

REPUBLIC OF THE PHILIPPINES  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila



FIFTEENTH CONGRESS  
Second Regular Session

HOUSE BILL NO. 6182

---

Introduced by Representative Raymond Democrito C. Mendoza, Party List, TUCP

---

**EXPLANATORY NOTE**

The informal sector has been a large emerging segment of the labor force brought about by both the forces of globalization and the local reality of the failure to attract investments to expand industries. The International Labor Organization (ILO) focused on the specific needs of the informal sector at the beginning of the 1970's and realize the need to have to have a policy that provides both social protection and institutional support that recognizes gainful employment that the sector generates.

The ILO refers to the informal sector as units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production.

The informal sector or the informal economy is heterogeneous in character in terms of activities and actors. These can be found in every sector of the economy including commerce, agriculture, construction, transportation, manufacturing and services. The activities of the informal sector contribute significantly to the country's economy. National Statistics Office data estimated that in the period of 1994 to 2003 the informal sector activities accounted for 1/3 of the country's non-agricultural GDP. The same data showed that the sector accounts for 99.2% of all establishments in the country, and the share of employment is accounted to almost 16 million in 2005 and is estimated to significantly contribute to employment and revenues to the succeeding years.

Given the significant role of the informal sector in our economy, it nevertheless is the most neglected sector in the society. The informal sectors are more easily found in exploitative conditions. By the very nature of this, the sectors are mostly excluded from the protective scope of laws and regulations. Those workers that are subsumed under this condition are more easily exploited as well. Moreover, this process of increasing

informalisation of the labor market is creating a gap between organized labor and a growing number of workers who have no forms of collective representation at their places of work, labeled as representational gap<sup>1</sup>.

This bill therefore, the proposed Magna Carta for Workers in the Informal Economy seeks to afford full protection to the workers in the informal economy and to established institutional mechanisms. In this light, the recognition and inclusion of informal sector in the bounds of law will uplift the plight of this once vulnerable and invisible sector of our society into a potential contributor of steady growth.

In view of the foregoing, the immediate passage of the bill is earnestly sought.

  
HON. RAYMOND DEMOCRITO C. MENDOZA

---

<sup>1</sup> 2008, "Closing the Representational Gap in Micro and Small Enterprises, GLU working papers.

REPUBLIC OF THE PHILIPPINES  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

FIFTEENTH CONGRESS  
Second Regular Session

HOUSE BILL NO. 6182

---

Introduced by Representative Raymond Democrito C. Mendoza, Party List, TUCP

---

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

TITLE I  
GENERAL PROVISIONS

Chapter I  
Framework and Principles

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

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

- (a) To promote the total well-being of all workers in the informal economy;
- (b) To ensure their human dignity, economic advancement and access to justice by providing timely services including social, political, economic and legal interventions and assistance;
- (c) To recognize, promote, protect and fulfill the right to decent work of every worker in the informal economy, including: the right to self-organization; just and humane working conditions, access to social protection; the right to represent their organizations in a continuing process of consultation and dialogue towards maximizing the provision of a comprehensive package of reforms, interventions, and services in accordance with their articulated needs and interests;
- (d) To recognize the roles, give proper value to the contributions of workers in the informal economy, and make them visible in the national and local statistics;
- (e) To develop and enhance their technical, entrepreneurial and other skills and capabilities necessary so they can become more productive and self-reliant citizens, thereby ensuring participation in mainstream economic activities;
- (f) To promote gender equity and equality and protect women workers in the informal economy against gender-based discrimination, exploitation and abuse; to advance women's social, economic, political, and reproductive rights; and improve their access to social protection and participation in decision-making bodies;
- (g) To protect vulnerable groups in the informal economy 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; and

- (h) To progressively eliminate child labor in the informal economy 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 or even accept child labor.

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

- (a) Policies and programs that will bring marginalized workers and economic units into the economic and social mainstream, thereby reducing their vulnerability and exclusion.
- (b) Structural reforms in all relevant levels of government by creating committees, special offices for development and protection of workers in the informal economy and supporting their representational rights through their legitimate organizations.
- (c) Accessible and affordable social protection, including labor market interventions, social insurance coverage, basic health care, occupational safety and health, reproductive health services, social welfare programs and safety nets; .
- (d) Minimum and simplified regulations to encourage the development of ingenuity and entrepreneurial spirit among workers in the informal economy.
- (e) Mechanisms for the growth and expansion of the various business activities or enterprises in the informal economy preferably with the cooperation and support of the private sector.
- (f) Applicable labor standards.
- (g) Recourse mechanisms to address violations of informal workers’ rights.
- (h) Mechanisms that prioritize the provision of services to the poorest and the most vulnerable workers,

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

- (a) *Informal Economy* – Based on 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”.

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

Informal employment is often casual, irregular or seasonal implying frequent changes of workplaces and employers.

- (b) *Informal Sector*, herein otherwise referred to as IS, 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 households unincorporated enterprises that are market and non-market producers of goods as well as market producers of services.

These enterprises are 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.

