

**Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City**

**FIFTEENTH CONGRESS**

**First Regular Session**

**House Bill No. 4306**

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**Introduced by DIWA Party-list Representative Emmeline Y. Aglipay**

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**EXPLANATORY NOTE**

The importance of the contribution of the informal sector workers to our economy cannot be overstated. In the Philippines, figures based on the 2005 labor force survey show that the informal sector now comprise 76.34 percent or 24.6 million of the country's total employed, an increase of several percentage points from previous estimates (National Labor Force Survey, 2005). Numerous as they may be, the government lacks in providing for programs and institutions that would not only address the needs of these workers, but also protect their rights and promote their welfare. The plight of these workers for the provision of basic services and programs to uplift their livelihood can no longer be ignored.

Several provisions of this Act were lifted from House Bill No. 768, filed by Representatives Juan Edgardo M. Angara, Danilo Ramon S. Fernandez, and Lorenzo R. Tanada III. This Act, however, provides for a much different framework, by maximizing the involvement of the Local Government Units in the provision of services and benefits for the informal sector workers. Also, this Act provides for a framework that utilizes existing structures and mechanisms through the Department of Labor and Employment thereby simplifying the implementation of its provisions and lessening the burden on the national budget.

Approval of this Act is earnestly sought.

  
**Emmeline Y. Aglipay**  
Representative, DIWA Party-list

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**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

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**AN ACT**  
**PROVIDING FOR A MAGNA CARTA FOR INFORMAL SECTOR WORKERS,**  
**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:

**TITLE 1**  
**GENERAL PROVISIONS**

**Chapter I**  
**Framework and Principles**

**Section 1. *Short Title.*** – This Act shall be known as the “Magna Carta for Informal Sector Workers”

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

- (a) To afford full protection to labor and to protect the rights of every worker, whether working in the private or public sector or the formal or informal sector, to health, human dignity, humane conditions of work, a decent and fair living wage, equal opportunities for economic advancement and growth, access to justice, and social security and protection;
- (b) To recognize the contribution of informal sector workers to the national economy and national product by ensuring that they are provided with an adequate share in the services and benefits that are given to workers of the formal economy, including, but not limited to social services, economic benefits, and speedy and untrammelled legal recourse;
- (c) To promote the holistic and total well-being, as well as the growth and development of all informal sector workers;
- (d) To ensure the protection and provision of the civic and constitutional rights of informal sector workers including the rights to just and humane working conditions, self-organization, peaceful concerted activities, and to participate in policy and decision-making processes affecting their rights and benefits;

- (e) To provide venues for dialogue and consultation with informal sector workers in order that their concerns and needs are effectively addressed by lasting and workable reforms in the system of enforcement of labor standards and advancement of labor relations;
- (f) To develop and enhance the technical, special, entrepreneurial, and other skills and capabilities of informal sector workers towards their empowerment and eventual integration and association into the formal sector of the economy;
- (g) To advance the autonomy and empowerment of local government units and their ability to be more responsive to the needs of the informal sector workers in their respective local government units;
- (h) To enhance and complement the system of decentralization and proper and effective devolution of national powers, responsibilities, and resources to local government units and at the same time respecting their power to create their own sources of revenues and to levy taxes, fees, and charges
- (i) To promote gender equity and equality and protect women workers in informal employment against gender-based discrimination, exploitation and abuse; and improve their access to social protection and participation in decision-making bodies and processes;
- (j) To give proper attention and protect the vulnerable groups in the informal sector such as children, differently-abled persons, indigenous peoples, and people living with HIV from discrimination, exploitation, abuse and harassment, as well as from performing work hazardous to their occupational, physical, mental, emotional, reproductive and spiritual health;
- (k) To progressively eliminate child labor through the creation of more quality jobs for adults effective enforcement of laws against child labor, elimination of gender-based discrimination against girl child workers, improved access to universal education and social protection, and elimination of cultural factors that tolerate, even accept child labor.

**Section 3. Framework** In order to maximize available resources and existing government mechanisms, Local Government Units (LGUs) in consultation with the national government shall spearhead the implementation of the above-mentioned state policies.

This shall make the provision of benefits and services more accessible to informal sector workers. These benefits and services include, but are not limited to: basic healthcare, social insurance coverage, social welfare programs, economic and financial aid, and training and livelihood programs. The LGUs are better equipped to determine the members of the informal sector within their jurisdiction and therefore in a better position to develop and implement programs for them.

**Section 4. Informal Sector Workers Local Development Office (ISWLDO).** -- To implement the framework of coordination between the LGUs and the national government, there shall be created an Informal Sector Workers Local Development Office (ISWLDO) in every city. The mandate and function of the ISWLDO are provided in Chapter II of this Act.

**Section 5. Informal Sector Development Office (ISDO).** -- There shall also be created an Informal Sector Development Office under the Department of Labor and Employment (DOLE). The mandate, functions and composition of the ISDO are provided in Chapter II of this Act.

