

SENATE  
S. No. 314

'19 JUL 10 A9:40

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Introduced by Senator Grace Poe

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RECEIVED BY: 

**AN ACT  
PROVIDING FOR A MAGNA CARTA FOR WORKERS, ENTERPRISES AND  
ORGANIZATIONS IN THE INFORMAL ECONOMY, INSTITUTIONALIZING  
MECHANISMS FOR IMPLEMENTATION THEREOF,  
AND FOR OTHER PURPOSES**

*Explanatory Note*

Under the National Statistical Coordination Board (NSCB) Resolution No. 15, Series of 2002, 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.<sup>1</sup>

Data on workers in the informal economy in the country are hard to come by. However, based on past studies, we know that they are composed mostly of individuals or unincorporated organizations of one to two workers.<sup>2</sup> They are mostly employed in agriculture, hunting and forestry, or wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods.<sup>3</sup> Historically, the sector accounts for close to 50% of total employment and 50% of total gross domestic product (GDP).<sup>4</sup>

It can be inferred that workers in the informal economy account for a large portion of the labor force and for a substantial portion of GDP, acting as a "sponge" for individuals who could not enter the formal economy. However, despite their substantial share in employment and economic growth, workers in the informal economy are not provided adequate social protection or assistance. Around 70.6% of workers in the informal economy rely on their savings as their primary source of capital,<sup>5</sup> while 48.6% lack access to capital and markets,<sup>6</sup> and 98.5% do not receive

<sup>1</sup> <http://nap.psa.gov.ph/resolutions/2002/I5.asp>

<sup>2</sup> Sibal, J.V. "Measuring the Informal Sector in the Philippines and the Trends in Asia" Paper presented at the 10<sup>th</sup> National Convention on Statistics (2007).

<sup>3</sup> Philippine Statistics Authority (PSA). "Informal sector operators counted at 10.5 million (Results from the 2008 Informal Sector Survey) (01/14/09).

<sup>4</sup> Venida, V.S. "Employment, Productivity and The Informal Sector In The Philippines, 1974-88: An Input- Output Analysis"

<sup>5</sup> *Op. Cit.*

any loan assistance.<sup>7</sup> Workers in the informal economy are generally not members of the Social Security System.

Congress has yet to enact a measure that would adequately protect workers in the informal economy. Various laws protect subsectors of the informal economy. However, the informal sector as a whole is not provided with sufficient protection.<sup>8</sup> This contradicts the social justice provisions of the 1987 Philippine Constitution, foremost of which is Article XIII, Section 1, which states: "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 for the common good."

Thus, this bill seeks to protect and support workers in in the informal economy. This measure seeks to achieve this by:

1. Defining who workers, businesses and organizations in the informal economy are and specifying their rights and benefits.
2. Creating the following institutional mechanisms:
  - i. The Informal Economy Development Council, which serves as the policy making body for IE workers, businesses and organizations on the national level. The IEDC's powers and functions include, but are not limited to, the following:
    - a. Developing a simple registration system for IE workers, enterprises, and organizations;
    - b. Crafting, implementing and monitoring plans for the informal economy, which shall be part of the NEDA's Medium Long-Term; and
    - c. Ensuring the protection of the rights of informal economy workers, enterprises and organizations.
  - ii. Workers in Informal Employment Local Development Offices (WIELDO) in every city and municipality. WIELDOs shall lead the implementation of this measure on the local level.


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<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> Tolentino, M., Sibal, J.V. et.al.. "Survey and Assessment of Laws on the Informal Sector" Philippine Journal of Development Number 51: Vol. 27, No. I (2001).

In view of the foregoing, the immediate approval of this legislative measure is hereby earnestly sought.

  
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MECHANISMS 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 of  
Workers in the Informal Economy" (MACWIE).

Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State  
to:

- a) Promote a just and dynamic social order that will ensure that the  
prosperity and independence of the nation and free the people from  
poverty through policies that provide adequate social services, promotes  
decent and full employment, a rising standard of living, and an improved  
quality of life for all;
- b) Protect, promote, and fulfill the rights of every worker including gender  
equity, non-discrimination, the right to self-organization, just and humane  
conditions of work, access to social protection programs and services,  
access to justice, security of and in the workplaces, and the right to



1 represent their organizations in a continuing process of consultation and  
2 social dialogue, with equitable membership in relevant tripartite bodies;  
3 and

- 4 c) Establish and fully implement an integrated and coherent policy, at all  
5 levels of government, of formalization of informal economic units and  
6 informal economy workers and make them visible in all relevant national  
7 and local statistics.