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

- c.1. small farmers owning land not more than three (3) hectares;
- c.2. rural and agricultural workers who are tenants or sharecroppers, laborers;
- c.3. small fisherfolk/operators owning boats of three (3) gross tons or less and other fishing equipment;
- c.4. fisherfolk who are without fishing equipment and market their catch directly;
- c.5. home-based workers who are independent producers of goods or services;
- c.6. industrial homeworkers – 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;
- c.7. self-employed who are engaged by other enterprises through subcontracting arrangements;
- c.8. vendors, whether with stalls or without permanent workplace including street hawkers or those plying their goods and trades in the streets and those engaged in sari-sari stores with operating capitalization of not more than one million pesos (P1,000,000.00) excluding land and building;
- c.9. drivers of modes of transportation on land and sea whether motorized or not, including two (2) wheels such as calesa, three (3) wheels such as pedicabs, tricycles, four (4) wheels such as jeepneys, multicabs and buses, and boats one (1) ton and below; 'barkers', fare collectors, dispatchers and other workers who share income with self-employed or unincorporated operators;
- c.10. operators of jeepneys, tricycles, pedicabs, taxi, and other vehicles or transportation whose capitalization is not more than one million pesos (P1,000,000.00) excluding land and building;
- c.11. domestic workers which refer to persons who provide service to households such as maids, cooks, family drivers, gardeners and baby sitters on a live-out basis and "on-call" arrangement only;
- c.12. non-corporate construction workers;
- c.13. small scale miners doing their own product processing; including those involved in small scale mining and quarrying with capitalization of below one million pesos (P1,000,000.00);

- c.14. workers of Barangay Micro Business Enterprises (BMBEs);
  - c.15. non-corporate cargo handlers and allied workers;
  - c.16. waste pickers and recyclers;
  - c.17. workers engaged in producing seasonal products;
  - c.18. 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;
  - c.19. "on-call" workers in the entertainment, movie, production checkers and media such as bit players, stuntmen and women, crew, make-up artists, etc.;
  - c.20. volunteer workers in government and non-government entities who only receive allowances or honoraria, including but not limited to but are 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;
  - c.21. unpaid family members, or workers receiving allowances and seasonally hired workers who are engaged in micro-enterprises or assist unincorporated household enterprises; and
  - c.22. other similar economic activities that are not criminal and life threatening in nature.
- (d) *Worker* is a general term referring to either or both the self-employed or paid employee covered under the provisions of this Act.
  - (e) *Self-employed Worker* refers to any person whether male or female, who has no employer and who works for himself/herself by producing goods or services for the market.
  - (f) *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.
  - (g) *Employer* refers to a natural person or group or partnership of people for whom a paid worker renders productive employment or service.
  - (h) *Hazardous Work Condition* refers to any activity or circumstance where a worker is exposed to any risk which constitutes imminent danger to his/her health and safety.
  - (i) *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.
  - (j) *Daily Basis* refers to the per day mode of paying a private worker as bilaterally agreed upon by both the employer and the worker.
  - (k) *Monthly Basis* refers to the per month mode of paying a private worker as bilaterally agreed upon by both the employer and worker.
  - (l) *"Pakyaw" Basis* refers to the pre-contracted wholesale mode of paying a worker as bilaterally agreed upon by both the employer and worker.
  - (m) *Social protection* refers to policies, programs, and all other interventions from public, private and voluntary organizations and informal networks, to support communities, households and individuals, both women and men, in their

efforts to reduce poverty, and to prevent, manage and overcome risks and vulnerabilities throughout their life cycle, and to realize their rights as citizens participating fully and equally in all decision making which affects their access to and control over resources necessary to maintain and sustain a decent and secure life. These interventions shall promote and sustain livelihood and employment, protect against hazards and sudden loss of income, and shall include, among others, labor market interventions, social insurance, basic health care, social welfare and safety nets.

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

## **Chapter II**

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

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

**SEC. 6. Accreditation.** There shall be a simple and standard system of accreditation in accordance with the framework and principles of this Act. I workers shall, upon accreditation, pay not more than Fifty pesos (P50.00). IE business activities or enterprises and organizations shall pay not less than One Hundred pesos (P100.00) to the municipality or city where they intend to operate.

Any IE worker meeting the necessary qualifying requirements provided for in this Act shall be listed in the centralized database system, and shall be issued an identity card signifying eligibility to avail of development programs for workers in the informal economy, provided that the poorest and the most vulnerable shall be given priority. Any IE business activity or enterprise, or organization of workers in the informal economy, if qualified under this Act, shall be issued a certificate of accreditation.

Such accreditation shall be reviewed, revalidated and reassessed every two (2) years from the date of last accreditation by the LGUs where the IE worker, business, enterprise, or organization operates. Renewal of eligibility shall be in accordance with the merit and fitness principle, and with the condition that no child labor shall be used and no activities harmful to the environment shall be implemented.