**Section 6. Definition of Terms.** – As used in this Act, the following terms shall mean:

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

- (b) **Employer** – refers to a natural person or group or partnership of people or a corporation for whom a paid worker renders productive employment or service.
- (c) **Hazardous Establishment** – is one in which the employee is exposed to potential risks of disabling injury, illness or death, either because of the presence of biologic agents, radiation, chemicals, substances, hazardous materials or physical hazards in the work environment, or because of the nature of the work processes performed or equipment used therein;
- (d) **Informal Economy** – based on the International Labor Conference (ILC) 2002a, this refers to “all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.”
- (e) **Informal Sector** – as defined by NSCB Resolution No. 15, series of 2002, refers to units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned. It consists of household unincorporated enterprises that are market and non-market producers of goods as well as market producers of services.

These enterprises may be operated by own-account workers, which may employ unpaid family workers as well as occasional, seasonally hired workers. These enterprises may also be owned and operated by employers which may employ less than ten (10) employees on a continuous basis.

In addition, the informal sector shall also be composed of unpaid family workers and all other individuals whose incomes are not captured by the Bureau of Internal Revenue, and as defined herein.

- (f) **Informal Sector Workers** – refer to individuals that include but are not limited to the following.
  - f.1. small farmers owning small tracts of land; rural and agricultural workers who are tenants or sharecroppers, laborers;
  - f.2. small fisherfolk/operators owning small boats and other fishing equipment; fisherfolk who are without fishing equipment and market their catch directly;
  - f.3. home-based workers who are independent producers of goods or services;
  - f.4. industrial homeworkers who are workers involved in a system of production under which work for an employer or contractor is carried out by a homemaker at his/her home and where materials may or may not be furnished by the employer or contractor;
  - f.5. self-employed who are engaged by other enterprises through subcontracting arrangements;
  - f.6. vendors, whether with stalls or without permanent workplaces including street hawkers or those plying their goods and trades in the streets and those engaged in sari-sari stores;
  - f.7. drivers of modes of transportation on land, whether motorized or not, and ‘barkers’, fare collectors, dispatchers and other workers who share income with self-employed or unincorporated operators of modes of transportation on land;
  - f.8. drivers of modes of transportation on sea whether motorized or not;

f.9. household helpers who are persons who render domestic or household services, for compensation, exclusively to an employer as a family driver, babysitter, gardener, cook, nursemaid or *yaya*, or laundry woman,

f.10. non-corporate construction workers who are not part of any particular work pool or engaged or hired by any construction company or agency;

f.11. small scale miners doing their own product processing, including those involved in small scale mining and quarrying;

f.12. non-corporate cargo handlers and allied workers;

f.13. waste pickers and recyclers;

f.14. own account workers including but not limited to those engaged in the maintenance and repair of equipment and appliances, clothing and footwear, as well as those providing services such as beauticians, barbers, masseuses;

f.15. "on-call" workers in the entertainment, movie, and media industry such as but not limited to bit players, stuntmen and women, crew, make-up artists, etc.;

f.16. volunteer workers in government and non-government entities who only receive allowances or honoraria, including but not limited to: barangay health workers (BHW), barangay tanod, barangay nutrition scholars (BNS), barangay daycare workers, and volunteers in non-government or people's organizations;

f.17 workers involved in unincorporated household or family enterprises, whether unpaid or receiving compensation or allowances; and

f.18. other similar economic activities that are not illegal, criminal or life threatening in nature.

**(g) Informal Sector Workers' Organization** – refers to a group or groups of informal sector workers, whether formally constituted or otherwise, that are organized with the primary objective of promoting the welfare of informal sector workers.

**(h) "Pakyaw" Basis** – refers to the pre-contracted wholesale mode of paying a worker as bilaterally agreed upon by the employer and worker.

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

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

**(k) Social Protection** – refers to policies, programs and mechanisms that aim to provide adequate social security and health insurance to informal sector workers.

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

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

## **Chapter II**

### **Coverage, Qualifications and Accreditation**

**Section 7. Coverage.** – This Act shall include informal sector workers as defined in Section 4 of this Act and informal sector workers' organizations.

**Section 8. Accreditation.** – There shall be a simple and standard system of accreditation and identification of informal sector workers and informal sector workers' organizations in accordance with the framework and principles of this Act. This system of accreditation shall be determined by the ISWDO under the Department of Labor and Employment. The concerned LGU through the ISWLDO shall prescribe and determine the amount of the accreditation fee of individual informal sector workers and informal sector workers' organizations.

All informal sector workers who meet the necessary accreditation requirements provided for in this Act shall be listed in a database system of the concerned LGU, and shall be issued an identification card signifying eligibility to avail of development programs, benefits and services as mentioned in this Act for informal sector workers.

The concerned LGU through the ISWLDO shall review, revalidate and reassess such accreditation every two (2) years from the date of last accreditation. Renewal of eligibility shall be in accordance with the merit and fitness principle.

**Section 9. Annual Dues.** – Informal sector workers and their organizations shall pay annual dues to be determined by the province or city concerned, in consultation with their respective ISWLDO referred to in Title III, Chapter III of this Act. In no case shall the annual dues to be paid by informal sector workers be more than two hundred percent (200%) of the prescribed minimum wage as determined by the Regional Tripartite Wages and Productivity Board (RTWPB) in their respective regions or provinces.