8 Sec. 3. *Coverage.* – This Act shall apply to all workers and economic units –  
9 including enterprises, entrepreneurs and households – in the informal economy, in  
10 particular:

- 11 (a) Those who own and operate economic units including self-employed  
12 workers; self-employed own-account workers; employers; members of  
13 cooperatives; and members of other social and solidarity economy units.  
14 (b) Home-based workers or contributing family workers, irrespective of  
15 whether they work in economic units in the formal or informal economy;  
16 (c) Employees holding informal jobs in or for formal enterprises, or for  
17 economic units in the informal economy, including but not limited to  
18 those in contract arrangement and/or in supply chains, or as non-regular  
19 paid domestic workers employed by households;  
20 (d) Workers in unrecognized or unregulated employment relationships  
21 provided that the work performed is not illegal;  
22 (e) Volunteer; contractual; job orders; and other vulnerable workers in  
23 government instrumentalities; and  
24 (f) Agricultural workers or fisherfolk in unrecognized or unregulated  
25 agricultural or farming endeavors and fishing activities.

26 Sec. 4. *Definition of Terms.* – The following terms are defined for the  
27 purposes of this Act:

- 28 a) *Informal Economy* – refers to all economic activities by workers and  
29 economic units that are, in law or in practice, not covered or insufficiently  
30 covered by formal arrangements.  
31 b) *Economic Units* in the informal economy include but are not limited to  
32 units that employ hired labor; units that are owned by individuals working

on their own account, either alone or with the help or contributing family workers; cooperatives and other social and solidarity economy units; and informal work that may be found across all sectors of the economy, in households, as well as public and private spaces including government instrumentalities and Government Owned and Controlled Corporations (GOCCs).

c) *Informal Economy Workers' Organization* – refers to a group or groups of informal workers, whether formally constituted or otherwise, that are organized with the primary objective of promoting the rights and welfare of workers in informal economy.

d) *Informal employment* – refers to an employment arrangement in the formal or informal sectors or in households that exist based mostly on casual employment, kinship or personal and social relations with no formal guarantees on legal and social protection and employment benefits, and prevalent in economic units that are unregistered, unlicensed and unregulated.

e) *Security of and in the Workplace* – refers to the right of every worker and informal economic unit to an enabling environment that guarantees and protects the spaces, facilities, and structures to undertake their work, including the right to feel safe in one's own work space, legal security of tenure and freedom from discrimination, risk, danger, doubt, anxiety, or fear of being removed, evicted or prevented from working.

f) *Social Protection* – refers to policies and programs that seek to reduce poverty and vulnerability to risks and enhance the social status of the marginalized by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people's capacity to manage risk, as well as all other interventions that support communities, households, and individuals, both women and men, and realizing their rights as citizens through their full participation in decision-making affecting or may affect their access to and control over resources necessary to maintain and sustain a decent and secure life.



1 Social protection schemes shall include labor market interventions,  
2 social insurance, social welfare, safety nets, disaster risk reduction and  
3 management mechanisms, adaptive measures in the context of climate  
4 change, affordable housing, and other provisions necessary for vulnerable  
5 groups to adequately address and manage risks, vulnerabilities, and  
6 threats to workers' livelihood activities and overall quality of life.

7 g) *Social and Solidarity Economy Units* – refers to enterprises and  
8 organizations including cooperatives as defined under Republic Act No.  
9 9520, mutual benefit societies, associations, foundations and social  
10 enterprises which produce goods, services and knowledge that meet the  
11 needs of the community they serve, through the pursuit of specific social  
12 and environmental objectives and the fostering of solidarity.

13 h) *Volunteer, contractual, job orders, and other vulnerable workers in*  
14 *government instrumentalities* – refers to workers in government  
15 instrumentalities who do not occupy plantilla positions; receive salaries but  
16 not benefits; are contracted out for specific periods of time; and/or who  
17 receive allowances or honoraria. These include but are not limited to: job  
18 order and other contractual workers, project staff, barangay health  
19 workers, barangay tanod, barangay nutrition scholars, barangay daycare  
20 workers, barangay volunteers and other vulnerable workers in government  
21 instrumentalities for disasters, enumerators, among others.

22 i) *Social Protection Floor* – Refers to a set of guarantees ensuring access to  
23 essential health services, income support for children for education,  
24 health, and nutrition, income assistance for economically active groups  
25 who do not have sufficient earnings in case of emergencies , and financial  
26 support for elderly population, and women informal workers in difficult and  
27 vulnerable circumstances like single mothers, and women survivors of  
28 abuse and violence.

