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SENATE
S. No. **2381**

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Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 2, Section 18 states: "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare."

The Constitution, Article 13, Section 1 provides that the Congress shall give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power of the common good.

According to the World Bank, the informal sector is a pervasive and persistent economic feature of most developing economies, contributing significantly to employment creation, production, and income generation. Recent estimates of the size of the informal sector in developing countries in terms of its share of non-agricultural employment range roughly between one-fifth and four-fifths. In terms of its contribution to GDP, the informal sector accounts for between 25% and 40% of annual output in developing countries in Asia and Africa.¹

Under National Statistical Coordination Board (NSCB) Resolution No. 15, Series of 2002², 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.

¹ http:

//webw.orlbank.orgn?TBSITE/EXTERNAWTOPICS/EXTSOCIALPROTECTION/EXTLM/O,,contentM
DK:20224904-menuPK:584866-pagePK 148956-piPK2 1661 8-theSitePK390615,OO.html.

² http://www.1~scb.~ov.uh/resolutions/20021/.la5s p.

The resolution states that these units typically operate at a low level of organization, with little or no division between labor 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 in this sector are supposedly based on casual employment, kinship or personal and social relations rather than formal or contractual arrangements.

The NSCB, through its Statistical Survey Review and Clearance System (SSRCS), granted clearance for the conduct of the 2008 Informal Sector Survey (ISS) of the National Statistical Office (NSO). The ISS is a one-shot survey, conducted by the NSO in April 2008, aimed at: (a) improving the availability of reliable and sound data on informal employment and informal sector and (b) providing indicators that will contribute to evidence-based policy-making. The results of this survey can also be used for the estimation of Gross Value Added (GVA) of the informal sector.³

This bill seeks to address the development, rights and protection of the significant number of poor, marginalized, unprotected and underrepresented workers in the informal sector.⁴

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

³ [http://www.nscb.gov.ph/pressreleases/2008~R~200805-P1-P03 NSO.as2](http://www.nscb.gov.ph/pressreleases/2008~R~200805-P1-P03%20NSO.as2)

⁴ <http://www.dswr.doh.gov.ph/content/view/27/141>.

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1 **AN ACT**
2 **PROVIDING FOR A MAGNA CARTA OF WORKERS IN INFORMAL EMPLOYMENT,**
3 **INSTITUTIONALIZING MECHANISMS FOR IMPLEMENTATION THEREOF AND**
4 **FOR OTHER PURPOSES**

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

5 **TITLE I**
6 **GENERAL PROVISIONS**
7 **Chapter I**
8 **Framework and Principles**

9 **SEC. 1. Short Title.** - This Act shall be known as the "Magna Carta of Workers in
10 Informal Employment."

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

12 (a) To promote the total well-being of all workers in informal employment, provided, that focus
13 will be on the poorest and most vulnerable of these workers;

14 (b) To ensure their human dignity, economic advancement and access to justice by providing
15 timely services, including social, political, economic, and legal;

16 (c) To recognize, promote, protect and fulfill the right to decent work of every worker in informal
17 employment, including the rights to: self-organization; just and humane working conditions;
18 access to social protection; security of workplaces; represent their organizations in a continuing

1 process of consultation and dialogue towards the provision of a comprehensive package of
2 reforms, interventions, and services in accordance with their articulated needs and interests;

3 (d) To recognize the roles, give proper value to the contributions of workers in informal
4 employment, and make them visible in the national and local statistics;

5 (e) To develop and enhance their technical, entrepreneurial and other skills and capabilities
6 necessary towards becoming more productive and self-reliant citizens, thereby ensuring
7 participation in mainstream economic activities;

8 (f) To promote gender equity and equality and protect women workers in informal employment
9 against gender-based discrimination, exploitation and abuse; advance women's social, economic,
10 political, and reproductive rights; and improve their access to social protection and participation
11 in decision-making bodies and processes;

12 (g) To protect vulnerable groups in the informal economy such as children, differently-abled
13 persons, indigenous peoples, and people living with HIV from discrimination, exploitation, abuse
14 and harassment, as well as from performing work hazardous to their occupational, physical,
15 mental, emotional, reproductive and spiritual health;

16 (h) To progressively eliminate child labor through the creation of more quality jobs for adults
17 effective enforcement of laws against child labor, elimination of gender-based discrimination
18 against girl child workers, improved access to universal education and social protection, and
19 elimination of cultural factors that directly or indirectly tolerate, even accept child labor;

20 (i) To develop the local economy through maximization of the potential and contribution of
21 informal economy business activities and enterprises;

22 j) to encourage and support workers in informal employment to form self-help groups, mutual
23 benefit associations, unions, cooperatives, and other forms of self-organization for their mutual
24 aid, benefit, protection and for other legitimate purposes; and

25 k) to include the concerns of workers in informal employment in the policies, plans, programs,
26 projects and activities of relevant national government agencies, government financial
27 institutions, and local government units.

1 **SEC. 3. *Framework and Principles*** – Article II, Section. 9 of the Philippine Constitution
2 declares that “The State shall promote a just and dynamic social order that will ensure the
3 prosperity and independence of the nation and free the people from poverty through policies that
4 provide adequate social services, promote full employment, a rising standard of living, and an
5 improved quality of life for all.” Towards this end, the government shall pursue a comprehensive,
6 rights-based, participatory, gender-responsive, and culturally sensitive framework for workers in
7 informal employment including but not limited to:

8 (a) Policies and programs that will bring marginalized workers and economic units into
9 the economic and social mainstream, thereby reducing their vulnerability and exclusion;

10 (b) Structural reforms in all relevant levels of government by creating committees, special
11 offices for development and protection of workers in informal employment and supporting their
12 representational rights through their legitimate organizations;

13 (c) Accessible and affordable social protection, including labor market interventions,
14 social insurance coverage, basic health care, occupational safety and health, reproductive health
15 services, social welfare programs and safety nets; .

16 (d) Policies, programs and interventions that will ensure security of workplaces of
17 informal workers towards a work environment that protects their rights and enables them to
18 become more productive.

19 (e) Minimum and simplified regulations to encourage the development of ingenuity and
20 entrepreneurial spirit among workers in informal employment;

21 (f) Mechanisms for the growth and expansion of the various business activities or
22 enterprises in the informal economy preferably with the cooperation and support of the private
23 sector;

24 (g) Organization, establishment, strengthening and expansion of the various business
25 activities or enterprises in the informal economy at the barangay level, preferably to be unified
26 under municipality-, provincial-, regional- and national- level federations/associations;

27 (h) Applicable labor standards;

28 (i) Recourse mechanisms to address violations of informal workers’ rights;

1 (j) Mechanisms and processes that prioritize the provision of services to the poorest and
2 the most vulnerable workers,

3 (k) Mechanisms that promote responsibility on the part of the workers in informal
4 employment to comply with their obligations, provided that the State shall put in place
5 responsive, transparent and accountable mechanisms and systems that ensure recognition,
6 protection, promotion and realization of their rights.

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

8 (a) **Informal Economy** – Based on the International Labor Conference (ILC) 2002a, this
9 refers to “all economic activities by workers and economic units that are – in law or in practice –
10 not covered or insufficiently covered by formal arrangements”.

11 The Informal Economy includes a wide variety of activities, enterprises and workers.
12 Self-employment consists of employers of informal enterprises who hire other workers and own-
13 account workers. Wage-employment includes informal employees of both formal and informal
14 firms, subcontracted workers, wage workers for households (domestic workers), and wage
15 workers with no fixed employer (casual day workers). The working conditions, opportunities and
16 risks faced by these different categories of informal workers are very diverse.

17 Informal workers often experience poor working conditions such as long working hours,
18 high level of health hazards or lack of social security usually accompanied with poor earnings,
19 low productivity, and lack of legal protection. To a large extent, women and disadvantaged
20 groups such as youth, persons living with HIV, persons with disabilities, indigenous people and
21 migrant workers are overrepresented in the informal economy.

22 (b) **Informal Sector**, as defined by NSCB Resolution No. 15, series of 2002, refers to
23 units engaged in the production of goods and services with the primary objective of generating
24 employment and incomes to the persons concerned. It consists of households unincorporated
25 enterprises that are market and non-market producers of goods as well as market producers of
26 services.