These annual dues shall accrue to the respective LGU where they are accredited and shall in no case be unconscionable, prohibitive or unreasonable. Funds taken from these dues shall be used for programs to benefit informal sector workers and their organizations, as recommended by the ISWLDO. Such programs and the disbursement of funds therefor shall be approved by the concerned provincial or city council. In addition, the annual dues will cover the cost of the issuance of licenses to operate and shall be paid to the provincial or city treasurer in the area where they are accredited.

## **TITLE II**

### **RIGHTS AND BENEFITS OF INFORMAL SECTOR WORKERS**

#### **Chapter I**

##### **Basic Rights**

**Section 10. Basic Rights.** – The State shall ensure that informal sector workers enjoy the same basic rights accorded to all workers as enshrined in the Philippine Constitution, the Labor Code as amended, and in international instruments. These include, but are not limited to the rights to:

- (a) work, which includes the right to make a living by work freely chosen or accepted, and the right to avail of technical and vocational guidance and training programs;
- (b) the enjoyment of just and favorable conditions of work,
- (c) a living wage and equal remuneration for work of equal value without discrimination of any kind;
- (d) equal opportunity for promotion to an appropriate higher level, subject to no considerations other than those of seniority and competence;

- (e) safe and healthful working conditions which safeguard general, occupational and reproductive health;
- (f) rest, leisure and reasonable limitation of working hours, and periodic holidays with pay, as well as remuneration for public holidays whenever applicable;
- (g) maternity and paternity benefits, as provided for by law;
- (h) an adequate standard of living for workers and their families, adequate food, clothing, and shelter, and the continuous improvement of such standard;
- (i) education, especially of children and young persons, without any discrimination;
- (j) social protection, comprising mainly of, but not limited to social security and health care;
- (k) self-organization which includes among others, collective negotiations with other parties for the promotion of their welfare and advancement of their interests;
- (l) substantially participate in policy and decision-making processes, including access to information and other necessary resources relevant to the promotion and protection of their rights and welfare;
- (m) be free from any form of discrimination, violence, sexual exploitation, harassment and abuse;
- (n) equal treatment before the law; and
- (o) equal access to justice through appropriate mechanisms, including, but not limited to, alternative dispute resolution mechanisms and processes.

**Section 9. *Additional Rights.*** – In addition, the State shall endeavor to provide informal sector workers the following:

- (a) infrastructure support such as farm to market roads, common, affordable and secure workplaces and facilities, merchandising centers, farmers' markets or a *Bagsakan* with proper storage facilities, and inventory bulk-buying centers;
- (b) policy support to promote and protect locally/domestically-produced products;
- (c) access to markets, including capacity building to access E-marketing facilities;
- (d) access to affordable, appropriate and adequate financial services, including, among others, collateral-free and gender-balanced credit at low interest;
- (e) access to appropriate and adequate machinery, equipment, and other technologies, with the end in view of increasing productivity and growth;
- (f) protection from unjust dislocation from places where economic activities are conducted;
- (g) special measures against racketeering, extortion, and harassment, by both State and non-State elements; and

## Chapter II Rights of Informal Sector Workers

**Section 11. *The Right to Privacy and Confidentiality.*** – The employer shall respect the privacy of workers during the latter's rest periods. This right to privacy shall extend to any and all forms of personal communication, including letters, correspondence, telephone calls and text messaging sent or received. The worker shall be allowed communications coursed through the private telephone of the employer; provided that any additional expense incurred due to such communication shall be borne by the worker and shall be deducted after the employer's due notice to the worker of the amount incurred.

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

**Section 12. *Access to Education and Training.*** – An informal sector worker shall not be deprived of formal or non-formal education. In cases where he/she is productively employed, he/she shall be allowed to attend or pursue any kind of educational program during his/her free time or any other time as agreed upon by the employer and the worker.

The Department of Education (DepEd), Commission on Higher Education (CHED) and other appropriate agencies, shall extend services such as the Study Now, Pay Later Program to qualified informal sector workers and their dependents.

**Section 13. *Access to Lawful Third Party Mediation.*** – The LGUs shall provide informal sector workers and their employers the names, addresses and telephone numbers of the designated liaison officers of the following:

- (a) Department of Trade and Industry;
- (b) Department of Labor and Employment;
- (c) The Barangay office with jurisdiction over the area where he/she is productively working;
- (d) Duly registered NGOs accredited to mediate the disputes involving informal sector workers; and
- (e) ISDO.

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

**Section 14. *Normal Hours of Work.*** – The normal hours of work is eight (8) hours per day, exclusive of one (1) hour breaks each for breakfast, lunch and dinner. The worker shall be allowed at least eight (8) hours of continuous rest per day. Otherwise, any work done by him/her beyond the normal hours of work per day shall be duly compensated.

**Section 15. *Regular Working Days.*** – No worker shall render work for more than six (6) days per week.

**Section 16. *Longevity Benefits.*** – Informal sector workers shall be entitled to benefits such as longevity pay, service incentive leave, maternity and paternity benefits, 13<sup>th</sup> month pay, etc. as may be applicable according to law.