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

- (a) Those with assets amounting to not more Two Thousand Pesos (P2,000.00) .....P 100.00
- (b) Those with assets of more than Two Thousand Pesos (P2,000.00) up to Five Thousand Pesos (P5,000.00).....P 200.00
- (c) Those with assets of more than Five Thousand Pesos (P5,000.00) up to Fifty Thousand Pesos (P50,000.00)... P 300.00
- (d) Those with assets of more than Fifty Thousand Pesos (P50,000.00) up to One Hundred Fifty Thousand Pesos (P150,000.00)... P 500.00

- (e) Those with assets of more than One Hundred Fifty Thousand Pesos (P150,000.00) up to Three Hundred Thousand Pesos (P300,000.00)... P 600.00
- (f) Those with assets of more than Three Hundred Thousand Pesos (P300,000.00) up to Five Hundred Thousand Pesos (P500,000.00)... P 700.00
- (i) Those with assets of more than Five Hundred Thousand Pesos (P500,000.00) up to One Million Pesos (P1,000,000.00)... P1,000.00

### **Chapter III Basic Rights**

**SEC. 8.** Workers in the informal economy enjoy the same basic rights accorded to all workers, as enshrined in the fundamental law of the land and in international instruments:

- a) The right to 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 right to the enjoyment of just and favorable conditions of work;
- c) The right to a living wage and equal remuneration for work of equal value without distinction of any kind, in particular for women who shall be guaranteed conditions of work not inferior to those enjoyed by men;
- d) Equal opportunity for promotion to an appropriate higher level, subject to no considerations other than those of seniority and competence;
- e) The right to safe and healthy working conditions, safeguarding general, occupational and reproductive health;
- f) The right to rest, leisure and reasonable limitation of working hours, and periodic holidays with pay, as well as remuneration for public holidays.
- g) Maternity protection, including paid leave during a reasonable period before and after childbirth..
- h) The right of workers and their families to an adequate standard of living, primarily adequate food, clothing, and shelter, and the continuous improvement of such standard.
- i) The right to education, especially of children and young persons, without any discrimination.
- j) The right to social protection, comprising mainly of, but not limited to labor market programs, social security, health care and insurance, and social welfare interventions;
- k) The right to self-organization to, among others, collectively negotiate with other parties in the promotion of their welfare and advancement of their interests;
- l) The right to 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) The right to be free from any form of discrimination, violence, sexual exploitation, harassment and abuse;
- n) The right to equal treatment before the law; and

- o) The right to equal access to justice through appropriate mechanisms, including, but not limited to, alternative dispute resolution mechanisms and processes.

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

- a) Infrastructure support such as farm to market roads, common, affordable and secure workplaces and facilities, merchandising centers, 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, credit facilities 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
- h) Fiscal relief, including among others exemption from taxes, fees and other assessments, to be put into place by concerned national agencies and local government units 60 days after the effectivity of this Act.

**SEC. 10.** Organizations of workers in the informal economy shall have the right:

- a) To freely function and act as the representatives of their members in policy- and decision-making processes, collective negotiations, and other similar bodies and processes;
- b) To establish national federations or confederations and the right of the latter to form or join international trade-union organizations;
- c) To be furnished by concerned government institutions and other parties, upon written request, with information pertinent to the protection and promotion of the rights and welfare of their members;
- d) To own property, real or personal, for the use and benefit of the organizations and their members;
- e) To sue and be sued under their registered names;
- f) To undertake all other activities, not contrary to law, designed to benefit the organizations and their members;
- g) Notwithstanding any provision of a general or special law to the contrary, the income and the properties of legitimate labor organizations, including grants, endowments, gifts, donations and contributions they may receive from fraternal and similar organizations, local or foreign, which are actually, directly and exclusively used for their lawful purposes, shall be free from taxes, duties and other assessments. The exemptions provided herein may be withdrawn only by a special law expressly repealing this provision; and
- h) To be accorded preferential option in the awarding of contracts for the undertaking of national and local projects funded by either the National Government or any local government, unit including foreign-assisted projects,

the guidelines of which shall be put into place by concerned national agencies and local government units within 60 days after the effectivity of this Act.

#### **Chapter IV** **COMPONENTS OF SOCIAL PROTECTION**

Social protection as defined in Section 4 of this Act shall cover labor market programs, social security, health care, social welfare and social safety nets.

**SEC.11. Labor Market Programs.** The state shall provide adequate resources to sustain labor market programs following decent work standards, including emergency and guaranteed employment schemes, to ensure livelihood security and prevent or mitigate the effects of sudden loss of income in the context of sustainable development and developing local economies in both rural and urban areas.

- a. The state shall ensure that these schemes shall be labor-intensive, developmental, and sustainable, engaging both women and men, youth and older people, in building infrastructure, socialized housing, social forestry focusing on the planting of traditional trees, , organic farming, and food production programs.
- b. In pursuit of decent work, the State in all its labor market programs shall adopt a comprehensive framework and plan on occupational safety and health that covers all workers, formal and informal, and implemented at both national and local levels.
- c. The state shall encourage entrepreneurship among the disadvantaged, especially women and young people in the informal economy, through the simplification and facilitation of business registration procedures in one-stop action centers, and the provision of adequate and affordable marketing facilities such as economic freedom parks.
- d. The State through local government units shall promote community contracting to give preference to informal workers and their organizations in accessing employment opportunities and related benefits.

**SEC. 12. Social Security.** - In the spirit of promoting social justice, the state shall endeavor to extend social security protection to all workers and their beneficiaries against the hazards of disability, sickness, maternity, old age, death, unemployment, and other contingencies resulting in loss of income or financial burden.

