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

OFFICE OF THE SECRETARY

10 JUL -1 P1 29

SENATE

RECEIVED BY *[Signature]*

S. No. 67

Introduced by Senator JUAN MIGUEL F. ZUBIRI

EXPLANATORY NOTE

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

Comprising almost half of the total workforce, the Informal Sector (IS) accounts for 113 of the country's non-agricultural Gross Domestic Product as shown in a ten-year study conducted from 1994-2003. Likewise, the IS sector share in employment at more than 15 million jobs is on the rise, according to the Department of Labor and Employment.

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

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

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

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

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

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

In view hereof, approval of this bill is earnestly requested.



JUAN MIGUEL F. ZUBIRI

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S. No. 67

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Introduced by Senator JUAN MIGUEL F. ZUBIRI

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

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

1 TITLE I

2 GENERAL PROVISIONS

3 Chapter I

4 Framework and Principles

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

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

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

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

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

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

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

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

10 **SEC. 3. Framework and Principles.** The government shall pursue a
11 minimum regulation and encourage the development of ingenuity and the
12 entrepreneurial spirit among the citizenry. In this regard, the LGUs and their
13 respective attached agencies shall see to it that procedural rules and
14 requirements for the IS are minimized in the act of registration, availment of
15 financing, grants and other incentives and accessing other government
16 services and assistance.

17 In order to hasten the growth and expansion of the various business
18 activities or enterprises under the informal sector, the private sector shall be
19 encouraged to assist in the effective implementation of this Act by participating
20 in government programs for the informal sector. In this regard, the DTI, in
21 consultation with the concerned government agencies, the LGUs and the
22 informal sector, may recommend simplified procedure and localized incentives
23 for the benefit of the informal sector. The government shall encourage the
24 organization, establishment, strengthening and expansion of the various
25 business activities or enterprises under the informal sector in the barangay
26 level preferably unified under a municipal/city, provincial, regional and national
27 federation/association.

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

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

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

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

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

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

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

19 The above definition shall be subject to review and adjustment upon the
20 recommendation by the Regional Wage Board (RWB), in consultation with the
21 National Economic Development Authority (NEDA) *motu proprio* taking into
22 account inflation and other economic indicators.

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

25 (h) *Pakyaw Basis* refers to the pre-contracted wholesale mode of
26 paying a private worker as bilaterally agreed upon by both the employer and
27 the worker.

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

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

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

4
5 **Chapter II**

6 **Coverage, Qualifications and Accreditation**

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

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

16 (a) Those with net assets before financing amounting to not more than

17 P 2,000.00 P 180.00

18 (b) Those with net assets before financing of more than P 100,000.00 to

19 P 2,000.00 to 5,000.00 P 360.00

20 (c) Those with net assets before financing of more than P400,000.00 to

21 P 7,500.00 to 10,000.00 P 720.00

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

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

30 **SEC. 8. *Coverage.*** This Act shall cover members of the informal sector
31 who are operating, employed or working either as micro-entrepreneur, paid
32 worker or self-employed as defined herein. *Provided, however,* That the
33 aforesaid micro-entrepreneur, paid worker or self-employed qualifies the
34 minimum requirements set forth in this Act.

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

3 (a) Micro-entrepreneurs:

4 (i) sidewalk vendors, fish vendors;

5 (ii) small scale farmers and fisherfolks;

6 (b) Employed/Self-Employed:

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

8 (ii) barbers, manicurists, pedicurists;

9 (iii) pedicab/tricycle drivers;

10 (iv) jeepney drivers ;

11 (v) taxi drivers ;

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

13 (vii) welders, mechanics

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

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

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

26 27 Chapter III

28 Special Allocations for Development Initiatives

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

1 The said allocation shall be utilized by LGUs for the implementation of
2 livelihood programs pursuant to the provisions of this Act. Priority shall be
3 given to income generating programs for the poorest-of-the-poor. The
4 emphasis of the programs shall be focused on micro-credit programs and
5 schemes through the mobilization of the IS with no assets to engage in self-
6 employment and income generating activities.