## 29 Chapter II

### 30 Rights and Benefits

31 Sec. 5. *Basic rights.* – Workers in the informal economy shall have the same  
32 basic rights accorded to all workers, as enshrined in the Philippine Constitution, the



1 Labor Code as amended, and relevant international human rights instruments and  
2 international labor standards. Accordingly, the state shall guarantee all workers in  
3 the informal economy the following rights:

- 4 a) Security of and in the workplace;
- 5 b) Make a living through work freely chosen or accepted; and avail of  
6 technical and vocational guidance and training programs;
- 7 c) Just and favorable conditions of work, including provision for work-life  
8 balance such as child care and other facilities to reduce and redistribute  
9 family and domestic responsibilities;
- 10 d) A living wage and equal remuneration for work of equal value without  
11 distinction of any kind, in particular for women who shall be guaranteed  
12 equal wages for work similar or equivalent to those done by men;
- 13 e) Equal opportunity for promotion, subject to no other considerations than  
14 seniority and competence;
- 15 f) Safe and healthy working conditions safeguarding general, occupational  
16 and reproductive health;
- 17 g) Basic services including but not limited to affordable medical care,  
18 reproductive and other health services including modern family planning,  
19 low-cost housing, water, sanitation, electricity and transport;
- 20 h) Rest, leisure and reasonable limitation of working hours and periodic  
21 holidays with pay, as well as remuneration for public holidays whenever  
22 applicable;
- 23 i) Maternity and paternity benefits, as provided for by law;
- 24 j) Equal access to education, skills training, and economic resources to  
25 develop self-reliance, especially of children and young persons, without  
26 any discrimination;
- 27 k) Self-organization to collectively negotiate with government and other  
28 entities in the promotion of their welfare and advancement of their  
29 interests, free from any political interference;
- 30 l) An adequate standard of living for workers and their families, adequate  
31 food, clothing, and shelter, and the continuous improvement of such  
32 standard;

- m) Freedom from any form of discrimination, violence, exploitation including sexual exploitation, harassment, abuse and any form of inhumane treatment which debases, degrades or demeans the intrinsic worth and dignity of the worker as a human being;
- n) Accessible, affordable, and appropriate social protection as defined in Section 4, (f) of this Act;
- o) Equal treatment before the law;
- p) Substantial participation in policy and decision-making processes through their organizations and the use of social dialogue, including access to information and other resources relevant to the promotion and protection of their rights and welfare;
- q) Equal access to justice through appropriate mechanisms, including, but not limited to, alternative dispute resolution processes; and
- r) Access to public procurement including advice and reserving quotas for informal economic units.

Sec. 6. *Own-account workers and informal economic units.* – Own-account workers as well as informal economic units, being the working poor's primary instruments to address and overcome poverty, shall be accorded the following preferential rights by the State:

- a) Infrastructure support such as farm to market roads, common, affordable and secure workplaces and facilities, merchandising centers, farmers' markets or Bagsakan with proper storage facilities, and inventory bulk-buying centers;
- b) Policy support to promote and protect local and domestically-produced products and services, and support in enhancing their participation in the value chain process;
- c) Ease and facilitation of access to markets, including capacity-building to access and maximize e-marketing facilities;
- d) Access to affordable, appropriate and adequate financial services, including, among others, collateral-free and gender-responsive credit at low interest;



- e) Access to appropriate and adequate machinery, equipment, and other technologies, with the end in view of increasing productivity, enhancing quality of products and services, and growth;
- f) Protection from unjust dislocation from places where economic activities are conducted with the "provision of relocation before demolition";
- g) Measures against racketeering, extortion, and harassment, by both State and non-State elements;
- h) Freedom from deprivation of property without valid cause and due process of law; and
- i) Affordable and customized social security and insurance programs.

Sec. 7. *Rights of Legitimate Organizations of Workers in the Informal Economy.* – Organizations of workers in informal employment, including unions, cooperatives, social and solidarity economic units/organizations and mutual benefit associations, shall have the right to:

- a) Freely function and act as the representatives of their members in policy and decision-making processes, collective negotiations, and other similar bodies and processes in the context of tripartism and multi-sector;
- b) Establish, join or affiliate with local unions, national federations or confederations, and international trade union organizations, a right which shall be duly recognized, protected and supported by the national government;
- c) Access information from concerned government institutions and other parties that are pertinent to the protection and promotion of the rights and welfare of their members;
- d) Own property, real or personal, for the use and benefit of their organizations and members;
- e) Sue and be sued under their registered names; and
- f) Undertake all other activities, not contrary to law, designed to benefit their organizations and members.

Sec. 8. *Organizing Workers in Informal Economy.* – Workers in informal economy shall be encouraged to organize themselves into self-help organizations, associations, federations, and confederations for their mutual benefit and protection,



and for other legitimate purposes. Special attention shall be given to organizing women and other vulnerable workers in informal economy.

