

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

17th CONGRESS
First Regular Session

HOUSE BILL NO. **326**

HOUSE OF REPRESENTATIVES

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Introduced by **REP. EVELINA G. ESCUDERO**

EXPLANATORY NOTE

It is the State's responsibility to give the highest priority to the enactment of measures that protect and enhance the rights of all people to human dignity, reduce social, economic and political inequalities and remove cultural inequities by diffusing wealth and political power for the common good and to provide environments at national and local levels that enable all workers to fully develop into productive and responsible citizens.

This bill seeks a way forward for the social protection and empowerment of almost 15 million members of the informal sector by providing access to social protection benefits and to provide appropriate regulation, due representation in local government agencies and meaningful planning that will harness their full potentials to become effective economic actors.

This proposed Magna Carta of Members of the Informal Sector is one significant contribution toward fulfilling the Constitutional mandate of social justice and human rights for the informal poor. Both civil society and government are giving their best efforts to make life a little better for the poor. There is a need for the latter to redefine and scale up not only its priorities, political will but more fundamentally, its genuine *care* for the poor.

The best entities to design culturally sensitive and appropriate social protection and delivery mechanisms are the local government units (LGUs) and their constituencies. Ensuring wider and deepened grassroots participation in improving access to social protection will reduce urban poverty in the Philippines. It is in this regard that several provisions deal with the participation of the local government units as well as the crucial role of the National Economic Development Authority (NEDA).

Aside from the rights, the bill also contains provisions that tackle responsibilities of the members of the sector. Further, this bill also provides for specific recourse mechanisms to the basic sectors so that their grievance can be better redressed and their welfare be given attention.

The 2008 Informal Sector Survey (2008 ISS) conducted by the National Statistics Office (NSO) yielded that there were about 10.5 million informal operators identified. Some sectors however assert that the informal sector is estimated to reach 15 million, or almost fifty (50 percent) of the country's labor force.

Contrary to the usual notion, the informal sector is quite productive. They provide array of services to the public and are engaged in legitimate undertakings. According to the National Statistical Coordination Board (NSCB), forty three (43 percent) of the country's Gross Domestic Product (GDP in 2006 came from the informal sector.

Sadly, this contribution of the informal sector to the economy is insufficiently recognized. This is proven by the inadequate legal and social protection accorded to this sector. What is worse is that members of informal sector groups have been a source of not only of local revenues such as market taxes; they are also vulnerable to kotong.

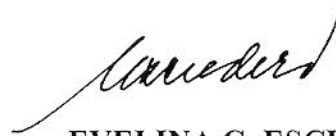
Based from 2003 figures of the National Statistical Office (NSO) and the National Statistical Coordination Board (NSCB), at least three out of every ten Filipinos are poor. Using self-rated methods, more than half of the almost 78 million Filipinos view themselves as *kabus, pobre, or mahirap* (the Visayan and Tagalog word for poor).

Abject situation of the members of the informal sector violates the international laws and the provisions of the Constitution on Social Justice and Human Rights.

Ratified by the Philippine government in 1974, Article 9 of the International Covenant on Economic , Social and Cultural Rights states "*The State Parties to the present Covenant recognize the right of everyone to social security, including social insurance*".

The 1987 Constitution also directs the State to provide social justice and human rights to poor and marginalized sectors such as the informal sector.

It is in this direction that this bill is proposed.



EVELINA G. ESCUDERO

Republic of the Philippines
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HOUSE BILL NO. 326

Introduced by **REP. EVELINA G. ESCUDERO**

AN ACT
PROVIDING FOR A MAGNA CARTA OF WORKERS IN THE INFORMAL
SECTOR, INSTITUTIONALIZING MECHANISMS FOR IMPLEMENTATION
THEREOF AND AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF
REPUBLIC ACT NOS. 7160 AND 8282.

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

Title I
GENERAL PROVISIONS

Chapter I
Framework and Principles

SEC.1. *Short Title.* This Act shall be known as the “Magna Carta of Workers in the Informal Sector.”