- a. The Social Security System (SSS) shall cover all workers, including the working poor who mostly belong to the informal economy, and shall customize products and services that are accessible to and affordable for them with the participation of their representatives. In the interest of equity, the state shall cover what should have been the employers' share for contributions of self-employed had they been formally employed.
- b. The SSS shall also develop schemes involving government subsidies and sponsorship programs to enable those who cannot afford to enroll and sustain their membership.
- c. To achieve universal membership, the SSS shall facilitate the accreditation of cooperatives, women's and people's organizations, trade unions and informal workers' associations, microfinance and micro-insurance institutions and similar groups as collecting agents of premiums and facilitators of claims with the least burdensome conditions and with appropriate incentives. It shall develop effective partnerships with these organized groups.
- d. The SSS Commission, in the spirit of democracy, transparency, accountability, and equity, shall be required to provide information and reports to its membership, and shall conduct regular consultations with its members. Both

formal and informal workers shall be represented in the SSS Commission, where gender balance shall also be observed.

- e. State agencies dealing with social security particularly SSS shall support indigenous and community-based social protection schemes such as damayan, tulungan, saranay, small mutual benefit associations, and micro-finance organizations initiated or participated in by workers in the informal economy in cooperation with other concerned national agencies and LGUs so that these can be sustained, systematized and upscaled.
- f. An enabling environment for such organizations and schemes shall be developed. Towards this end, the Insurance Commission (IC) and other relevant regulatory agencies are hereby mandated to review its policies and framework to make them more developmental and supportive of the alternative schemes outlined above.

**SEC. 13. Social Security for Volunteers of Government Instrumentalities.** Volunteer workers of government instrumentalities as defined in Sec. 4 of this Act, shall be covered by the Government Service Insurance System (GSIS) and be entitled to at least a minimum package of customized products, services and benefits to be designed with their participation and with government subsidy.

**SEC. 14. Universal Health Insurance.** The Philippine Health Insurance Corporation (PhilHealth) shall ensure and substantiate universal, actual, active, and up to date coverage of all Filipinos by 2010. To achieve this, PhilHealth with the participation of all stakeholders shall critically review its current operations. It shall also ensure that it can provide a minimum benefit package which can 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 not only the ultra poor but also the working poor who mostly belong to the informal economy. For the working poor who are self-employed, what should have been contributed by employers if they were enrolled as formally employed shall be covered by government subsidies in the interest of equity.

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

- b. PhilHealth shall immediately extend its services to underserved areas by facilitating and accelerating accreditation of hospitals and clinics, and by ensuring that these service providers remain viable through immediate reimbursement.
- c. PhilHealth, in accordance with its guiding principles, shall promote maximum community participation and shall recognize the roles and strengths of the public and private sectors in health care, including people's organizations and community based health organizations. PhilHealth shall extend appropriate recognition, technical assistance, and other forms of material support to mutual benefit associations, microfinance organizations, community-based health insurance and indigenous schemes initiated and participated in by workers in the informal economy.
- d. PhilHealth shall review its benefit package with maximum participation of all stakeholders in order to cover informal workers, senior citizens, indigenous peoples, persons with disabilities, persons with HIV/AIDS and other marginalized groups sustainably; emphasize preventive measures such as annual physical and medical check-ups and other outpatient services;

coverage of workplace-related injuries and illnesses affecting both formal and informal workers, treatment of chronic ailments such as hypertension and diabetes; and inclusion of reproductive health services, commodities and supplies based in hospitals.

**SEC.15. *Social Welfare and Safety Nets.*** The state shall implement programs whereby beneficiaries of social assistance are able to exchange their labor or any other resources for the benefits received, and are assisted to progress out of poverty through self-empowering measures.

- a. Existing cash transfer programs shall be reviewed, improved, and expanded to enable the poor to work and capacitate themselves out of poverty in an empowering and dignified manner. Such programs shall benefit not only children of poor families, but also senior citizens, especially older women, persons with disabilities, and other marginalized groups with little or no assets.
- b. Barangay Day Care Centers shall provide 8-10 hour services to enable parents, especially mothers, to work.
- c. Community-based, gender-responsive, and participatory disaster preparedness and management schemes shall be established in every barangay to address and mitigate the effects of climate change and other catastrophic risks.

## **Chapter V**

### **Special Allocations for Development Initiatives**

**SEC. 16. *Special Allocations for this Act*** –The national and local government units shall work shoulder to shoulder in support of this integrated and convergent approach to maximize meager resources.

- (a) At least ten percent (10%) of the annual national budget shall be appropriated for programs and services for workers in the informal economy to be implemented by the Informal Economy Development Authority (IEDA) and Workers in the Informal Economy Local Development Office (WIELDO) as created by Chapters VI and VII of this Act.
- (b) The Implementing Rules and Regulations (IRR) of this Act shall determine additional guidelines and the use of such finances to ensure that programs and services truly benefit workers in the informal economy.