Sec. 9. *Assistance to Organizations of Workers in the Informal Economy.* – All concerned national government agencies, government financial institutions and local government units shall include in their annual plans and budgets, programs and projects that support and address concerns of organizations of workers in the informal economy and their members.

### Chapter III

## Security in the Workplace of Workers in the Informal Economy

Sec. 10. *Designation of Workplaces.* – Local Government Units (LGU), in coordination with organizations of workers in the informal economy within their jurisdiction, affected communities, and other relevant groups, shall endeavor to identify, designate, and design a system of assignment on the following:

- a) Productivity and merchandizing centers as viable workplaces for informal workers; which may include markets and vacant areas near markets, vacant public spaces and spaces which may be a private property that the LGU may acquire, lease or negotiate with legitimate organizations of workers in the informal economy for lease under a memorandum of agreement, and
- b) routes, terminals, and specific lanes for small transport workers.

The process of identifying and designation of such workplaces shall be determined in the Implementing Rules and Regulations (IRR) of this Act, provided, that such process shall have the substantial participation of relevant workers in the informal economy organizations and stakeholders.

Sec. 11. *Policy on Eviction and Demolition.* – Workers in the informal economy or employment shall not be evicted from their homes and workplaces without legal ground as provided for by R.A. 7279, otherwise known as the “Urban Development and Housing Act of 1992”, and provision of livelihood opportunities, adequate water and electricity availability, as well as decent conditions of living in accordance with law. Logistical viability for the displaced shall be given priority in determining resettlement areas, provided that, there shall be no demolition without ensuring appropriate resettlement.

1           Sec. 12. *Policy on Confiscation of Materials and Impounding of Vehicles.* – In  
2 cases where demolition or eviction is warranted, the person, government agencies or  
3 their agents who conduct the same shall issue a duly signed itemized receipt of all  
4 products, goods, and other materials seized from vendors and other affected  
5 workers in the informal economy.

6           Tricycles, pedicabs, and other modes of transportation shall not be  
7 impounded for violations of license, registration, or traffic regulations unless the said  
8 vehicles were utilized in the conduct of criminal activities. In cases of violation of  
9 traffic regulations, the issuance of a traffic violation ticket shall suffice.

10          Sec. 13. *Policy on Relocation of Vending Sites.* – Before any public market is  
11 closed, sold or demolished, all market vendors shall first be relocated by the LGU to  
12 a temporary or new public market. Notice of the intention to close, sell, or demolish  
13 any public market shall be made to all concerned vendors at least sixty (60) days  
14 before the actual transfer or relocation to another market site. Within the sixty (60)-  
15 day period after issuance of notice, the LGU shall conduct consultations with affected  
16 vendors on the selection of the relocation site and implementation of the relocation.

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

24          In the event that a new public market is constructed in place of an old one,  
25 market vendors with stalls displaced from their workplaces shall be assured of stall  
26 assignment in the new market. Displaced ambulant vendors, shall, as much as  
27 practicable also be given appropriate selling sites.

28          Sec. 14. *Policy on Relocation of Terminals.* – Designated terminals for  
29 tricycles, pedicabs and other similar modes of transportation shall not be arbitrarily  
30 relocated without prior notice and consultation with small transport groups,  
31 legitimate organizations of workers in the informal economy, affected community  
32 and other relevant sectors. Relocation of terminals can only be effected through an



Ordinance. Provided further, that after the enactment of such ordinance, notice of intention to relocate terminals shall be made to affected transport groups and community at least sixty (60) days before the actual relocation.

#### **Chapter IV**

#### **Social Protection for Workers in the Informal Economy**

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

Sec. 15. *Institutionalization of Social Protection Floor for the Workers in the Informal Economy.* – The State shall support, sustain, enhance, and institutionalize social protection initiatives for workers in the informal economy through the convergence of resources of various agencies to provide continuous social security and health insurance subsidies to workers in the informal economy. Such resources shall also be used for programs for the unemployed, children, women in difficult and vulnerable circumstances, and older persons based on applicable and ever improving standards.

Sec. 16. *Social Welfare Efforts.* – The Department of Social Welfare and Development (DSWD) shall consolidate its strategic social welfare efforts to address the needs of the workers in the informal economy, including but not limited to direct assistance, policy development and community engagement for the workers.

Sec. 17. *Role of the Department of Labor and Employment.* – The DOLE shall engage in labor market interventions that shall provide adequate protection for the workers in the informal economy. The DOLE shall likewise ensure timely and immediate action for labor concerns, security of tenure, job generation and other pertinent concerns. It shall, in collaboration with other livelihood and enterprise development implementing agencies, Department of Local Government (DILG) and Department of Finance (DOF), develop a typology of formalization of informal economic units in terms of, among others, registration and standardized, affordable business permit cost , increased compliance, and extension of labor and social security program.