1 These enterprises are operated by own-account workers, which may employ unpaid family
2 workers as well as occasional, seasonally hired workers.

3 These enterprises may also be owned and operated by employers which may employ less
4 than ten (10) employees on a continuous basis.

5 (c) **Workers in Informal Employment** - include but are not limited to the following:

6 c.1. small farmers owning land not more than three (3) hectares;

7 c.2. rural and agricultural workers who are tenants or sharecroppers, laborers;

8 c.3. small fisherfolk/operators owning boats of three (3) gross tons or less and other fishing
9 equipment;

10 c.4. fisherfolk who are without fishing equipment and market their catch directly;

11 c.5. home-based workers who are independent producers of goods or services;

12 c.6. industrial homeworkers – workers involved in a system of production under which work for
13 an employer or contractor is carried out by a homemaker at his/her home and where materials
14 may or may not be furnished by the employer or contractor;

15 c.7. self-employed who are engaged by other enterprises through subcontracting arrangements;

16 c.8. vendors, whether with stalls or without permanent workplace including street hawkers or
17 those plying their goods and trades in the streets and those engaged in sari-sari stores with
18 operating capitalization of not more than one million pesos (P1,000,000.00) excluding land and
19 building;

20 c.9. drivers of modes of transportation on land and sea whether motorized or not, including two
21 (2) wheels such as calesa, three (3) wheels such as pedicabs, tricycles, four (4) wheels such as
22 jeepneys and buses, and boats one (1) ton and below; ‘barkers’, fare collectors, dispatchers and
23 other workers who share income with self-employed or unincorporated operators;

24 c.10. operators of jeepneys, tricycles, pedicabs, taxi, and other vehicles or transportation whose
25 capitalization is not more than one million pesos (P1,000,000.00) excluding land and building;

- 1 c.11. domestic workers which refer to persons who provide service to households such as maids,
2 cooks, family drivers, gardeners and baby sitters on a live-out basis and “on-call” arrangement
3 only;
- 4 c.12. non-corporate construction workers;
- 5 c.13. small scale miners doing their own product processing; including those involved in small
6 scale mining and quarrying with capitalization of below one million pesos (P1,000,000.00);
- 7 c.14. workers of Barangay Micro Business Enterprises (BMBEs);
- 8 c.15. non-corporate cargo handlers and allied workers;
- 9 c.16. waste pickers and recyclers;
- 10 c.17. workers engaged in producing seasonal products;
- 11 c.18. own account workers including but not limited to those engaged in the maintenance and
12 repair of equipment and appliances, clothing and footwear, as well as those providing services
13 such as beauticians, barbers, masseuses;
- 14 c.19. “on-call” workers in the entertainment, movie, and media such as bit players, stuntmen and
15 women, crew, make-up artists, etc.;
- 16 c.20. volunteer workers in government and non-government entities who only receive allowances
17 or honoraria, including but not limited to: barangay health workers (BHW), barangay tanod,
18 barangay nutrition scholars (BNS), barangay daycare workers, and volunteers in non-government
19 or people’s organizations;
- 20 c.21. unpaid family members, or workers receiving allowances and seasonally hired workers
21 who are engaged in micro-enterprises or assist unincorporated household enterprises; and
- 22 c.22. other similar economic activities that are not illegal, criminal or life threatening in nature.

23 (d) **Worker** is a general term referring to either or both the self-employed or paid
24 employee covered under the provisions of this Act.

25 (e) **Self-employed Worker** refers to any person who has no employer and who works for
26 himself/herself by producing goods or services for the market.

1 (f) **Worker of Minor Age** refers to children fifteen (15) to seventeen (17) years of age
2 who are engaged in productive employment under a valid contract of employment.

3 (g) **Employer** refers to a natural person or group or partnership of people for whom a paid
4 worker renders productive employment or service.

5 (h) **Security in the Workplace** refers to the right of every worker to an enabling
6 environment that guarantees and protects the spaces for informal workers to undertake their work,
7 including the right to feel safe in one's own work space, legal security of tenure and freedom
8 from discrimination, risk, danger, doubt, anxiety, or fear of being removed, evicted or prevented
9 to work. Towards this end, the State shall take measures that will ensure legal security of tenure
10 of workplaces, taking into account and including the physical environment, services, processes
11 and systems that will be involved to enable the work.

12 (i) **Hazardous Work Condition** refers to any activity or circumstance where a worker is
13 exposed to any risk which constitutes imminent danger to his/her health and safety.

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

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

19 (l) **Monthly Basis** refers to the per month mode of paying a worker as bilaterally agreed
20 upon by the employer and worker.

21 (m) **“Pakyaw” Basis** refers to the pre-contracted wholesale mode of paying a worker as
22 bilaterally agreed upon by the employer and worker.

23 (n) **Social Protection** refers to policies, programs, and all other interventions from public,
24 private and voluntary organizations and informal networks, to support communities, households
25 and individuals, both women and men, in their efforts to: reduce poverty; prevent, manage and
26 overcome risks and vulnerabilities throughout their life cycle; and realize their rights as citizens
27 participating fully and equally in all decision making affecting or may affect their access to and
28 control over resources necessary to maintain and sustain a decent and secure life.

1 These interventions shall: promote and sustain livelihood and employment; protect against
2 hazards and sudden loss of income; and include, among others, labor market interventions, social
3 insurance, basic health care, social welfare and safety nets.

4 (o) **Community Contracting** refers to the process of concluding an agreement between a
5 community and a contracting authority, whereby the community (or a section of the community)
6 is responsible for the implementation of the work and therefore functions as contractor.

7 **Chapter II**

8 **Coverage, Qualifications, and Accreditation**

9 **SEC. 5. Coverage.** This shall include individual workers in the informal economy (IE), as
10 defined in Section 4 of this Act, IE businesses and enterprises, and organizations of workers in
11 informal employment.

12 **SEC. 6. Accreditation.** There shall be a simple and standard system of accreditation in
13 accordance with the framework and principles of this Act. A one time accreditation fee of not
14 more than Fifty pesos (P50.00) per individual worker and not less than One Hundred pesos
15 (P100.00) per IE business activity, enterprise, or organizations shall be paid to the municipality or
16 city where they intend to operate.

17 Any IE worker meeting the necessary accreditation requirements provided for in this Act
18 shall be listed in the centralized database system, and shall be issued an identity card signifying
19 eligibility to avail of development programs for workers in informal employment, provided, that
20 the poorest and the most vulnerable shall be given priority.

21 Any IE business activity or enterprise, or organization of workers in informal
22 employment, if qualified under this Act, shall be issued a certificate of accreditation, which shall
23 be released within thirty six (36) hours upon submission of complete requirements and payment
24 of accreditation fees.

1 The concerned LGU shall review, revalidate and reassess such accreditation every two (2)
2 years from the date of last accreditation. Renewal of eligibility shall be in accordance with the
3 merit and fitness principle, and with the condition that no child labor shall be used and no
4 activities harmful to the environment shall be implemented.

5 A comprehensive database of accredited IE business activities and enterprises shall be
6 developed and maintained. Such database shall take into account the different sub-classifications
7 in terms of geography, premises, gender, ethnicity, vulnerability, occupation, nature of
8 employment, and roles and functions. The database shall also indicate informal businesses which
9 may be categorized as livelihood enterprises and those entrepreneurial or growth oriented
10 informal businesses.

11 The aforesaid comprehensive database shall form part of the bases of the assessment and
12 monitoring of the growth of the informal economy.