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

- (a) to promote and improve the total well-being of the poorest of the poor and the marginalized low level income earners who engage in economic activities under the informal sector;
- (b) to nurture and protect the interests of the informal sector by providing them with adequate and timely social, economic and legal services, as well as mechanisms that shall protect their rights and promote benefits that ensure their dignified existence and economic advancement;
- (c) to recognize, promote, protect and fulfill the rights of every worker in the informal sector including the right to self-organization, the right to decent work, just and humane working conditions, access to social protection, and 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, with focus on the vulnerable groups;

- (d) to recognize the roles and contributions of workers in the informal sector and make them visible in the national and local statistics;
- (e) to develop and enhance their entrepreneurial skills and capabilities so that they can become more productive and self-reliant citizens thereby ensuring participation in mainstream economic activities based on their own pace and self-determination;
- (f) to promote gender equity and equality through elimination of gender stereotypes attached to certain enterprise or occupation in the informal sector and redefining household as not merely male headed but also female headed;
- (g) to protect women workers in the informal sector against gender-based discrimination, exploitation, violence and abuse;
- (h) to advance the women workers' social, political and reproductive rights and provide access to social protection and participation in decision-making bodies;
- (i) to recognize ethnicity in the formulation of programs and mechanisms to promote and protect informal sector's rights;
- (j) to protect vulnerable groups in the informal sector such as children, elderly, differently-abled persons and indigenous people from discrimination, exploitation, abuse and harassment;
- (k) to progressively eliminate child labor in the informal sector through the creation of more quality jobs for adults, effective enforcement of laws against child labor, improved access to universal education and elimination of cultural factors that tolerate child labor;
- (l) to develop the local economy through maximization of the potential and contribution of the informal sector business activities and enterprises.

SEC. 3. *Framework and Principles.* It is the State's responsibility to give the highest priority to the enactment of measures that protect and enhance the rights of all people to human dignity, reduce social, economic and political inequalities and remove cultural inequities by diffusing wealth and political power for the common good and to provide environments at national and local levels that enable all workers to fully develop into productive and responsible citizens. Towards this end, the government shall pursue and implement a comprehensive, rights-based, participatory and gender responsive framework for workers in the informal sector that includes but is not limited to:

- (a) putting in place policies and programs that will bring marginalized workers and economic units into the economic and social mainstream and spur entrepreneurial or growth-oriented informal businesses to graduate to formal status based on their own pace and self-determination;
- (b) pursuing structural reforms in all relevant levels of government by creating committees, special offices for development and protection of workers in the

- (e) encouraging the organization, establishment, strengthening and expansion of the various business activities or enterprises under the informal sector in the barangay level preferably unified under a municipality, provincial, regional and national federation/association;
- (f) exacting responsibility on the part of the informal sector workers provided that the state shall recognize their rights and put in place responsive, transparent and accountable mechanisms to ensure protection, promotion and realization of those rights.

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

- (a) *hazardous work or condition* refers to any activity or circumstance where a worker is exposed to any risk which constitutes an imminent danger to his/her health and safety.
- (b) *ambulant vendors* or peddlers refer to vendors who ply their trades in search of buyers.
- (c) *street vendors* refer to vendors who sell their merchandise on streets and sidewalk.
- (d) *informal sector*
 - (1) For purposes of identification and coverage of the law, the informal sector otherwise known as IS consists of “units”, whether individual or group, own-account/self-employed or micro-entrepreneur or livelihood enterprises regularly employing family members, engaged in the production of goods and services with the primary objective of generating employment and incomes to the units concerned in order to earn a living. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production. It consists of household enterprises that are market and non-market producers of services.
 - (2) The category of individuals or organization of people involved in any business activity or enterprise whose total assets, inclusive of the capital investments, must not value more than the amount of:
 - i. One hundred fifty thousand pesos (P150,000.00) for small transport;
 - ii. One hundred fifty thousand pesos (P150,000.00) for marginalized farmers;
 - iii. One hundred fifty thousand pesos (P150,000.00) for marginalized fisherfolks;
 - iv. Fifty thousand pesos (P50,000.00) for home-based workers;

- v. One hundred fifty thousand pesos (P150,000.00) for small vendors with designated stalls;
- vi. Fifteen thousand pesos (P15,000.00) for ambulant and street vendors.