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

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

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

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

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

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

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

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

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

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

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

20 **SEC. 17. *Tax Exemption.*** A duly accredited IS worker or business
21 activity or enterprise shall be exempted from all taxes, national or local, license
22 and building permit fees and other business taxes, except real property and
23 capital gains taxes, import duties and other taxes on imported articles. In
24 addition, any and all income, receipts and proceeds derived from their
25 business operations shall be excluded for the computation of gross income for
26 purposes of computing the individual income tax of the members thereof.

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

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

34 **SEC. 19. *Inclusivity of Benefits.*** The exemptions and other benefits
35 provided in this Act shall apply for a period not exceeding five (5) years from
36 the date of the registration, provided such IS worker or business activity or

1 enterprise is registered and accredited within five (5) years from the effectivity
2 of this Act.

3 Chapter IV

4 Informal Sector Development Council

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

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

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

- 20 (a) Director General of the NEDA;
- 21 (b) Secretary of DA;
- 22 (c) Secretary of DOLE;
- 23 (d) Secretary of DSWD;
- 24 (e) Secretary of the DOH
- 25 (f) Secretary of DOT;
- 26 (g) Administrator of the NHA;
- 27 (h) Administrator of the CDA;
- 28 (i) Chairman of Small Business Guarantee and Finance Corporation;
- 29 (j) Three (3) representatives from the private sector at large, all Filipino
30 citizens, to represent Luzon, Visayas and Mindanao; and
- 31 (k) One (1) representative from the informal sector to be appointed by
32 the President.

33

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

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

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

13 **SEC. 22. Mandate of the Council.** The Council shall have the following
14 mandate:

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

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

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

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

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

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

34 **SEC. 23. Authority of the Council to Solicit Assistance from**
35 **Various Agencies.** The Council may, from time to time, call upon the

1 participation of any government agency or bureaucracy in its deliberations
2 especially when such agency is directly or indirectly concerned with and/or
3 affecting the growth and development of the IS in any particular area or
4 manner.

5 The Council, further, may create an Executive Committee of five (5)
6 members elected by the Council from among themselves or their duly
7 designated alternate representatives, with at least two (2) members
8 representing the private sector, and with authority to act for and on behalf of
9 the Council during intervals of meetings, and within the specific authority
10 granted by the Council.

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

15 (a) To prepare, in coordination with LGUs and other local government
16 agencies, and recommend annual as well as medium-term IS
17 Enterprise Development Plans for the approval of Council;

18 (b) To coordinate the preparation of position papers and background
19 materials for discussion or approval during Council meetings;

20 (c) To assist the Council in coordinating and monitoring the policies,
21 programs and activities of all government agencies with respect to
22 the implementation of this Act;

23 (d) To prepare, collate, integrate all inputs to the Council's yearly report
24 on the status of the IS business activities or enterprises in the
25 country;

26 (e) To submit periodic reports to the Council on the progress and
27 accomplishment of its work programs; and

28 (f) To perform *ad hoc* functions as authorized by the Council.

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

33 The President is hereby empowered to establish, within ninety (90)
34 days upon the effectivity of this Act, an informal sector enterprise promotion
35 body which shall be the principal government agency that will formulate,

1 implement, coordinate and monitor all non-financing government programs,
2 including fee-based services, to support and promote entrepreneurial spirit
3 among the poorest-of-the-poor. The informal sector enterprise promotion
4 body shall be attached to the DTI and shall be under the policy, program and
5 administrative supervision of the Informal Sector Development Council. The
6 said office shall be allocated the amount of Ten million pesos
7 (P10,000,000.00) for its first year of operation which shall be appropriated
8 from the special fund of the Office of the President, and thereafter its annual
9 appropriation shall be included in the General Appropriations Act.