13 **SEC. 7. Annual Dues.** – IE workers, business activities or enterprises, and organizations
14 shall pay annual dues which shall accrue to the municipality or city where they are accredited and
15 shall be exclusively used for IE development programs approved by the municipal or city council
16 as recommended by the Workers in Informal Employment Local Development Office (WIELDO)
17 referred to in Chapter VII of this Act. Such dues, which shall cover the cost of the issuance of
18 licenses to operate, shall be paid to the municipal or city treasurer in the area where they are
19 accredited, starting on their second year of operations, based on the following schedule:

20 (a) Those with assets amounting to not more Two Thousand Pesos (P2,000.00) – One
21 Hundred Pesos (P100.00)

22 (b) Those with assets of more than Two Thousand Pesos (P2,000.00) up to Five
23 Thousand Pesos (P5,000.00) - Two Hundred Pesos (P200.00)

24 (c) Those with assets of more than Five Thousand Pesos (P5,000.00) up to Fifty
25 Thousand Pesos (P50,000.00) – Three Hundred Pesos (P300.00)

26 (d) Those with assets of more than Fifty Thousand Pesos (P50,000.00) up to One
27 Hundred Fifty Thousand Pesos (P150,000.00) – Five Hundred Pesos (P500.00)

1 (e) Those with assets of more than One Hundred Fifty Thousand Pesos (P150,000.00)
2 up to Three Hundred Thousand Pesos (P300,000.00) – Six Hundred Pesos (P600.00)

3 (f) Those with assets of more than Three Hundred Thousand Pesos (P300,000.00) up to
4 Five Hundred Thousand Pesos (P500,000.00) – Seven Hundred Pesos (P700.00)

5 (g) Those with assets of more than Five Hundred Thousand Pesos (P500,000.00) up to
6 One Million Pesos (P1,000,000.00) – One Thousand Pesos (P1,000.00)

7 Chapter III

8 Basic Rights

9 SEC. 8. Workers in informal employment have the same basic rights accorded to all
10 workers as enshrined in the Philippine Constitution and in international instruments. These
11 include the rights to:

- 12 a) work, which includes the right to make a living by work freely chosen or accepted, and
13 the right to avail of technical and vocational guidance and training programs;
- 14 b) the enjoyment of just and favorable conditions of work;
- 15 c) a living wage and equal remuneration for work of equal value without distinction of any
16 kind, in particular for women who shall be guaranteed conditions of work not inferior to
17 those enjoyed by men;
- 18 d) equal opportunity for promotion to an appropriate higher level, subject to no
19 considerations other than those of seniority and competence;
- 20 e) safe and healthy working conditions safeguarding general, occupational and reproductive
21 health;
- 22 f) rest, leisure and reasonable limitation of working hours, and periodic holidays with pay, as
23 well as remuneration for public holidays;
- 24 g) maternity protection, including paid leave during a reasonable period before and after
25 childbirth;

- 1 h) an adequate standard of living for workers and their families, primarily adequate food,
2 clothing, and shelter, and the continuous improvement of such standard;
- 3 i) education, especially of children and young persons, without any discrimination;
- 4 j) social protection, comprising mainly of, but not limited to labor market programs, social
5 security, health care and insurance, and social welfare interventions;
- 6 k) self-organization to, among others, collectively negotiate with other parties in the
7 promotion of their welfare and advancement of their interests;
- 8 l) substantially participate in policy- and decision-making processes, including access to
9 information and other necessary resources relevant to the promotion and protection of
10 their rights and welfare;
- 11 m) be free from any form of discrimination, violence, sexual exploitation, harassment and
12 abuse;
- 13 n) equal treatment before the law; and
- 14 o) equal access to justice through appropriate mechanisms, including, but not limited to,
15 alternative dispute resolution mechanisms and processes.

16 **SEC. 9.** Own account workers as well as marginal economic enterprises in the informal
17 economy, being the working poor's primary instruments to address and overcome poverty, shall
18 be accorded by the State the following rights:

- 19 a) infrastructure support such as farm to market roads, common, affordable and secure
20 workplaces and facilities, merchandising centers, farmers' markets or a *Bagsakan* with
21 proper storage facilities, and inventory bulk-buying centers;
- 22 b) policy support to promote and protect locally/domestically produced products;
- 23 c) access to markets, including capacity building to access E-marketing facilities;
- 24 d) access to affordable, appropriate and adequate financial services, including, among others,
25 collateral-free and gender-balanced credit at low interest;

- 1 e) access to appropriate and adequate machinery, equipment, and other technologies, with
- 2 the end in view of increasing productivity and growth;
- 3 f) protection from unjust dislocation from places where economic activities are conducted;
- 4 g) special measures against racketeering, extortion, and harassment, by both State and non-
- 5 State elements; and
- 6 h) fiscal relief, including among others exemption from taxes, fees and other assessments, to
- 7 be put into place by concerned national agencies and local government units 60 days after
- 8 the effectivity of this Act.

9 **SEC. 10.** Organizations of workers in informal employment, including unions,
10 cooperatives, mutual benefit associations, etc. shall have the right to:

- 11 a) freely function and act as the representatives of their members in policy- and decision-
- 12 making processes, collective negotiations, and other similar bodies and processes;
- 13 b) establish national federations or confederations and the right of the latter to form or join
- 14 international trade-union organizations;
- 15 c) be furnished by concerned government institutions and other parties, upon written request,
- 16 with information pertinent to the protection and promotion of the rights and welfare of
- 17 their members;
- 18 d) own property, real or personal, for the use and benefit of their organizations and members;
- 19 e) sue and be sued under their registered names;
- 20 f) undertake all other activities, not contrary to law, designed to benefit the organizations
- 21 and their members; and
- 22 g) be accorded preferential option in the awarding of contracts for the undertaking of national
- 23 and local projects funded by either the National Government or any local government ,
- 24 unit including foreign-assisted projects, the guidelines of which shall be put into place by
- 25 concerned national agencies and local government units within 60 days after the
- 26 effectivity of this Act.

1 Further,

2 h) notwithstanding any provision of a general or special law to the contrary, the income and
3 the properties of legitimate labor organizations, including grants, endowments, gifts,
4 donations and contributions they may receive from fraternal and similar organizations,
5 local or foreign, which are actually, directly and exclusively used for their lawful
6 purposes, shall be free from taxes, duties and other assessments. The exemptions provided
7 herein may be withdrawn only by a special law expressly repealing this provision.

8 **SEC. 11. *Monitoring of growth.*** The local government units (LGUs) in cooperation with
9 the Workers in Informal Employment Local Development Office shall monitor the growth of the
10 informal employment business activities or enterprises three (3) years after the enactment of this
11 Act and every three (3) years thereafter. The centralized database referred to in Section 6 shall be
12 the basis of this monitoring.

13 **Chapter IV**

14 **SOCIAL PROTECTION**

15 Social protection as defined in Section 4 of this Act shall have the following components:

16 **SEC.12. *Labor Market Programs.*** The State shall provide adequate resources to sustain
17 labor market programs following decent work standards, including emergency and guaranteed
18 employment schemes, to ensure livelihood security and prevent or mitigate the effects of sudden
19 loss of income in the context of sustainable development and developing local economies in both
20 rural and urban areas.

21 a) The State shall ensure that these schemes shall be labor-intensive, developmental,
22 sustainable, and engaging both women and men, youth and older people in building
23 infrastructure, socialized housing, social forestry focusing on the planting of traditional trees,
24 organic farming, and food production programs.

- 1 b) LGUs shall encourage and provide incentives to constituents who want to engage or are
2 engaged in sustainable and/or organic farming. All idle private or public lands within their
3 jurisdiction shall be cultivated or planted with organic food crops like corn, root crops or
4 vegetables. LGUs must allocate their local funds for mangrove reforestation and prohibit
5 conversion of any mangrove forest to residential, commercial or industrial use shall be
6 prohibited.
- 7 c) In pursuit of decent work, the State in all its labor market programs shall adopt a
8 comprehensive framework and plan on occupational safety and health that covers all workers,
9 formal and informal, and implemented at both national and local levels.
- 10 d) The State shall encourage entrepreneurship among the disadvantaged, especially women and
11 young people in informal employment, through the simplification and facilitation of business
12 registration procedures in one-stop' action centers, and the provision of adequate and
13 affordable marketing facilities such as economic freedom parks.
- 14 e) The State through local government units shall promote community contracting to give
15 preference to informal workers and their organizations in accessing employment
16 opportunities and related benefits.

17 **SEC. 13. *Social Security.*** - In the spirit of promoting social justice, the State shall
18 endeavor to extend social security protection to all workers and their beneficiaries against the
19 hazards of disability, sickness, maternity, old age, death, unemployment, and other contingencies
20 resulting in loss of income or financial burden.