**SEC. 17. *Sourcing and Adopting Development Initiatives*** – Other existing sources of funds can be used for initiatives addressing the needs and empowerment of workers in the informal economy shall be identified in the Implementing Rules and Regulations (IRR) of this Act and may include the following, subject to guidelines issued by the Agency concerned:

- (a) Government financial institutions and mechanisms such as the Land Bank of the Philippines, Development Bank of the Philippines, National Livelihood Support Fund, Quedan Rural Credit and Guarantee Corporation shall set aside a specific percentage of their loan portfolio to informal economy enterprises and shall give priority to women-led informal economy enterprises by providing loans at an interest of not more than twelve percent (12%) per annum consistent with the spirit of R.A. 7882.
- (b) The Small Business Guarantee and Finance Corporation (SBGFC) created under Republic Act (R.A.) No. 8289, shall assist in the sourcing and adopting of development initiatives for competitive enterprises in terms of finance, technology, production, management and business linkages. It shall also provide and promote, develop and widen in both scope and service reach various alternative modes of financing for informal economy business activities or enterprises, including but not limited: to direct and indirect project lending, venture capital, financial leasing, secondary mortgage and/or

rediscounting of loan papers to such business activities or enterprises, and crop production financing.

- (c) The Department of Trade and Industry (DTI) shall contribute to enable the development of a business environment that shall include initiatives such as supply chain and market outlets, and schemes to develop Special Credit Windows to upscale informal enterprises.
- (d) The Department of Science and Technology (DOST) shall support technology-related initiatives of workers and enterprises in the informal economy.

## **Chapter VI**

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

**SEC. 18. *Creation of the Informal Economy Development Authority (IEDA).*** – There is hereby created an Informal Economy Development Authority, herein otherwise referred to as the IEDA, which shall be attached to the Office of the President and shall be constituted within thirty (30) days after the drafting and approval of the IRR of this Act.

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

**SEC. 19. *Mandate and Functions of IEDA.*** – The mandate and functions of IEDA shall include the following:

- (a) Develop and ensure implementation of a system of accreditation for the IE workers, enterprises, and organizations in accordance with the standards and provisions of this Act;
- (b) Provide guidelines for the implementation by LGUs of a fair and credible system of evaluation, accreditation, review and assessment, merit promotion, rendering of grant and incentive awards and other policies relative to the effective and efficient implementation of this Act;
- (c) Develop and ensure implementation of annual, long-term and medium term plans for the informal economy, the last of which should form part of the Medium Term Philippine Development Plans (MTPDP) towards institutionalizing comprehensive, rights-based, gender-responsive and child-friendly programs and policies for the IE;
- (d) Develop and ensure implementation of labor standards;
- (e) Develop and ensure implementation of gender-based monitoring and evaluation mechanisms, efficient and effective programs and policies, and gender-responsiveness of interventions toward harnessing the full potentials of women workers in the informal economy;
- (f) Coordinate with LGUs for the development and implementation of periodic evaluation of all accredited IE members, enterprises and organizations – taking into account their accomplishments, capabilities and potentials – the

results of which shall be used as bases for evaluation, accreditation, the grant of awards and incentives, training and retraining;

- (g) Establish a performance appraisal system for all accredited workers, enterprises and organizations in the informal economy which shall be the basis for granting or renewal of incentives, rewards and recognition, training and development, including adequate mechanisms to ensure their active participation and involvement;
- (h) Ensure effective participation of the workers in the informal economy through the establishment of regular consultative mechanisms and processes. Annual national, regional and provincial consultations among the organizations of workers in the informal economy shall be conducted to determine specific issues and problems affecting their sector, and monitor and evaluate implementation of programs and policies.
- (i) Establish and develop a centralized and sex-disaggregated database system to effectively guide policy formulation relative to the workers in the informal economy. The databank shall be available for public use and shall include but not be limited to the following:
  - i.1. Sex-disaggregated statistical profile of various informal economy workers based on age, location, type of work, average monthly income, number of hours worked, and other statistical information;
  - i.2. Sex-disaggregated data on informal enterprises, including capitalization and sources of capital, number and status of workers, average income,
  - i.3. List and contact information of government and non-government organizations which provide educational, socio-economic and legal services to workers in the informal economy;
  - i.4. Inventory of upheld and pending cases involving activities of workers in informal economy;
  - i.5. Database on the needs and problems of women and children in the informal economy nationwide aimed at strengthening policies and programs against child labor; and
  - i.6. Compilation of existing laws and programs affecting the interest and welfare of informal economy workers and information on how these workers may use or avail of such laws and programs.
- (j) Develop and ensure implementation of a communication plan including massive information dissemination activities targeting workers in the informal economy, their enterprises and organizations, in the various regions towards making them understand and appreciate the benefits this Act may bring them;
- (k) Consistent with letter h Section 2 of the Declaration of Policy, to develop and ensure implementation of a comprehensive plan to eliminate child labor;
- (l) Monitor and coordinate implementation of policies and programs through the Regional IEDA officers;
- (m) Coordinate all informal economy related policies, programs, projects and activities of various government agencies towards greater efficiency and effectiveness;
- (n) After consultations with WIE organizations, develop and ensure implementation of policies and programs that will address specific needs and ensure rights of workers in the informal economy subsectors including but not limited to vendors, small transport, non-corporate construction workers, home-based workers, etc.; and

- (o) Develop and ensure implementation of accessible conflict resolution and adjudication systems and mechanisms to promote dialogue, conciliation, mediation and redress of grievances to protect the rights of workers in the informal economy.

