.00 – P 120.00 |
| 28 (c) National Capital Region | | |
| 29 Skilled: | | P 230.00 – P 260.00 |
| 30 Unskilled: | | P 190.00 – P 220.00 |

31 *Provided*, That a worker who has been contracted work in other
32 city/municipality other than the place of residency shall be entitled for the daily wage
33 rate of the city/municipality where he/she actually works: *Provided, further*, That a
34 worker who has contracted employment outside the city/municipality of residency
35 shall be afforded free assistance and support in the form of housing and food by the
36 contractor/employer.

37 In the case of a worker who works on monthly or *pacquiao* basis, the wage
38 rate to be applied shall be based in the wage rate of the city/municipality where
39 he/she actually works. He/she shall also be afforded free housing and support during
40 the tenure of the contract.

41 In no instance, however, shall workers of minor age be deprived of the above
42 standardized wage rate system set forth in this Act.

1 (e) any or all forms of slavery or practices similar to slavery, such as the sale
2 and trafficking of household helpers, forced or compulsory labor, debt bondage and
3 serfdom;

4 (f) any use, procuring or offering of the household helper for prostitution or
5 pornography;

6 (g) any use, procuring or offering of the household helper for the commission
7 of any offense or crime, particularly for the production and trafficking of narcotic drugs
8 and substances as defined in the Dangerous Drugs Act;

9 (h) any other type of work or activity which, by its nature or the circumstances
10 in which it is carried out, is likely to jeopardize the health, safety or morals of the
11 household helper; and

12 (i) any other type of work; activity, condition or undertaking that may be
13 hereinafter be defined as hazardous by the Department of Labor and Employment.

14 SEC. 50. *Prohibition Against Interference and Coercion.* Any person is
15 prohibited from committing any of the following acts of interference and coercion:

16 (a) To prevent a worker from upholding his/her other basic rights;

17 (b) To prevent workers from joining or assisting organizations or unions for
18 purposes not contrary to law, in order to defend and protect their mutual interest and
19 to obtain redress of grievances through peaceful concerted efforts;

20 (c) To prevent a worker from carrying out his/her duties and functions in an
21 organization or union, or to penalize the same for any lawful action performed in that
22 capacity;

23 (d) To make calculated harassment and interference with the intention of
24 intimidating or preventing the social worker from performing his/her duties and
25 functions;

26 (e) To make calculated harassment against, or to transfer, penalize or
27 terminate the services of a worker who is carrying out his/her function or role for and
28 in behalf of his/her employer; and

29 (g) To perform acts calculated to diminish the independence and freedom of a
30 social worker's union or organization to direct its own affairs.

31 Chapter V

32 Rights and Benefits of Employed IS Workers

33 SEC. 51. *Right to Wages Earned.* The employer shall pay directly to the
34 worker of minor age, any and all wages, remuneration or compensation earned by
35 him/her during the period of his/her employment.

36 No parent, guardian or relative shall be allowed to borrow against the
37 compensation of the his/her relative-worker of minor age without the express written
38 consent of the concerned relative-worker. Neither shall the worker of minor age be
39 mandated to work in payment of a loan or liability incurred by a parent, guardian or
40 relative.

41 SEC. 52. *Right to Privacy and Confidentiality.* The employer shall respect the
42 privacy of his/her worker during the course of the latter's rest periods. This right to

1 privacy shall extend to any and all forms of personal communications, including
2 letters of correspondence issued or received, and be allowed communications
3 coursed through the private telephone of the employer: *Provided*, That any additional
4 expense incurred in the course of communication shall be borne by the worker and
5 shall be deducted, after the employer's due notice to the worker of the amount
6 incurred due to specific reason/s, from the receivable wage of the worker.

7 The State, further, guarantees the protection of the right of the worker to
8 communicate with relatives and other persons and to receive visitors subject to
9 reasonable limits prescribed in the employment contract agreed and entered into by
10 both the employer and the worker.

11 The employer shall allow the worker access to outside communication, both
12 though letter or the private telephone of the household, especially in instances of
13 personal or family emergencies: *Provided*, that costs incurred in making the
14 telephone call shall be for the account of the worker.

15 *SEC. 53. Access to Education and Training.* A worker shall not be deprived of
16 formal or non-formal education. In cases where he/she is productively employed,
17 he/she shall be allowed to attend or pursue literacy programs during day-off or in any
18 other time with the consent of the employer.

19 The DECS or CHED, whichever office is applicable, shall extend its services
20 of *Study-Now, Pay-Later Program* to the worker in the informal sector.

21 The employer may also extend scholarship programs to a worker and be
22 reimbursed out of deductions from the worker's monthly compensation which shall, at
23 all times, be no greater than fifty (50.0%) percent of the worker's monthly
24 compensation. The time spent by a worker during the conduct of the said education
25 or training, including the time spent going to and coming from the training shall be
26 counted as part of the worker's hours of work.

27 *SEC. 54. Access to Lawful Third-Party Mediation.* The employer shall provide
28 all worker the names, addresses and telephone numbers of the designated liaison
29 offices of the following:

- 30 (a) DTI;
- 31 (b) DOLE;
- 32 (c) the Barangay office where he/she is productively working; and,
- 33 (d) duly registered non-government organizations accredited to mediate in
34 disputes of their sector.

35 The employer shall further guarantee the worker access to all means of
36 communication for the purpose of contacting any of the above-enumerated
37 institutions.