**Section 17. *Clothing and Personal or Protection Equipment Allowance.*** – When the nature of the work to be performed by the informal sector worker requires a particular type of clothing and/or personal or protection equipment, such worker shall be entitled to a minimum of one thousand pesos (Php 1,000.00) clothing and personal or protection equipment allowance annually. The worker must have rendered at least one (1) year of continuous service such employment in order to avail of this allowance.

**Section 18. *Pre-Termination of Contract.*** – The employer may, at his/her own discretion, terminate the services of the worker, provided however, that the said employer provides the worker with at least a fifteen (15)-day notice of termination, and termination pay equivalent to at least one half (½) month's salary. In lieu of the fifteen (15)-day notice of termination, the employer may immediately terminate the services of the worker, provided that said employer provides the worker termination pay equivalent to one (1) month's salary.

Should the worker decide, on his/her own volition, to unilaterally leave the workplace prior to the expiration of the term of employment provided for in his/her employment contract, said

worker shall forfeit any separation pay that may be due him/her.

**Section 19. *Extent of Duty.*** – The employer shall not require a worker to perform any task or work outside what is stipulated in the employment contract.

### **Chapter III SOCIAL PROTECTION**

**Section 20. *Social Security.*** – The State shall endeavor to extend social security protection to all informal sector workers and their beneficiaries. They shall be entitled to all the benefits provided by the Social Security Act of 1997, provided that they are members in good standing.

- (a) The Social Security System (SSS) shall cover all informal sector workers, who shall be classified as eligible to register as self-employed persons as per Section 9-A of Republic Act 8282, also known as the Social Security Act of 1997. The SSS, in consultation with the ISDO, shall develop a separate schedule of contributions for informal sector workers, in order to make contributions to the SSS possible taking into account their means, income levels, occupations, and other related variables.
- (b) In the interest of equity, the State shall cover what should have been the employers' share for contributions of informal sector workers for the first two (2) years from the date of their accreditation, had they been formally employed. In accordance with Section 22-A of RA 8282, informal sector workers shall remit their contributions on a quarterly basis on such dates and schedules as the SSS, in consultation with the ISDO may provide. In the event that the self-employed person does not realize profits in a given month, payment of SSS contributions for that month will not be required.
- (c) The SSS shall ensure that informal sector workers duly registered, in good standing and after compliance with all the prescribed requirements, will receive the benefits provided for by the SSS. In addition, informal sector workers shall be entitled to avail of loans provided by the SSS, after the member satisfies all the requirements for the same.
- (d) For informal sector workers already registered with the SSS, they shall be subject to the schedule of contributions that will be provided by the SSS for informal sector workers. The SSS shall provide the required forms for membership for first time applicants in all cities and provinces. The concerned LGU, through the Informal Sector Workers Local Development Office, shall ensure that informal sector workers accredited within their jurisdiction are given an adequate understanding of the SSS, the procedures involved and the benefits that they will be entitled to under the Social Security Act.

**Section 21. *Social Security for Volunteers of Government Instrumentalities.*** – Volunteer workers of government instrumentalities as defined in Sec. 4(f.16) of this Act, shall be covered by the Government Service Insurance System (GSIS). As far as practicable, the GSIS shall pattern their system after that of the SSS for informal sector workers. All provisions in Section 19 of this Act shall be applicable to volunteer workers of government instrumentalities as may be appropriate.

**Section 22. *Health Insurance.*** – The State shall ensure the provision of a minimum benefit package which shall be periodically upgraded to meet the goal of universal coverage which is affordable, accessible and appropriate to the needs of all.

- (a) Government subsidies for PhilHealth sponsorship programs shall be expanded to cover all informal sector workers. In the interest of equity, the State shall cover what should have been the employers' share for contributions of informal sector workers for the first two (2) years from the date of their accreditation, had they been formally employed.

- (b) In accordance with Section 28 of Republic Act 7875 or the National Health Insurance Act of 1995, informal sector workers shall also contribute to the Fund, based on a reasonable, equitable and progressive contribution schedule to be determined by the ISDO; provided, that contributions from informal sector workers shall be collected every three (3) months; and provided finally, that total contributions for one (1) year shall not exceed three percent (3%) of their estimated actual net income for the preceding year.

#### **Chapter IV** **Requisites for Employment**

**Section 23. *Minimum Standards.*** – All working arrangements entered into by informal sector workers shall be in accordance with the minimum applicable labor and social standards as contained in the Labor Code of the Philippines, as amended and in Title II of this Act.

In general, the standards set forth in Sec. 23 of this Act shall be applicable to the following situations, where the informal sector worker:

- (1) has an employer, or
- (2) is receiving his/her salary or other form of compensation from such employer, or
- (3) must report to work at certain periods of time to render services for such employer, such as but not limited to:
  - (a) informal economic enterprises supplying or doing outsourcing work for exporters;
  - (b) investors-locators in export processing zones or industrial parks licensed by the Export Processing Zone Authority; and
  - (c) domestic formal sector manufacturers and retailers-distributors.