Sec. 18. *Social Safety Nets.* – The State shall ensure that the social safety nets provided by the DOLE, DSWD, Department of Agriculture (DA) and other government agencies shall be easily accessible to the workers in the informal



economy and their organizations. These shall include but not be limited to conditional cash transfers, unconditional cash transfers, school feeding programs, unconditional in-kind transfers, public works, cash-for-work, emergency employment schemes, and fee waivers.

Sec. 19. *Women, Family and Child Care Program.* – The DOLE, Department of Health (DOH), Philippine Health Insurance Corporation (PhilHealth), and DSWD shall ensure that maternity protection is extended to informal economy workers in accordance with Sections 9 and 10 of R.A. 11210, the Expanded Maternity Leave Law. Programs on maternal and child health and nutrition; child feeding; modern family planning; and other health-related services shall be strengthened and target women workers in the informal economy.

The State shall encourage the provision of and access to affordable quality childcare and other care services to promote gender equality in entrepreneurship, employment opportunities, and to enable the transition to formal economy.

Sec. 20. *Social Insurance.* – As specified in the IRR of this Act, the government shall ensure that all social insurance programs including but not limited to Social Security, Pag-Ibig (Home Development Mutual Fund) and PhilHealth shall be fully available, accessible and affordable to workers in the informal economy, and that the government agencies governing them shall formulate policies and mechanisms for their full utilization and benefit, in consultation with the representatives of workers in the informal economy. In the interest of equity, the State shall subsidize the corresponding employers' contribution, had they been in formal employment.

Sec. 21. *Disaster Risk Reduction and Management (DRRM) and Climate Change.* – The state, particularly at the community level, shall engage workers in the informal economy and their organizations in DRRM efforts from preparedness, to response, rehabilitation and recovery. Responding to climate change in terms of minimizing contributions to greenhouse gas emissions and adapting to its long-term impact through resiliency-building programs shall also involve workers in the informal economy and their organizations.

## Chapter V

### Labor Standards and Enforcement of Labor Laws

1 **for Workers in the Informal Economy**

2 Sec. 22. *Applicability of the Provisions of the Labor Code.* – The provisions of  
3 the Labor Code governing the employer-employee relationship particularly on  
4 general labor standards and occupational safety and health standards shall apply to  
5 all forms of work arrangements in the informal economy.

6 The state shall adopt a developmental perspective in dealing with informal  
7 economic units. The DOLE, in coordination with the IEDC, shall assess the capacity  
8 of these enterprises to comply with general labor standards. Those incapable of  
9 meeting the standards shall be assisted to upgrade their capacity to improve their  
10 businesses, as well as the capacity to comply with relevant labor and social  
11 standards.

12 Sec. 23. *Prioritization for Education and Training.* – The State shall implement  
13 adequate training and information campaigns to provide workers in the informal  
14 economy and their employers the full knowledge on applicable labor and  
15 occupational safety and health standards for their subsequent compliance.

16 Sec. 24. *Prohibited Acts Specific to Workers in the Informal Economy.* – The  
17 following are deemed prohibited:

18 1) *Non-compliance with minimum labor standards and occupational health*  
19 *and safety standards.* - The employment contract shall be in writing  
20 specifying the terms and condition of engagement which must not be  
21 lower than the minimum standards provided by law. However, the  
22 absence of a written agreement does not mean the absence of an  
23 employment relationship.

24 The contract shall be explained to the worker and attested to by an  
25 elected Barangay official in the barangay where the worker is designated  
26 to work.

27 2) *Recruitment or Finders' Fees.* – Regardless of whether the worker was  
28 sourced either through an employment agency or a third party, workers in  
29 the informal economy shall neither be charged nor levied a recruitment  
30 fee or finders' fee.

31 3) *Hazardous Work and Conditions in Formal Workplaces.* – Workers shall not  
32 be engaged to do hazardous work, activity or undertaking, or be exposed



1 to hazardous working conditions in accordance with existing laws and the  
2 IRR of this Act.

3 4) *Interference and Coercion.* – Any person is prohibited from committing  
4 any of the following acts of interference or coercion:

- 5 a) Preventing any worker from upholding or exercising his/her rights;
- 6 b) Preventing any worker from joining or assisting organization for  
7 purposes not contrary to law;
- 8 c) Preventing any worker from carrying out his/her duties or functions  
9 in an organization, or to penalize the same for any lawful action  
10 performed in that capacity;
- 11 d) Harassing, threatening, coercing or intimidating any worker that  
12 result in preventing him or her from performing his or her duties  
13 and functions;
- 14 e) Transferring, penalizing or terminating the services of a worker  
15 without valid or legal ground; and
- 16 f) Other acts that or threaten to diminish the independence and  
17 freedom of a workers' organization to direct its own affairs.