**SEC. 20. Composition.** – The Chair of the IEDA shall be appointed by the President based on recommendations of IEDA members and shall have the rank of a Secretary. IEDA members may elect from among themselves a Vice-Chair to preside over meetings in the absence of the Chair. The members shall be the following:

- (a) Secretary of Department of Labor and Employment (DOLE);
- (b) Secretary of the Department of Trade and Industry (DTI)
- (c) Director General of the National Economic and Development Authority (NEDA);
- (d) Secretary of Department of Agriculture (DA);
- (e) Secretary of Department of Agrarian Reform (DAR);
- (f) Secretary of Department of Social Welfare and Development (DSWD);
- (g) Secretary of Department of Health (DOH);
- (h) Secretary of the Department of Interior and Local Government (DILG);
- (i) Secretary of the Department of Finance (DOF);
- (j) Lead Convenor of the National Anti-Poverty Commission (NAPC);
- (k) Director General of Technical Education and Skills Development Authority (TESDA);
- (l) President of Development Bank of the Philippines (DBP);
- (m) President of Land Bank of the Philippines (LBP);
- (n) Chair of the Social Security System (SSS);
- (o) Chair of PhilHealth;
- (p) Chair of the National Commission on the Role of Filipino Women (NCRFW);
- (q) Head of the Housing and Urban Development Coordinating Council (HUDCC);
- (r) Three (3) representatives from the private sector at large, all Filipino citizens , proven to have been active in assisting informal economy workers, to represent Luzon, Visayas and Mindanao; provided that at least one (1) is a woman;
- (s) One (1) representative each from the League of Cities, League of Municipalities, League of Provinces and League of Councilors;
- (t) Five (5) representatives from organizations of workers in the informal economy, provided that, one (1) shall be the Sectoral Representative of the NAPC-Workers in the Informal Sector , provided moreover, that the other four shall be chosen from workers in the informal economy organizations themselves following a process to be determined in the IRR and provided finally, that at least two (2) of the five (5) representatives are women; and

(u) Two (2) representatives of women's organizations actively involved in women's and informal economy issues from among those recommended by these organizations.

The private sector, informal economy and women's organizations' representatives to the IEDA shall be entitled to receive *per diem* of at least Two Thousand Five Hundred Pesos (P2,500.00) per meeting. The IEDA members shall meet once every two (2) months and may call for special meetings as the need arises; provided, that the frequency of such special meetings shall not exceed four (4) times annually.

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

**SEC. 21. Executive Committee of the IEDA** - An Executive Committee of seven (7) members shall be convened. Besides the Chair and Vice-Chair, the following shall be elected by the IEDA members from among themselves or their duly designated alternate representatives: two (2) representatives of workers in the informal economy, one (1) from the different leagues of local officials, one (1) from the private sector, and one (1) from a national government agency, provided, that at least two (2) members of the Executive Committee are women.

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

**SEC. 22. IEDA Secretariat.** - The Executive Committee shall create a secretariat that will have the following duties and functions:

- (a) Prepare and recommend, in coordination with LGUs and other government agencies, annual, medium-term, and long-term Informal Economy Development Plans for approval of the IEDA;
- (b) Coordinate the preparation of position papers and background materials for discussion or approval during IEDA meetings;
- (c) Assist in coordinating and monitoring policies, programs and activities of all government agencies with respect to the implementation of this Act;
- (d) Prepare, collate, integrate all inputs to the IEDA's yearly report on the status of informal economy workers, business activities or enterprises in the country;
- (e) Submit periodic reports to IEDA on the progress and accomplishments of its work programs; and
- (f) Perform other functions as authorized by the IEDA.

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

**SEC 24. Regional IEDA Officer** - Regional IEDA officer shall be appointed and shall have functions that include: monitoring and coordinating IEDA initiatives in the regions; evaluation of policies programs for workers in the informal economy; providing technical assistance in the development of local plans and programs; as well as other administrative functions necessary for the success of IEDA initiatives in their jurisdiction. IEDA Regional Officers shall have automatic seats in all Regional Development Councils.

**SEC. 25. *Workers in the Informal Economy Local Development Office (WIELDO)***-

The Workers in the Informal Economy Local Development Office (WIELDO) shall be established in every province, city or municipality to perform functions that shall include but not be limited to the following:

- (a) Prepare an overall development plan and work program that will address the needs of the workers in the informal economy and incorporate them in their respective provincial, regional, city, municipal and barangay development plans;
- (b) In consultation with organizations of workers in the informal economy in the area, identify specific needs of various subsectors of the IE and recommend appropriate measures to be taken;
- (c) Ensure accreditation of the workers in the informal economy;
- (d) Monitor, assess and evaluate implementation of the plans and programs as well as the performance of the sector in the areas;
- (e) Identify and designate, in coordination with representatives of WIE affected communities and other sectors or groups, and with the approval of the relevant local authority, accessible and secure workplaces for registered IE workers including but not limited to vendors, small transport operators, home-based workers, small fisherfolk;
- (f) Coordinate with other local offices, private sector and other organizations with existing programs for the workers in the informal economy towards integration and convergence;
- (g) Conduct training programs which will provide new ideas to the IE workers and upgrade the technical and entrepreneurial skills of others who are already in the field;
- (h) Implement consciousness-raising and capability building activities which include information on workers', women's and children's rights and leadership training;
- (i) Provide 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.;
- (j) Train pools of community trainers in business counseling and awareness-raising on occupational safety and health hazards, risks and social protection;
- (k) Support organizing activities among workers in the informal economy;
- (l) Establish sex-disaggregated data banks on human resources and skills registry to be used as tools for LGU planning and budgeting;
- (m) Provide offices and other necessary resources to support organizing, advocacy, training and other activities of local organizations of workers in the informal economy;
- (n) Train workers in the informal economy on negotiation skills and on the conduct of time and motion studies to determine proper wages; and
- (o) Provide services, which shall include but not be limited to counseling, conciliation, mediation, and legal assistance for the furtherance of this Act.

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

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

**SEC. 26. *Composition.*** The local chief executives shall act as the primary overseers to the overall operation of WIELDO. Composition of WIELDO shall be determined by the Implementing Rules and Regulations (IRR) of this Act; provided that, workers in the informal economy shall be equitably represented; and provided further, that concerned LGUs maintain their right to include additional members as needed.

## TITLE II EMPLOYMENT OF WORKERS IN THE INFORMAL ECONOMY

### Chapter I Requisites for Employment Agreement

**SEC. 27. *Minimum Standards*** – All working arrangements entered into by workers in the informal economy shall be in accordance with the minimum applicable labor and social standards as contained in Title II of this Act.

These standards shall be strictly enforced in informal economic enterprises supplying or doing outsourcing work for exporters, investors-locators in export processing zones or industrial parks licensed by the Export Processing Zone, and domestic formal sector manufacturers and retailers-distributors.

For workers engaged by independent informal economic enterprises, DOLE and other agencies under the IEDA shall audit the capacity of these enterprises to comply with these standards. Those incapable of meeting the standards shall be assisted to upgrade their capacity to improve their businesses side by side with capacity upgrading in complying with relevant labor and social standards.

**SEC. 28. *Provisions of the Employment Agreement.*** The employment contract shall be in written form. However, the absence of a written agreement does not mean the absence of an employment relationship. Informal economy workers can insist on a written agreement based on minimum standards as a matter of right.

In cases wherein minors are contracted with, the said negotiated 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.

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

- (a) working arrangement/mode;
- (b) period/duration of employment;
- (c) compensation, which shall not be below the minimum standard, and mode of payment;
- (d) computation of contributions for social security and medical insurance;
- (e) computation of contributions for social security and medical insurance for those who fall under DOLE Department Order No. 5;

- (f) duties and responsibilities;
- (g) working hours and day-off schedules;
- (h) living quarters or sleeping arrangements (for live-in workers);
- (i) the date, term and mode of delivery or date of completion;
- (j) 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 per DOLE Order No.5.

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

Enforcement of the standard compensation rates shall be in accordance with the capability to comply as explained in Section 33.

**SEC. 29. *Payment of Wages*** – Payment derived from negotiated agreement shall be made directly to the workers according to the agreement. No deductions from such payments shall be made by the employer except those provided by law. The expressed written consent of the worker shall be first secured before the deduction is made.

## Chapter II IE Workers of Minor Age

**SEC. 30. *Allowable Employment of Workers of Minor Age*** – Children fifteen (15) years up to seventeen (17) years of age may be employed; provided, that parental or legal guardian consent 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 however, shall children below fifteen (15) years old be engaged in whatever form of productive services.

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

## Chapter III Prohibited Acts

**SEC. 31. *Prohibition Against Forced Night Work*** – It is unlawful to force, threaten, intimidate or otherwise harass workers in the informal economy to engage in night work. Moreover, workers of minor age shall not be allowed to render work between eight o'clock in the evening and six o'clock in the morning of the following day.

**SEC. 32. *Prohibition Against Work to be Undertaken*** – Workers of minor age shall not be allowed to render work beyond their physical and mental capabilities.

**SEC. 33. *Prohibition Against Bonded Labor*** - A 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 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 parties.

**SEC. 34. Prohibition Against Labor-Only Contracting** – In no instance shall the employer sub-contract the services of a worker to any third party, unless such activity falls within the purview of an employment arrangement for which the necessary permits and licenses had been priory secured.

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

**SEC. 35. Prohibition Against Recruitment and Finders Fees** - Regardless 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 aforementioned employment agency or third party.

**SEC. 36. Prohibition Against Hazardous Work and Conditions** - Any worker shall not be employed 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;
- (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 work which requires workers to continuously render service during late nights;
- (f) Any or 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;
- (g) Any use, procuring or offering of the worker for prostitution or pornography;
- (h) 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;
- (i) Any other type of work or activity which, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety, or morals of the worker; and
- (j) Any other type of work, activity, condition or undertaking that maybe hereinafter be defined as hazardous by the DOLE.