Particularly, these standards shall apply to:

- (1) rural and agricultural workers who are tenants or sharecroppers, laborers;
- (2) industrial homeworkers;
- (3) household helpers;
- (4) non-corporate construction workers;
- (5) non-corporate cargo handlers and allied workers;
- (6) waste pickers and recyclers;
- (7) own account workers including but not limited to those engaged in the maintenance and repair of equipment and appliances, clothing and footwear, as well as those providing services such as beauticians, barbers, masseuses;
- (8) "on-call" workers in the entertainment, movie, and media industry such as but not limited to bit players, stuntmen and women, crew, make-up artists, etc.

The ISWLDO shall ensure that the provision of benefits and services, including but not limited to: basic healthcare, social security, health services, economic and financial aid, and training and livelihood programs, shall remain accessible to all informal sector workers.

**Section 24. *Provisions of Employment Contract.*** – This provision shall apply specifically to cases and situations where the existence of an employment contract is applicable. The employment contract shall be in written form. However, the absence of a written agreement does not mean the absence of an employment relationship. As a matter of right, informal sector workers can insist on a written agreement based on minimum standards.

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

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

Each of the contracting parties shall be provided with a full set of the duly signed employment

contract which shall include the following basic provisions:

- (a) working arrangements;
- (b) period/duration of employment;
- (c) compensation, which shall not be below the minimum set by the Regional Tripartite Wages and Productivity Board, and mode of payment;
- (d) duties and responsibilities;
- (e) working hours and day-off schedules;
- (f) living quarters or sleeping arrangements (for live-in workers);
- (g) causes for termination of employment; and
- (h) minimum of twenty percent (20%) down payment for labor cost and services and minimum of 50% for inventory of raw materials used in the production for homeworkers.

**Section 25. *Amount of Wages.*** The Regional Tripartite Wages and Productivity Board (RTWPB) may determine and fix minimum wage rates applicable in their regions or provinces for informal sector workers therein, subject to guidelines issued by the National Wages and Productivity Commission.

For this purpose, each RTWPB shall include as an additional member, a Regional Agent of the Informal Sector Development Office, as created by this Act.

In case of piece-rate workers, their wages shall be determined by the conduct of time and motion studies facilitated by the Bureau of Working Conditions of the DOLE, and reflected in corresponding Piece Orders issued by the DOLE.

**Section 26. *Payment of Wages.*** - The amount of compensation and the mode of payment shall be made in accordance with the provisions in the employment contract and shall be made directly to the workers. No deductions from such payments shall be made by the employer except those provided by law. The expressed written consent of the worker shall first be secured before deductions apart from those provided by law are made.

No parent, guardian, relative or any other person shall be allowed to take a loan against the compensation of his/her relative-worker without the express written consent of the concerned worker. Neither shall a worker of minor age be mandated to work in payment of loan or liability by a parent, guardian, relative, or any other person.

## **Chapter V**

### **Informal Sector Workers of Minor Age**

**Section 27. *Allowable Employment of Workers of Minor Age.*** - Children fifteen (15) years up to seventeen (17) years of age may be employed; provided, that consent by either parent of the minor or his/her legal guardian be presented and attested by any representative of the LGU or duly elected Barangay official where the work is to be done. In no instance shall children below fifteen (15) years old be engaged in any form of productive services.

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

## **Chapter VI**

### **Prohibited Acts**

**Section 28. *Prohibition Against Forced Night Work.*** - It is unlawful to force, threaten, intimidate or otherwise harass informal sector workers to engage in night work. Moreover, workers of minor age shall not be allowed to render work between eight o'clock in the evening until six o'clock in the morning of the following day.

**Section 29. *Prohibition Against Work to be Undertaken.*** – Informal sector workers shall not be allowed to render work beyond their physical and mental capabilities.

**Section 30. *Prohibition Against Bonded Labor.*** – An informal sector worker shall not be allowed to use his/her future services as collateral for any loan or advances made to or to be made by said worker with the employer. Likewise, no employer shall be allowed to involuntarily bind the worker to his/her continued employ as a form of payment for any loan or advances which he/she may have made with the employer. Should there be an outstanding loan incurred and he/she decides to unilaterally terminate the contract of employment, said loan or advance shall be paid by him/her to the employer under terms and conditions specified in a duly executed promissory note between the parties.

**Section 31. *Prohibition Against Labor-Only Contracting.*** – In no case shall the employer sub-contract the services of an informal sector worker to any third party, unless such activity falls within the purview of allowable sub-contracting for which the necessary permits and licenses have been secured.

**Section 32. *Prohibition Against Recruitment and Finders Fees.*** – Regardless of whether the worker was sourced either through an employment agency or a third party, said worker shall neither be charged nor levied a share in the recruitment fees or finder's fees by the said employment agency or third party.

**Section 33. *Prohibition Against Hazardous Work and Conditions.*** – No informal sector worker shall be employed in a hazardous establishment or in any hazardous work, activity or undertaking, and neither shall he/she be exposed to hazardous working conditions.