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

27 Sec. 25. *Visitorial and Enforcement Power of the Secretary of Labor and*  
28 *Employment.* – Employment contracts and/or engagements in the Informal Economy  
29 shall be subject to the visitorial and enforcement power of the Secretary of Labor  
30 and Employment pursuant to Article 128 of the Labor Code of the Philippines.

## 31 **TITLE II**

### 32 **Chapter I**



1                                   **Informal Economy Development Council (IEDC)**

2                   *Sec. 26. Creation of the Informal Economy Development Council (IEDC). –*

3   There is hereby created an Informal Economy Development Council, hereinafter  
4   referred to as the IEDC, which shall be an attached agency of the National Economic  
5   and Development Authority (NEDA). The IEDC shall institute appropriate reforms  
6   within its structure, programming and other processes, including adjusting its human  
7   resource capabilities to ensure that programs focused on workers in the informal  
8   economy are efficiently and adequately implemented to address the needs of these  
9   workers. An inter-agency committee shall be formed to coordinate policies and  
10   programs of various government agencies towards the transition of informal  
11   economic units to formal.

12           The IEDC shall be constituted within thirty (30) days after the approval of the  
13   IRR of this Act.

14           *Sec. 27. Mandate and Functions of IEDC. –* The mandate and functions of  
15   IEDC shall include the following:

- 16           a) Develop and ensure implementation of annual, long-term and medium-  
17           term plans for the informal economy. The last of which should form part  
18           of the Medium Term Philippine Development Plans (MTPDP) towards  
19           institutionalizing comprehensive, needs and rights-based, gender-  
20           responsive and child-friendly programs and policies for the informal  
21           economy;
- 22           b) Develop policies to transition workers in the informal economy and  
23           informal economic units to formal economy and according to standards  
24           provided for in this Act and related laws, treaties or statutes;
- 25           c) Develop and implement training programs, and certify workers for jobs in  
26           industries that produce goods and render services for the benefit of the  
27           workers in the informal economy;
- 28           d) Develop and ensure implementation of gender-based monitoring and  
29           evaluation mechanisms, efficient and effective programs and policies, and  
30           gender-responsive interventions toward harnessing the full potentials of  
31           women workers in the informal economy;

- 1 e) Ensure that concerned government agencies shall allocate in their  
2 respective Special Allocation for Development Initiatives adequate  
3 resources for programs that will benefit workers in the informal economy;
- 4 f) Develop and ensure implementation of a simple system of registration of  
5 workers in the informal economy, and accreditation of informal livelihood  
6 activities enterprises, and organizations in accordance with the standards  
7 and provisions of this Act;
- 8 g) Provide guidelines for the implementation by LGUs of a fair and credible  
9 system of evaluation, accreditation, review and assessment, merit  
10 promotion, rendering of grant and incentive awards and other policies  
11 relative to the effective and efficient implementation of this Act;
- 12 h) Ensure the effective implementation of labor standards covering workers  
13 in the informal economy as provided for by this Act and corresponding  
14 IRR;
- 15 i) Coordinate with LGUs for the development and implementation of  
16 periodic evaluation of all accredited informal economy members,  
17 enterprises and organizations for use as bases for accreditation, the grant  
18 of awards and incentives, training and retraining;
- 19 j) Ensure effective participation of workers in the informal economy and  
20 their organizations through the establishment of regular consultative  
21 mechanisms and processes.
- 22 k) Establish and develop a centralized and sex-disaggregated database  
23 system to effectively guide policy formulation and implementation relative  
24 to the workers in the informal economy. The databank shall be available  
25 for public use while strictly complying with laws on privacy and  
26 confidentiality. The database shall include pertinent information as  
27 specified in the IRR of this Act.
- 28 l) Develop and implement a communication plan and campaign targeting  
29 workers in the informal economy, their enterprises and organizations,  
30 towards a better understanding and appreciation of the benefits of this  
31 Act;



- 1 m) Consistent with Section 2(h) of this Act, to develop and ensure  
2 implementation of a comprehensive plan to eliminate child labor;
- 3 n) Assess all means to ensure the transition of informal economic units and  
4 the workers in the informal economy from their position in the informal  
5 economy to formal economy as contained in the IRR of this Act;
- 6 o) Coordinate and harmonize all informal economy-related policies,  
7 programs, projects and activities of various government agencies  
8 including the Regional IEDC Officers towards greater efficiency and  
9 effectiveness;
- 10 p) Monitor the LGU-generated incomes from informal employment;
- 11 q) Conduct annual reviews of government programs for the workers in the  
12 informal economy and submit to Congress and the President of the  
13 Philippines corresponding reports thereon together with policy and other  
14 recommendations;
- 15 r) Develop and ensure implementation of accessible just conflict resolution  
16 and adjudication systems and mechanisms to promote dialogue,  
17 conciliation, mediation and redress of grievances to protect the rights of  
18 workers in the informal economy; and
- 19 s) From time to time, call on the participation of relevant government  
20 agencies in its deliberations as necessary.