- 21 a) The Social Security System (SSS) shall cover all workers, particularly the working poor who
22 mostly belong to the informal economy. The SSS, in consultation with informal workers'
23 organizations, shall customize products and services for them that are accessible and
24 affordable . In the interest of equity, the State shall cover what should have been the
25 employers' share for contributions of informal workers had they been formally employed.

- 1 b) The SSS shall also develop schemes involving government subsidies and sponsorship
2 programs to enable those who cannot afford to enroll and sustain their membership.
- 3 c) To achieve universal coverage, the SSS shall facilitate the accreditation of cooperatives,
4 women's and people's organizations, trade unions and informal workers' associations,
5 microfinance and micro-insurance institutions and similar groups as collecting agents of
6 premiums and facilitators of claims with the least burdensome conditions and with
7 appropriate incentives. It shall develop effective partnerships with these organizations.
- 8 d) The SSS Commission, in the spirit of democracy, transparency, accountability, and equity,
9 shall be required to conduct regular consultations with and provide information and reports to
10 its membership. Both formal and informal workers shall be represented in the SSS
11 Commission, where gender balance shall also be observed.
- 12 e) The SSS in cooperation with other relevant national agencies and LGUs, shall support
13 indigenous and community-based social protection schemes such as damayan, tulungan,
14 saranay, small mutual benefit associations, and micro-finance organizations initiated or
15 participated in by workers in informal employment so that these can be sustained,
16 systematized and upscaled.
- 17 f) An enabling environment for such organizations and schemes shall be developed. Toward
18 this end, the Insurance Commission (IC) and other relevant regulatory agencies are hereby
19 mandated to review its policies and framework to make them more developmental and
20 supportive of the alternative schemes outlined above.

21 **SEC. 14. *Social Security for Volunteers of Government Instrumentalities.*** Volunteer
22 workers of government instrumentalities as defined in Sec. 4 of this Act, shall be covered by the
23 Government Service Insurance System (GSIS) and be entitled to at least a minimum package of
24 customized products, services and benefits to be designed with their participation and with
25 adequate government subsidy.

1 **SEC 15. *Health Care System and Financing.*** The State shall establish a comprehensive
2 and integrated health care system that guarantees provision of service by duly accredited and
3 adequately furnished health facilities, and appropriately educated and rationally compensated
4 health personnel to underserved areas all the way down to the barangay level. Provided that, such
5 healthcare system shall include reproductive health services, and provided finally, that priority in
6 the delivery of such services shall be the poor and marginalized.

7 The State shall ensure adequate resources to finance health care for all, by, among others,
8 progressively increasing the budget for health care until it meets the World Health Organization
9 recommendation of at least four to five percent of the Gross Domestic Product.

10 **SEC. 16. *Universal Health Insurance.*** The Philippine Health Insurance Corporation
11 (PhilHealth) shall ensure and substantiate universal, actual, active, and up to date coverage of all
12 Filipinos by 2013. To achieve this, PhilHealth with the participation of all stakeholders shall
13 critically review its current operations. It shall also ensure the provision of a minimum benefit
14 package which shall be periodically upgraded to meet the goal of universal coverage which is
15 affordable, accessible and appropriate to the needs of all.

16 a) Government subsidies for PhilHealth sponsorship programs shall be expanded to cover not
17 only the ultra poor but also the working poor who mostly belong to the informal economy.
18 For the working poor, what should have been contributed by employers if they were enrolled
19 as formally employed shall be covered by government subsidies in the interest of equity.

20 PhilHealth programs for indigents and the working poor shall be expanded and improved in
21 order to develop effective partnerships with organized groups, especially those composed and
22 led by informal workers, women, senior citizens, persons with disabilities, persons with HIV
23 and AIDS and other marginalized sectors, to better serve increasing numbers of those in
24 need. Organized groups with at least 500 members shall be allowed to be collecting agents
25 of premiums with incentives.

- 1 b) PhilHealth shall immediately extend its services to underserved areas by facilitating and
2 accelerating accreditation of hospitals and clinics, and by ensuring that these service
3 providers remain viable through immediate reimbursement.
- 4 c) PhilHealth, in accordance with its guiding principles, shall promote maximum community
5 participation and shall recognize the roles and strengths of the public and private sectors in
6 healthcare, including people's organizations and community-based health organizations.
7 PhilHealth shall extend appropriate recognition, technical assistance, and other forms of
8 material and non-material support to mutual benefit associations, microfinance organizations,
9 community-based health insurance and other indigenous schemes initiated and participated in
10 by workers in informal employment.
- 11 d) PhilHealth, with maximum participation of all stakeholders, shall review its benefit package
12 in order to cover informal workers, senior citizens, indigenous peoples, persons with
13 disabilities persons with HIV/AIDS and other marginalized groups sustainably; emphasize
14 preventive measures such as annual physical and medical check-ups and other outpatient
15 services; coverage of workplace-related injuries and illnesses affecting both formal and
16 informal workers, treatment of chronic ailments such as hypertension and diabetes; and
17 inclusion of hospital-based reproductive health services, commodities and supplies.

18 **SEC.17. Social Welfare and Safety Nets.** The State shall veer away from dole outs which
19 violate the dignity of the poor and encourage dependency. It shall instead implement programs
20 whereby beneficiaries of social assistance are able to exchange their labor or any other resource
21 for the benefits received, and are assisted to progress out of poverty through self-empowering
22 measures.

- 23 a) Existing cash transfer programs shall be reviewed, improved, and expanded to enable the
24 poor to work and capacitate themselves out of poverty in an empowering and dignified
25 manner. Such programs shall benefit not only children of poor families, but also senior
26 citizens, especially older women, persons with disabilities, and other marginalized groups
27 with little or no assets.

- 1 b) Barangay Day Care Centers shall provide 8-10 hour services to enable parents, especially
2 mothers, to pursue economic activities.
- 3 c) Barangay-based, gender-responsive, and participatory disaster preparedness and management
4 schemes shall be established to address and mitigate the effects of climate change and other
5 catastrophic risks.

6 Chapter V

7 Security in the Workplace of Workers in Informal Employment

8 Security in the workplace as defined in Sec. 4 of this Act shall involve the following:

9 **Section 18. *Designation of Workplaces.*** The concerned Local Government Unit (LGU),
10 in coordination with their respective Workers in Informal Employment Development Office
11 (WIELDO), after consultation with informal workers, affected communities, and other relevant
12 groups, shall identify and designate viable workplaces for informal workers; routes, terminals,
13 and specific lanes for small transport workers; and design a system of assigning these to
14 accredited informal workers, These may include markets and vacant areas near markets, vacant
15 public spaces and other spaces which may be designated as allowable workplaces for informal
16 workers.

17 Should concerned informal workers prefer to conduct their economic activities within an
18 identified private property, the LGU shall negotiate with the owner of the property for the
19 possible use of such property as informal workers' workplace..The LGU shall likewise encourage
20 and assist the parties in forging a possible memorandum of agreement.

21 The LGUs, within 60 days from the effectivity of this Act, shall conduct a survey to
22 identify viable vacant areas suitable for routes, terminals, lanes and workplaces for use of
23 informal workers in their respective localities.

1 The LGUs shall, within 90 days after the survey and based on consultations with
2 concerned informal workers, affected inhabitants and relevant sectors as well as the
3 recommendations of WIELDO, pass an ordinance designating such workplaces.

4 **Section 19. *Protection of Agricultural Lands and their Occupants.*** The LGUs, in
5 coordination with the Department of Agrarian Reform (DAR) shall protect all agricultural lands
6 from conversion or reclassification to non-agricultural uses. Special Economic Zones Sites,
7 Tourist Sites or Socialized Housing Sites shall not be allowed in irrigated and irrigable lands. The
8 LGUs shall include in their Comprehensive Land Use Plan (CLUP) all the agricultural lands as
9 protected zones.

10 The LGUs shall make an inventory of all agricultural lands under leasehold and shall
11 enforce the security of tenure of tenants, right of redemption and right of first refusal on the
12 subject land. The LGUs shall provide assistance and protection to tenants in agricultural lands
13 whose landowners violate the provisions of RA 3844 or the Agricultural Land Reform Code.
14 Tenants shall not be evicted based on unilateral termination of the tenancy relationship by
15 landowners.