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

- (a) Any work which requires workers to render services beyond ten (10) hours;
- (b) Any work, employment or activity which exposes the worker to physical, emotional or sexual abuse;
- (c) Any work which involves manual handling or transport of heavy loads without proper assistance which, given the age and physical condition of the informal sector worker, are likely to jeopardize the health or safety of the informal sector worker;
- (d) Any work in an unhealthy environment which exposes workers to hazardous substances, agents or processes, or to temperature, noise levels, or vibrations damaging to their health;
- (e) Any and all forms of slavery or practices similar to slavery, such as the sale and trafficking of persons, forced or compulsory labor, debt bondage and serfdom;
- (f) Any use, procuring or offering of the worker for prostitution or pornography;
- (g) Any use, procuring or offering of the worker for the commission of any offense or crime, particularly for the production and trafficking of narcotic drugs and substances as defined in the Dangerous Drugs Act of 2002 and other related laws;
- (h) Any other type of work, activity, condition or undertaking that may be hereinafter be defined as hazardous by the DOLE.

**Section 34. *Prohibition Against Interference and Coercion.*** – No person shall commit any of the following acts of interference and coercion:

- (a) Preventing a worker from upholding or exercising his/her rights;
- (b) Preventing workers from joining or assisting organizations or unions for purposes not contrary to law, in order to protect and defend their mutual interests and to obtain redress of grievances through peaceful concerted efforts;
- (c) Preventing a worker from carrying out his/her duties or functions in an organization or union, or to penalize the same for any lawful action performed in that capacity;
- (d) Harassing, interfering, intimidating or preventing the worker from performing his/her duties and functions;
- (e) Harassing, transferring, penalizing or terminating the services of a worker who is carrying out his/her functions or role for and in behalf of his/her employer; and
- (f) Performing acts to diminish the independence and freedom of any workers' union or organization to direct its own affairs.

### **TITLE III INSTITUTIONAL MECHANISMS**

#### **Chapter I Special Allocations for Development Initiatives**

**Section 35. *Special Allocations for Development Initiatives.*** – The development initiatives for informal sector workers shall form part of an integrated and convergent plan to address poverty and vulnerability. The national and local government units shall work together in support of such plan to maximize impact of meager resources.

(a) The creation of the Informal Sector Development Office (ISDO) under the DOLE shall be taken into consideration in determining the budget allocated for the DOLE in the General Appropriations Act. This budget shall be appropriated for the programs and services for informal sector workers to be implemented by the ISDO and ISWLDO as created by Title III, Chapters VI and VII of this Act, and by the respective LGUs.

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

(c) ISDO may seek other sources of funding such as grants and/or donations from individuals and/or organizations that are committed to assisting the efforts of the national and local government to support informal sector workers.

**Section 36. *Exclusivity of Government Programs.*** – The government shall ensure that programs of financing, grants and other similar incentives shall be exclusively extended to accredited informal sector workers and informal sector workers' organizations.

**Section 37. *Tax Exemption.*** A duly accredited informal sector worker or organization shall be exempted from all taxes, national or local, license and building permit fees and other business taxes except real property and capital gains taxes, import duties and other taxes on imported articles.

## **Chapter II**

### **Informal Sector Development Office (ISDO)**

**Section 38. *Creation of the Informal Sector Development Office (ISDO).*** – There is hereby created an Informal Sector Development Office, herein otherwise referred to as the ISDO, which shall be attached to the Department of Labor and Employment. The ISDO shall be constituted within thirty (30) days after the drafting and approval of the IRR of this Act.

The ISDO shall be the primary office responsible for the promotion, growth, development and empowerment of informal sector workers and informal sector workers' organizations in the country. It shall facilitate and closely coordinate national efforts to promote the informal sector's viability and growth. Towards this end, the ISDO and the respective local government units shall coordinate and closely work together to provide an integrated program for skills enhancement, literacy and education, health services, social welfare services and assistance in tapping of local as well as foreign funds. It shall also perform other functions relative to the attainment of the objectives of this Act.

**Section 39. *Mandate and Functions of ISDO.*** The ISDO shall:

- (a) Develop programs and projects that will specifically address the varying concerns of informal sector workers and would assure their receipt of real and tangible benefits, and ensure their implementation;
- (b) Coordinate with the LGUs concerned in order to develop and ensure implementation of a simple system of accreditation and identification of informal sector workers and informal sector workers' organizations in accordance with the standards and provisions of this Act;
- (c) After consultations with informal sector workers' organizations and the LGUs concerned, develop and ensure implementation of policies and programs that will address specific needs and protect rights of informal sector workers as enumerated by Section 4(f) of this Act;
- (d) Provide guidelines for the implementation by LGUs of a fair and credible system of evaluation, review and assessment relative to the renewal of accreditation of informal sector workers and informal sector workers' organizations for entitlement to the rights and benefits provided by this Act.
- (e) Develop and ensure implementation of labor standards;
- (f) Coordinate with LGUs in order to develop and ensure implementation of a communication plan including massive information dissemination activities targeting informal sector workers and informal sector workers' organizations, in the various regions towards a better understanding and appreciation of the benefits this Act may bring them;
- (g) Monitor and coordinate implementation of policies and programs through its Regional Agents;
- (h) Coordinate and harmonize all informal sector-related policies, programs, projects and activities of various government agencies towards greater efficiency and effectiveness;
- (i) Monitor the LGU-generated incomes from informal employment through the LGUs' periodic report submitted to the ISDO; and
- (j) Develop and ensure implementation of accessible and just conflict resolution and adjudication systems and mechanisms to promote dialogue, conciliation, mediation and redress of grievances to protect the rights of informal sector workers.