21 Sec. 28. *Composition.* – The IEDC shall be co-chaired by the Director General  
22 of NEDA and the Secretary of Department of Labor and Employment. IEDC members  
23 may elect from among themselves a Vice-Chair to preside over meetings in the  
24 absence of the Chair. The members shall be the relevant government  
25 instrumentalities as determined by the IRR of this Act provided that, at least 30% of  
26 total membership of IEDC shall come from organizations of workers in the informal  
27 economy accredited with the SEC, DOLE or DA. Provided, further, that at least 40  
28 percent of the 30 percent are women.

29 Representatives from the Social Partners, private sector, NGOs and workers in  
30 the informal economy organizations shall serve as IEDC members for a term of three  
31 (3) years without re-election and shall be subject to terms and conditions provided  
32 for by the IRR.

Sec. 29. *Initial IEDC Funds.* – P100 million pesos (P100,000,000.00) shall be allocated from the Presidential discretionary fund for the initial operating expenses of the IEDC, which shall include the initial allocation of funds for the operations of the WIELDU at the LGU level.

Sec. 30. *IEDC Secretariat.* – The IEDC Secretariat shall be jointly organized by the NEDA and the DOLE with functions that shall be determined by the IRR of this Act and integrated in the DOLE secretariat functions.

Sec. 31. *Regional and Provincial IEDC Officers.* – There shall be Regional and Provincial IEDC Officers who shall be appointed by the IEDC and shall have functions that include: monitoring and coordinating of IEDC initiatives in the regions and Provinces; evaluation of policies programs for workers in the informal economy; providing technical assistance in the development of local plans and programs; as well as other administrative functions necessary for the success of IEDC initiatives in their jurisdiction.

IEDC Regional Officers shall have automatic seats in all Regional Development Councils (RDCs).

## Chapter II

### Workers in Informal Economy Local Development Unit (WIELDU)

Sec. 32. *Workers in Informal Economy Local Development Unit (WIELDU).* – The Workers in Informal Economy Local Development Unit (WIELDU) shall be established in every city and municipality to perform the following functions among others in consultation with the workers in the informal economy and their organizations:

- a) Prepare an overall development plan and work program that will address the needs of the workers in the informal economy. The barangay development plans shall be incorporated in this overall development plan;
- b) Encourage the organizing of informal economic units and workers in the informal economy;
- c) Develop and maintain a comprehensive, age, and sex-disaggregated database of all workers in the informal economy and economic units within the jurisdiction of the LGU that shall include all relevant information as contained in the IRR of this Act. Provided that, laws on



1 privacy and confidentiality shall be fully complied with. Provided further,  
2 that the database shall include information on payments collected from ,  
3 organizations and economic units;

4 d) Establish an IE One-Stop Shop Center which shall handle all transactions  
5 and processing of business permit applications within their respective  
6 jurisdiction and worker's registration; and,

7 e) Support MSME informal enterprise development towards transitioning to  
8 formality.

9 In addition, the WIELDU may also perform other similar functions and  
10 undertakings pursuant to the provisions of this Act. In the performance of WIELDU's  
11 functions, the principle of preferential treatment to the poorest and most vulnerable  
12 shall be observed.

13 Sec. 33. *Composition.* – The Local Chief Executives (LCEs) shall be the  
14 primary overseers of WIELDU's operations. The IRR of this Act shall provide for  
15 WIELDU's composition provided that, informal workers' representatives shall form  
16 at least fifty percent (50%) of WIELDU's membership. Provided further, that informal  
17 economy representatives shall not be less than five (5), and provided finally, that at  
18 least forty percent (40%) of all WIELDO's members are women. Other relevant  
19 guidelines on WIELDU's operations shall be included in the IRR of this Act.

20 Sec. 34. *Local Government Unit Informal Economy Development Fund (LGU-*  
21 *IEDF).* – An Informal Economy Development Fund shall be established by every  
22 municipality and city. Such fund will be supervised and managed by the concerned  
23 LGU through the WIELDU and subject to audit by the Commission on Audit (COA).

24 For the initial operations of WIELDU, each LGU shall allocate a portion from  
25 their Internal Revenue Allotment or IRA.