38 *SEC. 55. Provision of Basic Necessities.* The employer shall provide for the
39 basic necessities of a live-in worker which shall include:

- 40 (a) A minimum of three (3) full meals per day;
- 41 (b) Humane, private and safe sleeping quarter;
- 42 (c) Emergency medical support and assistance;

1 (d) A safe and non-health hazard workplace;

2 In no instance shall the employer be allowed to withdraw or hold in abeyance
3 the provision of these basic necessities as punishment or disciplinary action to be
4 meted out to the worker.

5 SEC. 56. *Normal Hours of Work.* Cognizant of the peculiarities of the
6 relationship between the employer and the IS worker, the normal hours of work shall
7 be set at ten (10) hours per day, exclusive of one (1) hour breaks each for breakfast,
8 lunch and dinner. The worker shall be allowed at least eight (8) hours of continuous
9 rest per day otherwise any work done by him/her beyond the normal hours of work
10 per day shall be duly compensated.

11 SEC. 57. *Regular Working Days.* No worker shall render work for more than
12 six (6) days per week. While the specific day of the week set aside as rest day for the
13 worker may be stipulated in the employment contract, the same may be changed for
14 another day of the week upon the mutual agreement of the employer and the worker
15 as the exigencies of the work may dictate.

16 SEC. 58. *Longevity pay.* A longevity pay equivalent to five *per centum* (5%) of
17 his/her latest monthly basic pay shall be paid to a worker for every two (2) years of
18 continuous and satisfactory service rendered.

19 SEC. 59. *Clothing Allowance.* A worker shall be entitled to a minimum of One
20 Thousand pesos (P1,000.00) clothing allowance annually: *Provided*, That the worker
21 has rendered at least one (1) year of continuously service in the employment he/she
22 is currently in.

23 SEC. 60. *Vacation Leaves.* A worker who is employed for one (1) year shall
24 be entitled to a fourteen (14) day vacation leave with pay, in addition to the one (1)
25 day per week designated as the rest day. Said leave may only commence at the end
26 of the first year of employment, and shall not cumulate from year to year.

27 SEC. 61. *Maternity Benefits.* A female worker who is employed for one (1)
28 year shall be entitled to maternity benefits.

29 SEC. 62. *13th Month Pay.* A worker shall be entitled to a 13th month pay
30 equivalent to one (1) month's basic salary which shall be paid to the worker not later
31 than the 16th of December of every year: *Provided, however*, That the worker has
32 reached the required minimum residency. Otherwise, the worker shall be entitled to
33 receive a 13th Month Pay on pro-rated basis.

34 SEC. 63. *Allowing subcontracting.* A worker may enter into subcontractual
35 employment or may accept subcontractual jobs from any other enterprise or firm
36 joining or may join productive employment through a cooperative or consortium:
37 *Provided, however*, That the enterprise or firm or cooperative or consortium shall be
38 mandated to implement the specific provisions of this Act in regard to worker's
39 benefits: *Provided, further*, That where a worker subcontracts jobs between and
40 among other worker providing for the benefits due him/her shall not be obligated upon
41 the party who contracted the job.

1 SEC. 64. *Pre-Termination of Contract.* The employer may, at his/her own
2 discretion, terminate the services of the worker: *Provided, however,* That said
3 employer provides the worker with at least fifteen (15) days notice of termination and
4 termination pay equivalent to at least one half (1/2) month's salary. In lieu of the
5 fifteen (15) day notice of termination, the employer may immediately terminate the
6 services of the worker: *Provided,* That said employer provides the worker termination
7 pay equivalent to one (1) month's salary

8 The employer may, for valid or just cause of loss of confidence, terminate the
9 services of the worker prior to the expiration of the contract without indemnifying the
10 latter with termination pay.

11 Should the worker decide, on his/her own volition, to unilaterally leave the
12 workplace prior to the expiration of the contract period, said worker shall forfeit any
13 separation pay that may be due him/her.

14 SEC. 65. *Extent of Duty.* The employer shall not require a worker to perform
15 any task or work outside the assigned workplace for the service or benefit of another
16 without the latter's consent and payment of just compensation.

17 SEC. 66. *Automatic Salary Increases.* The contract of employment executed
18 by and between the employer and the worker shall provide for an annual salary
19 increase, the amount of which shall be determined by mutual agreement of the
20 parties.

21 SEC. 67. *Deployment Expenses.* Deployment expenses of a worker, including
22 transportation and agency fees, shall be shouldered by the employer.

23 TITLE III

24 FINAL PROVISIONS

25 SEC. 68. *Penal Provision.* Any person who shall willfully interfere with, restrain
26 or coerce a social worker in the exercise of his/her rights or shall in any manner
27 commit any act in violation of any of the provision of this Act shall, upon conviction,
28 be punished by a fine of not less than Ten thousand pesos (P10,000.00) but not more
29 than Twenty thousand pesos (P20,000.00) or imprisonment of one (1) year to six (6)
30 years or both fine and imprisonment at the discretion of the court.

31 *If the offender is a public official, the court in addition to the penalties provided*
32 *in the preceding paragraph, may impose the additional penalty of disqualification from*
33 *public office.*

34 In the case of a private institution/company found to be violating any provision
35 of this Act, it shall be subject to a penalty ranging from suspension of license to
36 revocation of such, at the discretion of the court.

37 SEC. 69. *Separability Clause.* If any provision of this Act is declared
38 unconstitutional or invalid, the provisions not affected shall continue to be in full force
39 and effect.

40 SEC. 70. *Repealing Clause.* All laws, decrees, orders, rules and regulations or
41 other issuances inconsistent with the provisions of this Act are hereby repealed,
42 amended or modified accordingly.

1 SEC. 71. *Effectivity.* This Act shall take effect fifteen (15) days after its
2 publication in at least two (2) newspapers of general circulation or the *Official*
3 *Gazette*, whichever comes first.

4 Approved.