**Section 40. *Composition.*** The Chairperson of the ISDO shall be appointed by the Secretary of

the Department of Labor and Employment (DOLE) and shall have the rank equivalent to the Undersecretary of the DOLE. The ISDO shall also have not more than two (2) Vice-Chairpersons, to assist the Chairperson in whatever capacity the latter may see fit. The ISDO shall be composed of the following members:

- (a) A representative from the Department of Labor and Employment (DOLE);
- (b) A representative from the National Economic and Development Authority (NEDA);
- (c) A representative from the Department of Agriculture (DA);
- (d) A representative from the Department of Social Welfare and Development (DSWD);
- (e) A representative from the Department of Interior and Local Government (DILG);
- (f) A representative from the Commission on Human Rights (CHR);
- (g) A representative from the National Anti-Poverty Commission (NAPC);
- (h) A representative from the Technical Education and Skills Development Authority (TESDA);
- (i) Three (3) representatives from the private sector at large, who must be Filipino citizens, proven to have been active in assisting informal sector workers, to represent Luzon, Visayas and Mindanao;
- (j) One (1) representative each from the League of Cities, League of Municipalities, League of Provinces and League of Councilors;
- (k) Six (6) representatives from People's Organizations (POs) of informal sector workers, two (2) each from Luzon, Visayas and Mindanao to be elected in a National Assembly of these organizations duly called for that purpose; provided that these representatives truly reflect genuine representation of the concerns of informal sector workers. The guidelines for the nomination and election, including processes and mechanics shall be determined by the IRR of this Act.

Representatives from the private sector and from the POs of informal sector workers shall serve as ISDO members for a term of three (3) years without re-election and shall be subject to terms and conditions provided for by the IRR.

The ISDO members shall meet for an initial period of consultation once every two (2) months for a year from the date of effectivity of this Act. Thereafter, periodic consultations shall be conducted twice a year.

Five million pesos (Php 5,000,000.00) shall be allocated from the Presidential discretionary fund for the initial operating expenses of the ISDO.

**Section 41. *Executive Committee of the ISDO.*** – Seven (7) members shall be constituted as the Executive Committee of the ISDO. Besides the Chair and Vice-Chair, the following shall also be elected by the ISDO members from among themselves: two (2) representatives of organizations of informal sector workers, one (1) from the different leagues of local officials, one (1) from the private sector, and one (1) from a national government agency.

The Executive Committee shall ensure the attainment of the objectives of this Act through active monitoring and coordination with the LGUs, its Regional Agents, and the ISWLDO. The Executive Committee shall discharge the functions of the ISDO in any and all matters relative to the advancement of the welfare and the protection of the rights of informal sector workers.

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

**Section 42. Authority of the ISDO to Solicit Assistance from Various Agencies.** – The ISDO may, from time to time, call for the participation of any government agency in its deliberations especially when such agency is directly or indirectly concerned with and/or affecting the growth and development of informal sector workers in any particular area or manner.

**Section 43. Regional ISDO Agents.** – There shall be one (1) Regional ISDO Agent per region that shall be appointed by the ISDO and shall have the rank of a DOLE Regional Director. Their qualifications shall be provided for by the IRR of this Act. The Regional Agents shall have functions that include but are not limited to: monitoring the LGUs within their respective regional designations and coordinating with the ISDO; evaluation of policies programs for informal sector workers; providing technical assistance in the development of local plans and programs; as well as other administrative functions necessary for the success of initiatives for the benefit of informal sector workers in their jurisdiction. The Regional Agents shall also work closely with the Informal Sector Workers Local Development Office (ISWLDO) in order to ensure the attainment of the objectives of this Act.

The assignment of one (1) Regional Agent per region of the Philippines, shall be similar to that of the division of regions provided for in the DOLE with respect to its Regional Offices. Except for the National Capital Region (NCR), there shall be one (1) Regional Agent each for the following regions, who shall supervise over the respective cities and/or provinces in their respective regional designations:

**Region I** – La Union, Ilocos Sur, Ilocos Norte, Dagupan;

**Region II** – Cagayan, Isabela, Nueva Vizcaya, Quirino;

**Region III** – Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, Zambales;

**Region IV-A** – Cavite, Laguna, Batangas, Rizal, Quezon;

**Region IV-B** – Mindoro, Marinduque, Romblon, Palawan;

**Region V** – Albay, Camarines Sur, Camarines Norte, Catanduanes, Sorsogon, Masbate;

**Region VI** – Guimaras, Aklan, Antique, Capiz, Negros Occidental;

**Region VII** – Cebu, Bohol, Negros Oriental, Siguinor;

**Region VIII** – Northern Leyte, Southern Leyte, Western Leyte, Biliran, Western Samar, Northern Samar, Eastern Samar;

**Region IX** – Zamboanga City, Isabela, Zamboanga del Norte, Zamboanga del Sur, Zamboanga Sibugay;

**Region X** – Camiguin, Misamis Occidental, Ozamiz City, Bukidnon, Lanao del Norte;

**Region XI** – Davao City, Davao del Sur, Davao del Norte, Davao Oriental, Compostela Valley;

**Region XII** – SARGEN, Southern Cotabato, Sultan Kudarat, North Cotabato, Cotabato City;

**Cordillera Administrative Region (CAR)** – Abra, Benguet, Ifugao, Kalinga, Mountain Province, Apayao, Baguio;

**CARAGA** – Agusan del Norte, Agusan del Sur, Surigao del Norte, Surigao del Sur.

For the NCR, there shall be two (2) Regional Agents, to supervise and monitor the following cities – Caloocan, Malabon, Navotas, Valenzuela, Makati, Pasay, Manila, Muntinlupa, Taguig, Paranaque, Las Pinas, Pasig, Pateros, Mandaluyong, Marikina, San Juan, Quezon City;