The aforesated amount shall be adjusted every five years by the Informal Sector Development Council (ISDC), which is created under this Act. Adjustment of the aforesated amount shall be based on prevailing poverty threshold and other established standards in determining subsistence level of living.

For purposes of exclusion, corporations, quasi-corporations, units with ten or more employees, corporate farms, commercial livestock raising and commercial fishing are excluded from this definition of informal sector.

- (e) *worker* refers to a general term to mean either or both the micro-entrepreneur or own-account/self-employed covered under the provision of this Act as defined in the preceding paragraph.
- (f) *pakyaw basis* refers to the pre-contracted wholesale mode of paying an informal sector worker as bilaterally agreed by the contracting parties.
- (g) *entrepreneurial or growth oriented informal business* refers to those which show potential in increasing productivity, in hiring workers from outside the household, in developing new competencies in areas of production and operations.
- (h) *informal sector sub-groups-* for purposes of this Act, refer to vendors, small farmers, marginalized fisherfolks, small transport, home-based workers and non-corporate construction workers and micro-informals and self/own account.
- (i) *small transport* refers to non-corporate operators of small marine boat or vessel for transport, tricycle, pedicab, *habal-habal*, *calesa*, *kuliglig*, *balsa* or “trolley” and or community-based mode of transportation
- (i) *small farmer* refers to an individual engaged in subsistence farming including the sale, barter, exchange of agricultural products or processing of agricultural and other by-products produced by him/herself and his/her immediate family, or rural workers who are tenants or sharecroppers or contracted laborers provided they do not fall under the category of agricultural workers under the Labor Code.
- (j) *marginalized fisherfolks* refer to individuals engaged in subsistence fishing such as but not limited to the use of fishing boats less than three (3) tons, use of fishing gear which do not require boats, those who are without fishing boat or gear but share in the first catch of individuals having fishing boats, those engaged in subsistence aquaculture, or those engaged in the processing of marine and other by products in subsistence level. This also includes immediate family members, especially women, who engage in the preparation of fishing gears and other needs before fishing activity and who engage in the sale, barter or exchange of marine products produced. Also included in this category are fishport workers, porters and batillo.

- (k) *non-government organizations* (NGO) refers to any aggrupation of individuals, not subsidized by government funds or organized for religious purposes or partisan politics, and whose primary ends are advocacy of issues or the realizations of specific developmental objectives for the community or a sector thereof.
- (l) *people's organization* (PO) refers to any cooperative, union, business group or any aggrupation of at least twenty-five (25) individuals belonging to the same sector or sharing a common interest, not subsidized by government funds or organized for religious purposes or partisan politics, and whose primary concern is the advocacy of sectoral issues; and/or the realization of specific developmental objectives for their sector or the promotion of their common interest.
- (m) *Informal Sector One-Stop Shop Center* refers to the office at the local government units (LGUs) where all transactions needed in the processing of business permits and other business requirements of the Informal Sector workers shall be conducted.
- (n) *Workers of minor age* refer to children fifteen (15) to seventeen (17) years of age who are engaged in productive employment.

Chapter II

Coverage, Qualifications and Accreditation

SEC. 5. *Coverage.* This Act shall cover members of the informal sector who are operating, employed or working either as micro-entrepreneur or self-employed/own account as defined herein. Provided, however, that the aforesaid micro-entrepreneur, self-employed, qualifies in the minimum requirements set forth in this Act.