16 **Section 20. *Use of Municipal Waters, Beach Fronts, and Foreshores.*** Municipal waters
17 shall be used exclusively for marginalized fisherfolk and allied workers. They shall be given
18 priority in the granting of permits and licenses for the establishment of fish pens, fish corrals, fish
19 traps, shellfish culture or similar structures for culture of marine products within the municipal
20 waters.

21 Beach fronts and foreshores are public domain and may be used by any person especially
22 marginalized fisherfolk. LGUs shall ensure that no beach within their jurisdiction is exclusive for
23 the use of resort guests or private persons.

1 LGUs in coordination with the National Housing Authority (NHA), shall establish and
2 create fisherfolk settlement areas on private or public lands, specifically those near the fishing
3 grounds, for municipal fisherfolk with security of tenure.

4 The consent of the affected fisherfolk shall be required before an area is declared a marine
5 protected area or a fish sanctuary by the national or local government unit.

6 **Section 21. *Policy on Eviction and Demolition.*** Informal workers shall not be evicted
7 from their homes and workplaces without legal ground as provided for in Republic Act 7279 or
8 the Urban Development and Housing Act of 1992. In cases where eviction or demolition is
9 warranted under Section 28 of RA 7279, the same shall be conducted upon compliance of the
10 following:

11 (a) notice upon the affected persons or entities at least thirty (30) days prior to the date of eviction
12 or demolition;

13 (b) adequate consultations on the matter of resettlement with the duly designated representatives
14 of the families to be resettled and the affected communities in the areas where they are to be
15 relocated;

16 (c) presence of local government officials or their representatives during eviction or demolition;

17 (d) proper identification of all persons taking part in the demolition;

18 (e) execution of eviction or demolition only during regular office hours from Mondays to Fridays
19 and during good weather, unless the affected families consent otherwise;

20 (f) no violence or unreasonable force shall be committed against women, children, senior citizens,
21 persons with disabilities and other identities similarly situated in the course of eviction or
22 demolition.

23 (g) non-use of heavy equipment for demolition except for structures that are permanent and of
24 concrete materials;

25 (h) proper uniforms for members of the Philippine National Police (PNP) who shall occupy the
26 first line of law enforcement and observe proper disturbance control procedures; and

1 (i) adequate relocation, whether temporary or permanent; provided, however, that in cases of
2 eviction and demolition pursuant to a court order involving underprivileged and homeless
3 citizens, relocation shall be undertaken by the local government unit concerned and the National
4 Housing Authority (NHA) with the assistance of other government agencies within forty-five (45)
5 days from service of notice of final judgment by the court, after which period the said order shall
6 be executed; provided, further, that should relocation not be possible within the said period,
7 financial assistance in the amount equivalent to the prevailing minimum daily wage multiplied by
8 sixty (60) days shall be extended to the affected families by the local government unit concerned.

9 **Section 22. Policy on Confiscation of Materials and Impounding of Vehicles.** In cases
10 where demolition or eviction is warranted, the person who conducts the same shall issue an
11 itemized receipt of all products, goods, and other materials seized from the affected informal
12 workers.

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

17 **Section 23 . Policy on Relocation of Vending Sites.** Before any public market is closed,
18 sold or demolished, all market vendors shall first be relocated by the LGU to a temporary or new
19 public market. Notice of the intention to close, sell, or demolish any public market shall be made
20 to all concerned vendors at least sixty (60) days before the actual transfer or relocation to another
21 market site. Within the sixty (60)-day period after issuance of notice, the LGU shall conduct
22 consultations with the affected vendors on the selection of the relocation site and the
23 implementation of the relocation.

24 Pending the designation of viable vending areas, vendors occupying public places not
25 previously designated as vending sites shall be provided with viable temporary sites by the LGU.
26 Notice of temporary transfer shall be given to the vendors at least fifteen (15) days before the

1 actual transfer. This shall likewise apply to vendors granted with permits but whose workplaces
2 are withdrawn from the list of allowable vending sites. Any change in the list of allowable
3 vending sites shall only be done after consultations with affected vendors.

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

7 **Section 24 . *Policy on Relocation of Terminals.*** Designated terminals for tricycles and
8 pedicabs shall not be arbitrarily relocated without prior notice and consultation with small
9 transport groups, affected community and other relevant sectors. Provided, that relocation of
10 terminals can only be effected through an Ordinance. Provided further, that after the enactment of
11 such ordinance, notice of intention to relocate terminals shall be made to all small transport
12 groups and affected community at least sixty (60) days before the actual relocation.

13 **Chapter VI**

14 **Special Allocations for Development Initiatives**

15 **SEC. 25. *Special Allocations for Development Initiatives.*** – The development initiatives
16 for workers in informal employment shall form part of an integrated and convergent plan to
17 address poverty and vulnerability. The national and local government units shall work together in
18 support of such plan to maximize impact of meager resources.

19 (a) At least ten percent (10%) of the annual national budget shall be appropriated for
20 programs and services for workers in informal employment to be implemented by the Informal
21 Economy Development Authority (IEDA) and Workers in Informal Employment Local
22 Development Office (WIELDO) as created by Chapters VII and VIII of this Act. Support to
23 WIELDO shall be based on the principles of merit and equity.

1 (b) The Implementing Rules and Regulations (IRR) of this Act shall determine additional
2 guidelines on, among others, the use of such finances to ensure that programs and services truly
3 benefit workers in informal employment.

4 **SEC. 26. *Sourcing and Adopting Development Initiatives.*** - Other sources of funds to
5 be used exclusively for initiatives addressing the needs and empowerment of workers in informal
6 employment shall be identified in the Implementing Rules and Regulations (IRR) of this Act and
7 may include the following:

8 (a) Government financial institutions and mechanisms such as the Land Bank of the
9 Philippines (LBP), Development Bank of the Philippines (DBP), National Livelihood Support
10 Fund (NLSF), and Quedan Rural Credit and Guarantee Corporation shall set aside a specific
11 percentage of their loan portfolio to informal economy enterprises and shall give priority to
12 women-led informal economy enterprises by providing loans at an interest of not more than
13 twelve percent (12%) per annum consistent with the spirit of R.A. 7882.

14 (b) The Department of Social Welfare and Development (DSWD) shall strengthen its
15 Self-Employment Assistance Program (SEAK) to uplift and empower women in poverty,
16 particularly those in informal employment, by adopting an integrated, credit-plus approach to
17 micro-finance.

18 (c) The Small Business Guarantee and Finance Corporation (SBGFC) created under
19 Republic Act (R.A.) No. 8289 shall assist in the sourcing and adopting of development initiatives
20 for competitive enterprises in terms of finance, technology, production, management and business
21 linkages. It shall also provide and promote, develop and widen in both scope and service reach
22 various alternative modes of financing for informal economy business activities or enterprises,
23 including but not limited to: direct and indirect project lending, venture capital, financial leasing,
24 secondary mortgage and/or rediscounting of loan papers to such business activities or enterprises,
25 and crop production financing. Further, the Corporation shall guarantee loans obtained by
26 qualified worker or business activity or enterprise, under such terms and conditions adopted by its
27 Board.

1 (d) The Department of Trade and Industry (DTI) shall contribute to enable the
2 development of a business environment that shall include initiatives such as supply chain and
3 market outlets, and schemes to develop Special Credit Windows to upscale informal enterprises.

4 (e) The Department of Science and Technology (DOST) shall support technology-related
5 initiatives of workers and enterprises in the informal economy.

6 **SEC. 27. *Exclusivity of Government Programs.*** – The government shall ensure that
7 programs of financing, grants and other similar incentives shall be exclusively extended to
8 accredited workers, business activities, enterprises or organizations in the informal economy.

9 **SEC. 28. *Tax Exemption.*** - A duly accredited IE worker, business activity, enterprise, or
10 organization shall be exempted from all taxes, national or local, license and building permit fees
11 and other business taxes except real property and capital gains taxes, import duties and other taxes
12 on imported articles. In addition, any and all income, receipts and proceeds derived from their
13 business operations shall be excluded in the computation of gross income for purposes of
14 computing the individual income tax of the members thereof.