26 Thereafter, the LGU-IEDF shall be funded using:

27 a) Registration fees and annual dues paid by individual workers in the  
28 informal economy; and accreditation fees of their livelihood activities,  
29 organizations, and enterprises; and

30 b) Annual allocations from LGUs' Development Fund the percentage of which  
31 shall be determined by LGUs.

1           Following the principle of merit and equity, LGUs that fulfill such allocations  
2 may receive additional assistance from the national government as recommended by  
3 IEDC; provided, that the LGUs have sufficiently complied with all requirements by  
4 the IEDC.

5           Sec. 35. *Registration of Informal Economy Workers, and Accreditation of*  
6 *Economic Units and Organizations.* – Pursuant to its functions under the Local  
7 Government Code, the Local Development Council in coordination with the WIELDU,  
8 shall establish a standard system of registration of workers in the informal economy,  
9 and accreditation of informal livelihood activities, organizations, and economic units  
10 provided that the system shall be simple, efficient, affordable, uniform, and  
11 accessible to all.

12           Such registration or accreditation shall signify eligibility of the workers in the  
13 informal economy, their livelihood activities, organizations, or enterprises to avail of  
14 development programs, provided that, the poorest and most vulnerable shall be  
15 given priority. The registration or accreditation may be renewed subject to  
16 requirements set forth by the LDC in coordination with the WIELDU.

17           Sec. 36. *Annual Dues.* – Workers in the informal economy and their  
18 organizations shall pay annual dues to be determined by the concerned LGU, in  
19 consultation with their WIELDU. Said annual dues shall be no more than 30% of the  
20 legally prescribed daily minimum wage in their respective regions or provinces.

21           These annual dues shall accrue to the concerned LGU and shall be used for  
22 programs to benefit workers in the informal economy, their organizations, business  
23 activities, and enterprises based on recommendations by the WIELDU and the local  
24 informal economy constituents.

25           Sec. 37. *Registration and Non-Registration.* – In no case shall registration be  
26 construed as a basis for rights and entitlements under this Act. Non-registration  
27 should not deprive workers in the informal economy of their rights stated in the Act.  
28 Registration as workers in the informal economy in the LGU is voluntary and shall  
29 not be made as a prerequisite to work by any private enterprise or government unit.  
30 However, registration shall guarantee prioritization and immediate recognition of the  
31 rights and benefits due to the workers in the informal economy.

### 32                                   **TITLE III**



## Final Provisions

### Sec. 38. *Penal Provisions.* –

- a) Any person who shall willfully interfere with, restrain or coerce a worker in the exercise of his or her rights or shall in any manner commit any act in violation of any of the provisions of this Act shall, upon conviction, be punished by a fine of not less than Twenty Thousand Pesos (P20,000.00) or imprisonment of one (1) to six (6) years or both fine and imprisonment at the discretion of the Court.
- b) If the offender is a public official or an official of a GOCC, the Court, in addition to the penalties provided in the preceding paragraph, may impose the additional penalty or disqualification from public office.
- c) Any person who violates the provision of this Act on Policy on Confiscation of Materials and Impounding of Vehicles shall be liable. Nothing herein shall prohibit the aggrieved workers in the informal economy from initiating a criminal or civil action against the responsible person or officer.
- d) Failure to implement the provisions of this Act on Relocation of Vending Sites and Policy on Relocation of Terminals shall render the responsible official/s administratively liable pursuant to Republic Act 7160 and other applicable laws without prejudice to any civil or criminal case that may be filed against erring officials. If a private institution or company is found to have violated any provision of this Act, its business license shall be suspended or revoked at the discretion of the Court.

Sec. 39. *Implementing Rules and Regulations (IRR).* – The Implementing Rules and Regulations (IRR) of this Act shall be formulated by a committee to be co- led by DOLE and NEDA. The members of the committee shall be the representatives of government offices mentioned in this Act, and workers in the informal economy organizations. Provided that, at least 30% of the committee members shall come from the latter, and provided further, that at least 30% of committee members are women. Said committee will start work on the IRR within three (3) months after the effectivity of this Act and finish within six (6) months thereafter.

1           Sec. 40. *Appropriations.* – The amount of one hundred (100) million pesos  
2 (P100,000,000.00) shall be appropriated for the initial implementation of this Act.

3           Sec. 41. *Separability Clause.* – If any provision of this Act is declared  
4 unconstitutional or invalid, the provisions not affected shall continue to be in full  
5 force and effect.

6           Sec. 42. *Repealing Clause.* – All laws, decrees, orders, rules and regulations  
7 or other issuances inconsistent with the provisions of this Act are hereby repealed,  
8 amended or modified accordingly.

9           Sec. 43. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
10 publication in at least two (2) newspapers of general circulation or the Official  
11 Gazette, whichever comes first.

*Approved,*