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

17 Chapter V

18 IS Livelihood Resource Center

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

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

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

- 29 (a) Adequate facilities and resources to render quality social service;
- 30 (b) Opportunities for IS workers to grow and develop their potentials
31 and experience a sense of worth and dignity in their work;
- 32 (c) Mechanisms for democratic consultations;
- 33 (d) Upgrading of working conditions;

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

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

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

9 (b) Implement consciousness-raising capability building and leadership
10 training;

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

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

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

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

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

23 24 **Chapter VI**

25 **IS Comprehensive and Integrated Plan**

26 **and Inter-Agency Networking**

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

32 **SEC. 29. *Inter-Agency Networking.*** The DOLE shall provide for and
33 lead the inter-agency networking system among the different departments and

1 instrumentalities of government, should the same be required in the continuing
2 efforts to protect the interests, rights and privileges of IS workers.

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

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

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

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

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

24

25

Chapter VII

26

General Rights

27

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

28

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

31

b) Be treated equally before the law;

32

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

33

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

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

3 f) *Be protected from any form of discrimination, violence, sexual*
4 *exploitation and abuse.*

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

10 The employer or any member of the household or institution shall, at all
11 times, treat his/her worker in a just and humane manner. In no instance shall
12 abusive language, physical violence or any act which debases, degrades or
13 demeans the intrinsic worth and dignity of the worker as a human being be
14 used upon the latter.

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

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

24 Chapter VIII

25 Benefits and Incentives

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

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

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

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

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

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

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Chapter IX

Institutional Mechanisms

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

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

- a) List of government and non-governmental organizations which provide educational, socio-economic and legal services to the IS;
- b) Inventory of upheld and pending cases involving the IS activities;
- c) Statistical profile of the various IS classified according to activities, involvement and other statistical information;
- d) Database of the needs and problems of women and children in the IS nationwide; and
- e) Compilation of existing laws and programs affecting the interest and welfare of the IS.

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

Chapter X

Benefits to Participating Private Sector

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

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

4 TITLE II

5 INFORMAL SECTOR WORKERS

6 ENTERING INTO CONTRACTED EMPLOYMENT

7 Chapter I

8 Requisites for Contracting Employment

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

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

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

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

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

1 (b) 1st – 3rd class municipalities & - P 1,001.00 – P 1,800.00
2 Chartered & Component Cities

3 (c) National Capital Region - P1, 801.00 – P 2,500.00

4 *For Employed Worker*

5 (a) 4th – 6th class municipalities -

6 Skilled: P 90.00 – P 120.00

7 Unskilled: P 60.00 – P 80.00

8 (b) 1st – 3rd class municipalities & Chartered & Component Cities

9 Skilled: P 130.00 – P 180.00

10 Unskilled: P 90.00 – P 120.00

11 (c) National Capital Region

12 Skilled: P 230.00 – P 260.00

13 Unskilled: P 190.00 – P 220.00

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

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

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

26 **SEC. 43. Payment of Wages.** Payment of wages shall be made
27 directly to the worker, at least once every two (2) weeks or twice a month. No
28 deductions from said wages shall be made by the employer except those
29 provided by law. The expressed written consent of the worker shall first be
30 secured before any deduction is made.

1 **Chapter IV**

2 **Prohibited Acts**

3 **SEC. 44. *Prohibition Against Night Work.*** Worker of minor age shall
4 not be allowed to render work between ten o'clock in the evening and six
5 o'clock in the morning of the following day.

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

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

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

22 **SEC. 48. *Prohibition Against Recruitment and Finders Fees.***
23 Regardless of whether the worker was sourced either through an employment
24 agency or a third party, said worker shall neither be charged nor levied a share
25 in the recruitment fees or finder's fees by the aforementioned employment
26 agency or third party.