**SEC. 37. Prohibition Against Interference and Coercion** – Any person is prohibited from committing any of the following acts of interference and coercion:

- (a) To prevent a worker from upholding or exercising his/her rights;
- (b) To prevent 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) To prevent 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) To make calculated harassment and interference with the intention of intimidating or preventing the worker from performing his/her duties and functions;
- (e) To make calculated harassment against, or to transfer, penalize or terminate the services of a worker who is carrying out his/her function or role for and in behalf of his/her employer; and
- (f) To perform acts calculated to diminish the independence and freedom of workers' union or organization to direct its own affairs.

#### **Chapter IV** **Rights and Benefits of Employed Workers in Informal Economy**

**SEC. 38. *Rights to Wages Earned*** – The employer shall pay directly to the workers on time based agreement, any and all wages, remuneration or compensation earned by him/her during the period of his/her employment.

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

**SEC. 39. *The Right to Privacy and Confidentiality*** – The employer shall respect the privacy of all workers during the course of the latter's rest periods. This right to privacy shall extend to any and all forms of personal communication, including letters of correspondents issued or received. The worker shall be allowed communications coursed through the private telephone of the employer ; provided that any additional expense incurred in the course of communication shall be borne by the worker and shall be deducted after the employer's due notice to the worker of the amount incurred due to specific reason/s, from the receivable wage of the worker.

The State, further guarantees the protection of the right of the worker 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.

**SEC. 40. *Access to Education and Training*** – A 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 free time or any other time as agreed by the employer and the worker.

The Department of Education (DEP ED), CHED and other appropriate agencies, whichever offices are applicable, shall extend its services of Study Now, Pay Later Program to the workers in the IE.

**SEC. 41. *Access to Lawful Third Party Mediation*** - The LGUs shall provide workers and their employers the names, addresses and telephone numbers of the designated liaison officers of the following:

- (a) DTI;
- (b) DOLE;
- (c) The Barangay office where he/she is productively working; and
- (d) Duly registered non government organizations accredited to mediate the disputes of their sector.
- (e) IEDA

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

**SEC. 42. Normal Hours of Work** - The normal hours of work shall be set at 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.

**SEC. 43. Regular Working Days** – No worker shall render work for more than six (6) days per week.

**SEC. 44. Longevity Pay** - A longevity pay equivalent to five percent (5%) of his/her latest monthly basic pay shall be paid to a worker for every two (2) years of continuous and satisfactory service rendered.

**SEC. 45. Clothing and Personal or Protection Equipment Allowance** – A worker shall be entitled to a minimum of One Thousand (P1,000.00) pesos clothing and personal or protection equipment (PPE) allowance annually. Provided, that the worker has rendered at least one (1) year of continuous service in the employment he/she is currently in.

**SEC. 46. Service Incentive Leave** - A worker who has been employed for one (1) year shall be entitled to a five (5)-day service incentive leave with pay, in addition to the one (1) day per week designated as rest day.

Said leave may only commence at the end of the first year of employment and shall not cumulate from year to year.

**SEC. 47. Maternity Benefits.** - A female worker who has been employed for one (1) year shall be entitled to maternity benefits as provided for by law.

**SEC. 48 13<sup>th</sup> Month Pay** – A worker shall be entitled to 13<sup>th</sup> month pay equivalent to one month's basic salary which shall be paid to the worker. Provided, that the worker has reached the required minimum residency. Otherwise, the worker shall be entitled to receive a 13<sup>th</sup> month pay on a pro-rated basis as provided for in DOLE D.O. No. 5.

**SEC. 49. Allowing Subcontracting** - A worker may enter into sub contractual employment or may accept sub contractual jobs from any other enterprise or firm joining or may join productive employment through a cooperative consortium; provided, that the enterprise, firm, cooperative, or consortium meets the requirements of Articles 106-109 of the Labor Code and their Implementing Rules (DO 18-02), including registration requirements under the said DO 18-02.

**SEC. 50. 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 fifteen (15) day notice of termination, and termination pay equivalent to at least one half ( $\frac{1}{2}$ ) 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.

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

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

**SEC. 51. Extent of Duty** - The employer shall not require a worker to perform any task or work outside what is stipulated in the agreement.

**SEC. 52. *Deployment Expenses*** – Deployment expenses of the worker, including transportation and agency fees, shall be shouldered by the employer.

### **TITLE III FINAL PROVISIONS**

**SEC. 53. *Penal Provision*** – Any person who shall willfully interfere with, restrain or coerce a worker in the exercise of his/her rights or shall in any manner commit any act in violation of any of the provisions of this Act shall, upon conviction, be punished by a fine of not less than Twenty Thousand Pesos (P20,000.00) or imprisonment of one (1) year to six (6) years or both fine and imprisonment at the discretion of the Court.

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.

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.

**SEC. 54. *Implementing Rules and Regulations (IRR)*** – The Implementing Rules and Regulations of this Act shall be formulated by IEDA in consultation with organizations of workers in the informal economy within three (3) months after the effectivity of this Act.

**SEC. 55. *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.

**SEC. 56. *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.

**SEC. 57. *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.

Approved.