15 **SEC. 29. *Inclusivity of Benefits.*** – The exemptions and other benefits provided in this
16 Act shall apply for a period of not exceeding ten (10) years from the date of accreditation of such
17 IE worker, business activity, enterprise, or organization.

18 **Chapter VII**

19 **Informal Economy Development Authority (IEDA)**

20 **SEC. 30. *Creation of the Informal Economy Development Authority (IEDA).*** – There
21 is hereby created an Informal Economy Development Authority, herein otherwise referred to as
22 the IEDA, which shall be attached to the Office of the President and shall be constituted within
23 thirty (30) days after the drafting and approval of the IRR of this Act.

1 The IEDA shall be the primary agency responsible for the promotion, growth,
2 development and empowerment of the workers in the informal economy as well as their
3 enterprises and organizations in the country. It shall be a one-stop shop that will facilitate and
4 closely coordinate national efforts to promote the informal economy's viability and growth,
5 including the provision of an integrated program for skills enhancement, literacy and education,
6 health services, social welfare and services and assistance in tapping of local as well as foreign
7 funds. It shall also perform regulatory and quasi-judicial and other functions relative to the
8 attainment of the objectives of this Act.

9 **SEC. 31. *Mandate and Functions of IEDA.*** – The mandate and functions of IEDA shall
10 include the following:

11 (a) Develop and ensure implementation of a simple system of accreditation for the IE
12 workers, enterprises, and organizations in accordance with the standards and provisions of this
13 Act;

14 (b) Provide guidelines for the implementation by LGUs of a fair and credible system of
15 evaluation, accreditation, review and assessment, merit promotion, rendering of grant and
16 incentive awards and other policies relative to the effective and efficient implementation of this
17 Act;

18 (c) Develop and ensure implementation of annual, long-term and medium term plans for
19 the informal economy, the last of which should form part of the Medium Term Philippine
20 Development Plans (MTPDP) towards institutionalizing comprehensive, rights-based, gender-
21 responsive and child-friendly programs and policies for the IE;

22 (d) Develop and ensure implementation of labor standards;

23 (e) Develop and ensure implementation of gender-based monitoring and evaluation
24 mechanisms, efficient and effective programs and policies, and gender-responsiveness of
25 interventions toward harnessing the full potentials of women workers in informal employment;

1 (f) Coordinate with LGUs for the development and implementation of periodic evaluation
2 of all accredited IE members, enterprises and organizations – taking into account their
3 accomplishments, capabilities and potentials – the results of which shall be used as bases for
4 evaluation, accreditation, the grant of awards and incentives, training and retraining;

5 (g) Establish a performance appraisal system for all accredited workers, enterprises and
6 organizations in the informal economy which shall be the basis for granting or renewal of
7 incentives, rewards and recognition, training and development, including adequate mechanisms to
8 ensure their active participation and involvement;

9 (h) Ensure effective participation of the workers in informal employment and their
10 organizations through the establishment of regular consultative mechanisms and processes.
11 Annual national, regional and provincial consultations among the organizations of workers in
12 informal employment shall be conducted to determine specific issues and problems affecting their
13 sector, and monitor and evaluate implementation of programs and policies.

14 (i) Establish and develop a centralized and sex-disaggregated database system to
15 effectively guide policy formulation and implementation relative to the workers in informal
16 employment. The databank shall be available for public use and shall include but not be limited to
17 the following:

18 i.1. Sex-disaggregated statistical profile of various informal economy workers based on
19 age, location, type of work, average monthly incomes, work hours, and other relevant statistical
20 information;

21 i.2. Sex-disaggregated data on informal enterprises, including capitalization and sources
22 of capital, number and status of workers, average incomes;

23 i.3. List and contact information of government and non-government organizations
24 (NGOs) that provide educational, socio-economic and legal services to workers in informal
25 employment;

26 i.4. Inventory of resolved and pending cases involving activities of workers in informal
27 economy;

1 i.5. Database on the needs and problems of women and children in the informal
2 economy nationwide aimed at strengthening policies and programs against child labor; and

3 i.6. Compilation of international instruments, existing laws and programs affecting the
4 interest and welfare of informal economy workers and information on how these workers may use
5 or avail of such instruments, laws and programs.

6 (j) Develop and ensure implementation of a communication plan including massive
7 information dissemination activities targeting workers in informal employment, their enterprises
8 and organizations, in the various regions towards a better understanding and appreciation of the
9 benefits this Act may bring them;

10 (k) Consistent with letter h Section 2 of the Declaration of Policy, to develop and ensure
11 implementation of a comprehensive plan to eliminate child labor;

12 (l) Monitor and coordinate implementation of policies and programs through the Regional
13 IEDA officers;

14 (m) Coordinate and harmonize all informal economy-related policies, programs, projects
15 and activities of various government agencies towards greater efficiency and effectiveness;

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

18 (o) After consultations with WIE organizations, develop and ensure implementation of
19 policies and programs that will address specific needs and ensure rights of workers in informal
20 employment subsectors including but not limited to: vendors, small transport, non-corporate
21 construction workers, home-based workers; and

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

25 **SEC. 32. Composition.** – The Chair of the IEDA shall be appointed by the President of
26 the Philippines based on recommendations of IEDA members and shall have the rank of a

1 Secretary. IEDA members may elect from among themselves a Vice-Chair to preside over
2 meetings in the absence of the Chair. The members shall be the following:

- 3 (a) Secretary of Department of Labor and Employment (DOLE);
- 4 (b) Secretary of the Department of Trade and Industry (DTI);
- 5 (c) Director General of the National Economic and Development Authority (NEDA);
- 6 (d) Secretary of Department of Agriculture (DA);
- 7 (e) Secretary of Department of Agrarian Reform (DAR);
- 8 (f) Secretary of Department of Social Welfare and Development (DSWD);
- 9 (g) Secretary of Department of Health (DOH);
- 10 (h) Secretary of Department of Transportation and Communication (DOTC);
- 11 (i) Secretary of Department of Public Works and Highways (DPWH);
- 12 (j) Secretary of the Department of Interior and Local Government (DILG);
- 13 (k) Secretary of the Department of Finance (DOF);
- 14 (l) Secretary of the Department of Justice (DOJ);
- 15 (m) Chair of the Commission on Human Rights (CHR);
- 16 (n) Lead Convenor of the National Anti-Poverty Commission (NAPC);
- 17 (o) Director General of Technical Education and Skills Development Authority (TESDA);
- 18 (p) Director General of National Statistics Office (NSO);
- 19 (q) President of Development Bank of the Philippines (DBP);
- 20 (r) President of Land Bank of the Philippines (LBP);
- 21 (s) Chair of the Social Security System (SSS);
- 22 (t) Chair of PhilHealth;
- 23 (u) Chair of the Philippine Commission on Women (PCW);
- 24 (v) Head of the Housing and Urban Development Coordinating Council (HUDCC);
- 25 (w) Three (3) representatives from the private sector at large, all Filipino citizens , proven
26 to have been active in assisting informal economy workers, to represent Luzon, Visayas and
27 Mindanao; provided that at least one (1) is a woman;

1 (x) One (1) representative each from the League of Cities, League of Municipalities,
2 League of Provinces and League of Councilors;

3 (y) Fifteen (15) representatives from People's Organizations (POs) of workers in informal
4 employment, five (5) each from Luzon, Visayas and Mindanao to be elected in a National
5 Assembly of these organizations duly called for that purpose. Provided that, one (1) shall be the
6 incumbent Sectoral Representative of the National Anti-Poverty Commission (NAPC)-Workers in
7 the Informal Employment. Provided further, that at least 50% of the remaining 14 represent
8 subsectors of informal workers that may include vendors, small transport, marginalized farmers,
9 marginalized fisherfolk, home-based workers or non-corporate construction workers; and the rest
10 shall come from Non-Government, women's and other organizations actively working with and
11 for the rights of informal workers. Provided finally, that at least 40% of the remaining 14
12 representatives are women. The guidelines for the nomination and election, including processes
13 and mechanics shall be determined by the IRR of this Act.

14 Representatives from the private sector, NGOs and IE organizations shall serve as IEDA
15 members for a term of three (3) years without re-election and shall be subject to terms and
16 conditions provided for by the IRR.