### **Chapter III**

#### **Informal Sector Workers Local Development Office (ISWLDO)**

**Section 44. Informal Sector Workers Local Development Office (ISWLDO).** – An Informal Sector Workers Local Development Office (ISWLDO) shall be established in every province and city, according to the enumeration of cities and provinces found in Section 42 hereof, to perform functions that aid in the attainment of the purposes of this Act. Such functions shall include but

shall not be limited to the following:

- (a) Preparing an overall development plan and work program that will address the needs of the informal sector workers and incorporate them in their respective provincial and city development plans;
- (b) Consulting informal sector workers' organizations in the area, identifying specific needs of various subsectors of the informal sector and take appropriate measures in order to address such concerns;
- (c) Ensuring accreditation and identification of informal sector workers within their respective jurisdictions, and to facilitate their immediate access to benefits and services provided for by this Act;
- (d) Monitoring, assessing and evaluating implementation of the plans and programs as well as the performance of informal sector workers, their economic activities and their organizations in the areas;
- (e) Coordinating with other local offices, private sector and other organizations with existing programs for the informal sector workers towards integration and convergence;
- (f) Conducting training programs especially those that focus on education, technical skills, livelihood and healthcare for the informal sector workers.
- (g) Implementing consciousness-raising and capability building activities which include information on workers', women's and children's rights and leadership training;
- (h) Providing technical support and access to credit, market, technology, social protection schemes, and training for micro-entrepreneurs and those in service industry, small transport, non-corporate construction workers, etc.;
- (i) Training pools of community trainers in business counseling and awareness-raising on occupational safety and health hazards, risks and social protection;
- (j) Supporting activities that encourage the organization of informal sector workers;
- (k) Establishing a database on human resources and skills registry to be used as tools for LGU planning and budgeting;
- (l) Training informal sector workers on negotiation skills and on the conduct of time and motion studies to determine proper wages; and
- (m) Providing services, which shall include but not be limited to counseling, conciliation, mediation, and legal assistance for the furtherance of the objectives of this Act.
- (n) Ensuring effective participation of informal sector workers and informal sector workers' organizations through the establishment of regular consultative mechanisms and processes within the respective LGUs. Consultations among the organizations of informal sector workers shall be conducted within the LGUs to determine specific issues and problems affecting their sector, and monitor and evaluate implementation of programs and policies that address such issues and problems.

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

**Section 45. Composition.** – The ISWLDO shall be under the sole supervision of the Local Chief

Executives. For this purpose, the powers inherent in an employer shall be exercised by the Local Chief Executives over members of the ISWLDO. The IRR of this Act shall provide for ISWLDO's composition and other relevant guidelines regarding its' operations.

**Section 46. Budget.** – The respective LGUs shall either set aside at least three percent (3%) of their annual budget or shall find other sources of funding for the creation and initial operations of ISWLDO.

#### **TITLE IV FINAL PROVISIONS**

**Section 47. Penal Provisions.** –

(a) Any person who shall willfully interfere with, restrain or coerce a worker in the exercise of his/her rights as provided for by law, or shall in any manner commit any act in violation of Title II Sections 8, 18 and 22-23 of this Act shall, upon conviction, be liable for damages of not less than Twenty Thousand Pesos (P20,000.00) or imprisonment of one (1) year to six (6) years or both fine and imprisonment at the discretion of the Court, without prejudice to any penal or civil liability under the Revised Penal Code or other laws. In cases where there exists an employment contract between the informal sector worker and the employer, such contract may provide for higher civil liabilities.

(b) If the offender is a public official, the Court, in addition to the penalties provided in the preceding paragraph, may impose the additional penalty of disqualification from public office.

(c) In the case of a private institution/company found to be violating any provision of this Act, it shall be subject to a penalty ranging from suspension of license or revocation of such at the discretion of the Court.

**Section 48. Implementing Rules and Regulations (IRR).** – The Implementing Rules and Regulations of this Act shall be formulated by the DOLE, in consultation and coordination with various informal sector workers' organizations. The ISDO shall, within three (3) months from the effectivity of this Act, promulgate the necessary rules and regulations to effectively implement the same.

**Section 49. Separability Clause.** – If any provision of this Act is declared unconstitutional or invalid, the provisions not affected shall continue to be in full force and effect.

**Section 50. Repealing Clause.** – All laws, decrees, orders, rules and regulations or other issuances inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

**Section 51. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation or the Official Gazette, whichever comes first.