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

- (a) micro-entrepreneurs and self-employed:
 - i. vendors, whether with stalls or without including ambulant vendors, street vendors or those plying their goods and trades in streets and those engaged in sari-sari stores which conform with the total asset value requirements as mentioned in Section 4 (d) of this Act;
 - ii. small farmers;
 - iii. marginalized fisherfolks;
 - iv. home-based workers who are independent producers of goods or services and whose total asset value conforms with that mentioned in Section 4 (d) of this Act;
 - v. small transport such as but not limited to non-corporate operators of small marine boat or vessel for transport, tricycle, pedicab, *habal-habal*, *calesa*, *kuliglig*, *balsa* or "trolley" whose total asset value conform with the requirement as mentioned in Section 4 (d) of this Act.
- (b) own-account/self-employed:
 - i. on call domestic and service workers such as live-out cleaners, laundry men and women and *plantsadora*;
 - ii. barbers, manicurists, pedicurists

- iii. drivers of tricycle, pedicab, *habal-habal*, *kalesa*, *kuliglig*, “trolley” or small marine vessel/boat;
- iv. “barkers”, fare collectors, dispatchers and other workers who share in the income of the non-corporate operators;
- v. welders and mechanics;
- vi. non-corporate constructions workers such as but not limited to carpenters, plumbers, electrician, mason or house painters;
- vii. appliance technicians including but not limited to television, radio, air conditioner, computer and refrigeration technicians;
- viii. scavengers

SEC. 6. *Registration.* There shall be a simple standard of registration system in accordance with the framework and principles of this Act. Informal sector business activities or enterprises shall, upon registration, pay one hundred pesos (P100.00) to the municipality or city where they intend to operate during their initial year of operation. The said fee shall cover the cost of the issuance of the license to operate. No other fees shall be exacted from the informal sector business activities or enterprise other than the registration fee as mentioned above.

Informal sector business activities or enterprises which are in operation and registered, pursuant to applicable laws or local ordinance, prior to the enactment of this Act shall be recognized as having complied with the registration requirement of this Act and shall no longer be required to pay the registration fee as mentioned in the preceding paragraph.

The registration shall entitle the informal sector business activities or enterprise to development programs and benefits under this Act.

All local government units shall establish an Informal Sector One-Stop Shop Center which shall handle all transactions and processing of the business permit applications within their respective jurisdiction. The Center shall ensure that the processing of the business permit of informal sector business activities or enterprises shall be done on the day of their application and the registration shall be released within thirty six (36) hours upon submission of the complete requirements based on its checklist. To facilitate efficient and expeditious registration of informal sector business activities or enterprise, the local government units shall formulate a uniform and simple checklist of requirements for registration such as valid proof of identity (barangay clearance, certificate of residency, etc.) and flowchart of the procedure of registration. The local government must ensure the recognition and registration of women workers in the informal sector through appropriate activities. The local government unit shall be responsible in translating the checklist of requirements and flowchart of procedure of registration in their own local dialect. The local government unit shall cause the posting of the checklist and flowchart of procedure of registration in at least three (3) conspicuous areas, preferably public areas, in the community and cause the publication of the same in the local newspaper if there be any.

Further, the Center shall maintain a comprehensive database of informal sector business activities and enterprises which have been issued licenses to operate. The database shall take into account the different sub-classifications of informal sector in terms of geography (urban or rural based), premises (home-based or non home-based), gender (male or female), ethnicity (ethno-linguistic group or indigenous community), vulnerability (children, elderly or person with disability), industry (industrial, commercial, services or

agricultural), occupation (fisherfolks, farmers, construction, drivers, vendors, laborers or sales personnel), nature of employment (casual, contractual, seasonal, permanent/regular or pakyaw/commission basis/boundary system) and roles/functions (own-account/self-employed or subsistence/marginal employment). The database shall also indicate those informal businesses which may be categorized as livelihood enterprises and those entrepreneurial or growth oriented informal business.

The aforesaid comprehensive database of the informal sector shall be a basis of the assessment and monitoring of the growth of the informal sector.

SEC. 7. *Annual dues.* Informal sector business activities or enterprises shall pay annual dues to the Informal Sector One-Stop Shop Center or Treasurer of the municipality or city where they are registered and accredited, starting on their second year of operations, based on the following schedule:

- | | |
|---|------------|
| (a) those with net worth amounting to less than P 25,000.00 | P 250.00 |
| (b) those with net worth amounting to P 25,000.00 but less than P 50,000.00 | P 500.00 |
| (c) those with net worth amounting to P 50,000.00 but less than P 75,000.00 | P 750.00 |
| (d) those with net worth amounting to P 75,000.00 but less than P 100,000.00 | P 1,000.00 |
| (e) those with net worth amounting to P 100,000.00 but less than P125,000.00 | P1,250.00 |
| (f) those with net income amounting to P 125,000.00 but less than P150,000.00 | P 1,500.00 |

A financial statement as proof of the net worth must be provided.