17 The private sector, workers in informal employment and women's organizations'
18 representatives to the IEDA shall be entitled to receive per diem of at least Two Thousand Five
19 Hundred Pesos (P2, 500.00) per meeting.

20 The IEDA members shall meet once every two (2) months and may call for special
21 meetings as the need arises; provided, that the frequency of such special meetings shall not
22 exceed four (4) times annually.

23 Ten million pesos (P10, 000,000.00) shall be allocated from the Presidential discretionary
24 fund for the initial operating expenses of the IEDA.

25 **SEC. 33. *Executive Committee of the IEDA*** - An Executive Committee of seven (7)
26 members shall be convened. Besides the Chair and Vice-Chair, the following shall be elected by
27 the IEDA members from among themselves or their duly designated alternate representatives: two

1 (2) representatives of organizations of workers in informal employment, one (1) from the
2 different leagues of local officials, one (1) from the private sector, and one (1) from a national
3 government agency, provided, that at least two (2) members of the Executive Committee are
4 women.

5 The Executive Committee shall have the authority to act for and in behalf of IEDA during
6 intervals of meetings, and within the specific authority granted by the IEDA.

7 **SEC. 34. *IEDA Secretariat.*** – The Executive Committee shall create a secretariat that
8 will have the following duties and functions:

9 (a) Prepare and recommend, in coordination with LGUs and other government agencies,
10 annual, medium-term, and long-term Informal Economy Development Plans for approval of the
11 IEDA;

12 (b) Coordinate the preparation of position papers and background materials for discussion
13 or approval during IEDA meetings;

14 (c) Assist in coordinating and monitoring policies, programs and activities of all
15 government agencies with respect to the implementation of this Act;

16 (d) Prepare, collate, and integrate all inputs to the IEDA's yearly report on the status of
17 informal economy workers, business activities or enterprises in the country;

18 (e) Submit periodic reports to IEDA on the progress and accomplishments of its work
19 programs; and

20 (f) Perform other functions as authorized by the IEDA.

21 **SEC. 35. *Authority of the IEDA to Solicit Assistance from Various Agencies.*** – The
22 IEDA may, from time to time, call for the participation of any government agency or bureaucracy
23 in its deliberations especially when such agency is directly or indirectly concerned with and/or
24 affecting the growth and development of the IE in any particular area or manner.

- 1 (d) Monitor, assess and evaluate implementation of the plans and programs as well as the
2 performance of informal workers, their economic activities and their organizations in the areas;
- 3 (e) lead in the local implementation of Chapter V (Security in the Workplace of Workers
4 in Informal Employment) of this Act;
- 5 (f) Coordinate with other local offices, private sector and other organizations with existing
6 programs for the workers in informal employment towards integration and convergence;
- 7 (g) Conduct training programs which will provide new ideas to the IE workers, especially
8 those with the least assets and formal education, and upgrade the technical and entrepreneurial
9 skills of others who are already in the field;
- 10 (h) Implement consciousness-raising and capability building activities which include
11 information on workers', women's and children's rights and leadership training;
- 12 (i) Provide technical support and access to credit, market, technology, social protection
13 schemes, and training for micro-entrepreneurs and those in service industry, small transport, non-
14 corporate construction workers, etc.;
- 15 (j) Train pools of community trainers in business counseling and awareness-raising on
16 occupational safety and health hazards, risks and social protection;
- 17 (k) Support organizing activities among workers in informal employment;
- 18 (l) Establish sex-disaggregated databank on human resources and skills registry to be used
19 as tools for LGU planning and budgeting;
- 20 (m) Provide offices and other necessary resources to support organizing, advocacy,
21 training and other activities of local organizations of workers in informal employment;
- 22 (n) Train workers in informal employment on negotiation skills and on the conduct of time
23 and motion studies to determine proper wages; and
- 24 (o) Provide services, which shall include but not be limited to counseling, conciliation,
25 mediation, and legal assistance for the furtherance of this Act, prioritizing those with the least
26 access to justice.

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

3 In addition to fund allocations specified in this Act, the LGUs shall annually allocate at
4 least One Hundred Thousand Pesos (P100, 000.00) or at least 5% of the twenty percent (20%)
5 Development Fund of their respective IRA whichever is higher for the establishment and initial
6 operations of WIELDO.

7 Following the principle of merit and equity, LGUs that fulfill such allocations may receive
8 additional assistance from the national government as recommended by IEDA; provided, that they
9 have formulated their local development plan for workers in informal employment.

10 **SEC. 39. *Composition.*** The Local Chief Executives (LCEs) shall be the primary
11 overseers of WIELDO's operations. The IRR of this Act shall provide for WIELDO's
12 composition provided that, informal workers' representatives shall form at least fifty percent
13 (50%) of WIELDO's membership. Provided further, that IE representatives shall not be less than
14 five (5), and provided finally, that at least forty percent (40%) of all members are women. Other
15 relevant guidelines on WIELDO's operations shall be included in the IRR of this Act.

16 TITLE II

17 EMPLOYMENT OF WORKERS IN INFORMAL EMPLOYMENT

18 Chapter I

19 Requisites for Employment Agreement

20 **SEC. 40. *Minimum Standards*** – All working arrangements entered into by workers in
21 informal employment shall be in accordance with the minimum applicable labor and social
22 standards as contained in Title II of this Act.

23 These standards shall be strictly enforced in informal economic enterprises supplying or
24 doing outsourcing work for exporters, investors-locators in export processing zones or industrial

1 parks licensed by the Export Processing Zone, and domestic formal sector manufacturers and
2 retailers-distributors.

3 For workers engaged by independent informal economic enterprises, DOLE, in
4 coordination with IEDA shall audit the capacity of these enterprises to comply with these
5 standards. Those incapable of meeting the standards shall be assisted to upgrade their capacity to
6 improve their businesses, as well as the capacity comply with relevant labor and social standards.

7 **SEC. 41. Provisions of Employment Agreement.** The employment contract shall be in
8 written form. However, the absence of a written agreement does not mean the absence of an
9 employment relationship. As a matter of right, informal workers can insist on a written agreement
10 based on minimum standards.

11 In cases wherein minors are contracted with, the said negotiated contract shall be signed
12 on his/her behalf by either parent or legal guardian, with the expressed written consent of the said
13 minor.

14 In cases wherein illiterate workers are contracted with, the said contract shall be explained
15 to the worker concerned and attested to by a representative from the LGU or an elected Barangay
16 official in the city or municipality where the worker is designated to work.

17 Each of the contracting parties shall be provided with a full set of the duly signed
18 agreement which shall include the following basic provisions:

19 (a) working arrangement/mode;

20 (b) period/duration of employment;

21 (c) compensation, which shall not be below the minimum standard, and mode of payment;

22 (d) computation of contributions for social security and medical insurance including for
23 those who fall under DOLE Department Order No. 5;

24 (e) duties and responsibilities;

25 (f) working hours and day-off schedules;

26 (g) living quarters or sleeping arrangements (for live-in workers);

27 (h) the date, term and mode of delivery or date of completion;

1 (i) minimum of twenty percent (20%) down payment for labor cost and services and
2 minimum of 50% for inventory of raw materials used in the production for homeworkers per
3 DOLE Order No.5.

4 Minimum standard compensation referred to above shall be determined by the Regional
5 Wage Boards per subsector of IE workers. In the case of piece rates, this shall be based on the
6 conduct of time and motion studies facilitated by the DOLE Bureau of Working Conditions.
7 While there are no standardized rates for workers in informal economy jobs, the basis of
8 computation shall not be below the applicable minimum wage of the region where they are
9 covered.

10 Enforcement of the standard compensation rates shall be in accordance with the capability
11 to comply as explained in Section 40 of this Act.

12 **SEC. 42. *Payment of Wages*** – Payment derived from negotiated agreement shall be made
13 directly to the workers. No deductions from such payments shall be made by the employer except
14 those provided by law. The expressed written consent of the worker shall be first secured before
15 deductions are made.

16 **Chapter II**

17 **IE Workers of Minor Age**

18 **SEC. 43. *Allowable Employment of Workers of Minor Age*** – Children fifteen (15) years
19 up to seventeen (17) years of age may be employed; provided, that parental or legal guardian
20 consent be presented and attested by any representative of the LGU or duly elected Barangay
21 official where the work is to be done. In no instance however, shall children below fifteen (15)
22 years old be engaged in whatever form of productive services.