27 **SEC. 49. *Prohibition Against Hazardous Work and Conditions.***
28 *Worker* of minor age shall not be employed in any hazardous work, activity or
29 undertaking, and neither shall he/she be exposed to hazardous working
30 conditions.

31 *For purposes of this Section, hazardous work or conditions shall*
32 *include, but not limited to the following:*

33 (a) any work, employment or activity which exposes the worker to
34 physical, emotional or sexual abuse;

1 (b) any work which involves manual handling or transport of heavy
2 loads;

3 (c) any work in an unhealthy environment which exposes household
4 helpers to hazardous substances, agents or processes, or to temperatures,
5 noise levels, or vibrations damaging to their health;

6 (d) any work which requires the household helper to render services for
7 long periods of time or during late nights;

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

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

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

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

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

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

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

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

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

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

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

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

10 Chapter V

11 Rights and Benefits of Employed IS Workers

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

15 No parent, guardian or relative shall be allowed to borrow against the
16 compensation of the his/her relative-worker of minor age without the express
17 written consent of the concerned relative-worker. Neither shall the worker of
18 minor age be mandated to work in payment of a loan or liability incurred by a
19 parent, guardian or relative.

20 **SEC. 52. *Right to Privacy and Confidentiality.*** The employer shall
21 respect the privacy of his/her worker during the course of the latter's rest
22 periods. This right to privacy shall extend to any and all forms of personal
23 communications, including letters of correspondence issued or received, and
24 be allowed communications coursed through the private telephone of the
25 employer: *Provided*, That any additional expense incurred in the course of
26 communication shall be borne by the worker and shall be deducted, after the
27 employer's due notice to the worker of the amount incurred due to specific
28 reason/s, from the receivable wage of the worker.

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

33 The employer shall allow the worker access to outside communication,
34 both though letter or the private telephone of the household, especially in

1 instances of personal or family emergencies: *Provided*, that costs incurred in
2 making the telephone call shall be for the account of the worker.

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

7 The Deped or CHED, whichever office is applicable, shall extend its
8 services of Study-Now, Pay-Later Program to the worker in the informal
9 sector.

10 The employer may also extend scholarship programs to a worker and
11 *be reimbursed out of deductions from the worker's monthly compensation*
12 *which shall, at all times, be no greater than fifty (50.0%) percent of the*
13 *worker's monthly compensation. The time spent by a worker during the*
14 *conduct of the said education or training, including the time spent going to and*
15 *coming from the training shall be counted as part of the worker's hours of*
16 *work.*

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

- 20 (a) DTI;
21 (b) DOLE;
22 (c) the Barangay office where he/she is productively working; and,
23 (d) duly registered non-government organizations accredited to mediate
24 in disputes of their sector.

25 The employer shall further guarantee the worker access to all means of
26 communication for the purpose of contacting any of the above-enumerated
27 institutions.

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

- 30 (a) A minimum of three (3) full meals per day;
31 (b) Humane, private and safe sleeping quarter;
32 (c) Emergency medical support and assistance;
33 (d) A safe and non-health hazard workplace;

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

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

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

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

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

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

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

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

35 **SEC. 63. Allowing subcontracting.** A worker may enter into
36 subcontractual employment or may accept subcontractual jobs from any other

1 enterprise or firm joining or may join productive employment through a
2 cooperative or consortium: *Provided, however,* That the enterprise or firm or
3 cooperative or consortium shall be mandated to implement the specific
4 provisions of this Act in regard to worker's benefits: *Provided, further,* That
5 where a worker subcontracts jobs between and among other worker providing
6 for the benefits due him/her shall not be obligated upon the party who
7 contracted the job.

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

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

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

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

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

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

33

1 TITLE III

2 FINAL PROVISIONS

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

10 If the offender is a public official, the court in addition to the penalties
11 provided in the preceding paragraph, may impose the additional penalty of
12 disqualification from public office.

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

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

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

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

25 Approved,