23 Workers of minor age shall not be allowed to render work for more than four (4) hours,
24 five (5) days a week, exclusive of one (1) hour break for breakfast or lunch whichever is
25 applicable.

1 Chapter III

2 Prohibited Acts

3 SEC. 44. *Prohibition Against Forced Night Work* – It is unlawful to force, threaten,
4 intimidate or otherwise harass workers in informal employment to engage in night work.
5 Moreover, workers of minor age shall not be allowed to render work between eight o'clock in the
6 evening and six o'clock in the morning of the following day.

7 SEC. 45. *Prohibition Against Work to be Undertaken* – Workers of minor age shall not
8 be allowed to render work beyond their physical and mental capabilities.

9 SEC. 46. *Prohibition Against Bonded Labor* - A worker shall not be allowed to use
10 his/her future services as collateral for any loan or advances made to or to be made by said worker
11 with the employer. Likewise, no employer shall be allowed to bind the worker to his/her
12 continued employ as a form of payment for any loan or advances which he/she may have made
13 with the employer. Should there be an outstanding loan incurred and he/she decides to unilaterally
14 terminate the contract of employment, said loan or advance shall be paid by him/her to the
15 employer under terms and conditions specified in a duly executed promissory note between
16 parties.

17 SEC. 47. *Prohibition Against Labor-Only Contracting* – In no instance shall the
18 employer sub-contract the services of a worker to any third party, unless such activity falls within
19 the purview of an employment arrangement for which the necessary permits and licenses have
20 been priory secured.

21 Labor only contracting means that the contracting agency or party does not provide any
22 raw materials, inputs, or other forms of investment in the enterprise, , does not have any control
23 over the work process, merely supplies labor to a principal, and yet makes the false claim that
24 the contracting party is the employer.

1 **SEC. 48. Prohibition Against Recruitment and Finders Fees** - Regardless whether the
2 worker was sourced either through an employment agency or a third party, said worker shall
3 neither be charged nor levied a share in the recruitment fees or finder's fees by the
4 aforementioned employment agency or third party.

5 **SEC. 49. Prohibition Against Hazardous Work and Conditions** - Any worker shall not
6 be employed in any hazardous work, activity or undertaking, and neither shall he/she be exposed
7 to hazardous working conditions.

8 For purposes of this Section, hazardous work or conditions shall include, but not be
9 limited to the following:

10 (a) Any work which requires workers to render services beyond ten (10) hours;

11 (b) Any work, employment or activity which exposes the worker to physical, emotional or
12 sexual abuse;

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

14 (d) Any work in an unhealthy environment which exposes workers to hazardous
15 substances, agents or processes, or to temperature, noise levels, or vibrations damaging to their
16 health;

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

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

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

21 (h) Any use, procuring or offering of the worker for the commission of any offense or
22 crime, particularly for the production and trafficking of narcotic drugs and substances as defined
23 in the Dangerous Drugs Act;

24 (i) Any other type of work or activity which, by its nature or the circumstances in which it
25 is carried out, is likely to jeopardize the health, safety, or morals of the worker; and

26 (j) Any other type of work, activity, condition or undertaking that maybe hereinafter be
27 defined as hazardous by the DOLE.

1 forms of personal communication, including letters or other forms of correspondence issued or
2 received. The worker shall be allowed communications coursed through the private telephone of
3 the employer; provided that any additional expense incurred due to such communication shall be
4 borne by the worker and shall be deducted after the employer's due notice to the worker of the
5 amount incurred.

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

9 **SEC. 53. Access to Education and Training** – A worker shall not be deprived of formal
10 or non-formal education. In cases where he/she is productively employed, he/she shall be allowed
11 to attend or pursue any kind of educational program during free time or any other time as agreed
12 by the employer and the worker.

13 The Department of Education (DEP ED), Commission on Higher Education (CHED) and
14 other appropriate agencies, shall extend services such as the Study Now, Pay Later Program to the
15 workers in the IE **and their dependents.**

16 **SEC. 54. Access to Lawful Third Party Mediation** - The LGUs shall provide workers
17 and their employers the names, addresses and telephone numbers of the designated liaison
18 officers of the following:

- 19 (a) DTI;
- 20 (b) DOLE;
- 21 (c) The Barangay office where he/she is productively working; and
- 22 (d) Duly registered NGOs accredited to mediate the disputes of their sector.
- 23 (e) IEDA

24 The employer guarantees the worker the access to all available means of communication
25 for the purpose of contacting any of the above-enumerated institutions.

1 **SEC. 55. *Normal Hours of Work*** - The normal hours of work is eight (8) hours per day,
2 exclusive of one (1) hour breaks each for breakfast, lunch and dinner. The worker shall be
3 allowed at least eight (8) hours of continuous rest per day. Otherwise, any work done by him/her
4 beyond the normal hours of work per day shall be duly compensated.

5 **SEC. 56. *Regular Working Days*** – No worker shall render work for more than six (6)
6 days per week.

7 **SEC. 57. *Longevity Pay*** - A longevity pay equivalent to five percent (5%) of his/her
8 latest monthly basic pay shall be paid to a worker for every two (2) years of continuous and
9 satisfactory service rendered.

10 **SEC. 58. *Clothing and Personal or Protection Equipment Allowance*** – A worker shall
11 be entitled to a minimum of One Thousand (P1,000.00) pesos clothing and personal or protection
12 equipment (PPE) allowance annually. Provided, that the worker has rendered at least one (1) year
13 of continuous service in the employment he/she is currently in.

14 **SEC. 59. *Service Incentive Leave*** - A worker who has been employed for one (1) year
15 shall be entitled to a five (5)-day service incentive leave with pay, in addition to the one (1) day
16 per week designated as rest day. Said leave may only commence at the end of the first year of
17 employment and shall not cumulate from year to year.

18 **SEC. 60. *Maternity Benefits***. - ' A female worker who has been employed for one (1) year
19 shall be entitled to maternity benefits as provided for by law.

20 **SEC. 61. *13th Month Pay*** – A worker shall be entitled to 13th month pay equivalent to
21 one month's basic salary provided, that the worker has reached the required minimum residency.

1 Otherwise, the worker shall be entitled to receive a 13th month pay on a pro-rated basis as
2 provided for in DOLE D.O. No. 5.

3 **SEC. 62. *Allowing Subcontracting*** - A worker may enter into sub contractual
4 employment or may accept sub contractual jobs from any other enterprise or firm joining or may
5 join productive employment through a cooperative consortium; provided, that the enterprise, firm,
6 cooperative, or consortium meets the requirements of Articles 106-109 of the Labor Code and
7 their Implementing Rules (DO 18-02), including registration requirements under the said DO 18-
8 02.

9 **SEC. 63. *Pre-Termination of Contract*** -- The employer may, at his/her own discretion,
10 terminate the services of the worker; provided however, that the said employer provides the
11 worker with at least fifteen (15) day notice of termination, and termination pay equivalent to at
12 least one half (½) month's salary. In lieu of the fifteen (15) day notice of termination, the
13 employer may immediately terminate the services of the worker, provided that said employer
14 provides the worker termination pay equivalent to one (1) month's salary.

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

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

21 **SEC. 64. *Extent of Duty*** - The employer shall not require a worker to perform any task or
22 work outside what is stipulated in the agreement.

23 **SEC. 65. *Deployment Expenses*** -- Deployment expenses of the worker, including
24 transportation and agency fees, shall be shouldered by the employer

1 **SEC. 68. *Separability Clause*** - If any provision of this Act is declared unconstitutional
2 or invalid, the provisions not affected shall continue to be in full force and effect.

3 **SEC. 69. *Repealing Clause*** - All laws, decrees, orders, rules and regulations or other
4 issuances inconsistent with the provisions of this Act are hereby repealed, amended or modified
5 accordingly.

6 **SEC. 70. *Effectivity*** – This Act shall take effect fifteen (15) days after its publication in at
7 least two (2) newspapers of general circulation or the Official Gazette, whichever comes first.

8 *Approved,*