The collected fee shall accrue exclusively to the municipality or city and shall be used for informal sector development programs approved by the municipal or city council.

Additional Sources of Funds for LGUs - The following shall be tapped by LGUs as additional sources of funds for informal sector focused development initiatives:

- (a) ninety percent (90%) of fees and annual dues collected from small transport - for programs for workers in the small transport industry;
- (b) ninety percent (90%) of collected fees and annual dues from business establishments and entrepreneurs falling under the category of informal sector - for programs focusing on micro-entrepreneurs and their workers;
- (c) ninety percent (90%) of collected fees and annual dues from small vendors - for programs focusing on vendors;
- (d) ninety percent (90%) of fees and annual dues collected from small farmers – for programs focusing on small farmers;
- (e) ninety percent (90%) of fees and annual dues collected from marginalized fisherfolks – for programs focusing on marginalized fisherfolks.

- (e) ninety percent (90%) of fees and annual dues collected from the Philippine Amusement and Gaming Corporation (PAGCOR) and Philippine Charity and Sweepstakes Office (PCSO).

An Informal Sector Development Fund shall be established in every municipality and city for their supervision and management subject to accounting and auditing procedures by the Commission on Audit (COA).

SEC. 8. *Monitoring of growth.* The local government unit in cooperation with the Informal Sector Local Development Office shall monitor the growth of the informal sector business activities or enterprises three (3) years after the enactment of this Act and every three (3) years thereafter.

Title II

RIGHTS AND BENEFITS OF WORKERS IN THE INFORMAL SECTOR

Chapter I

General Rights

SEC. 9. *Basic Rights.* The rights of Informal Sector workers shall be actively protected, promoted and upheld. These include the right to:

- (a) self-organization to collectively negotiate with the government and other entities in the promotion of their welfare and advancement of their interests free from any political interference or favor;
- (b) informed participation in decision-making processes relevant to the concerns of Informal Sector workers through their legitimate organizations;
- (c) equal treatment before the law;
- (d) safe conditions in the workplace that will safeguard their general and reproductive health;
- (e) accessible and affordable medical care and reproductive health services;
- (f) accessible social protection and basic services including but not limited to health services and low-cost housing to enable Informal Sector members to have a humane quality of life;
- (g) equal access to education, skills training, and economic resources to develop their self-reliance;
- (h) equal access to information technology, especially those affecting their welfare and interests;
- (i) freedom from any form of discrimination, violence, sexual exploitation, harassment and abuse;
- (j) common workplaces, merchandising centers, and inventory bulk-buying centers;

- (k) freedom from deprivation of property without valid cause and due process of the law;
- (l) alternative dispute resolution mechanisms and processes; and
- (m) equal access to justice through appropriate mechanisms.

SEC. 10. *Rights to Medical Care and Humane Treatment.* Every worker has a right to good quality health care, without any discrimination and within the limits of the resources available for health and medical care. Attention must be given to women's health. In the course of such care, the human dignity, culture, convictions and integrity of the informal sector workers shall be respected.

Any person who engages informal sector workers shall, at all times, treat the latter in a just and humane manner. In no instance shall abusive language, physical violence or any act which debases, degrades or demeans the intrinsic worth and dignity of the worker as a human being be used upon the latter.

SEC.11. *Progressive Land Tax.* LGUs shall impose a progressive land tax to landholdings above three (3) hectares. The collected progressive land tax shall be allocated for the local agriculture support services. Public agricultural lands within the territory of the LGU and/or all the LGU-owned agricultural lands beyond five (5) hectares shall be distributed to small landless farmers in their territory.

SEC. 12. *Local Fisheries Support Services.* The Municipality/City shall provide capacity building training, access to collateral-free and gender-balanced credit, marketing assistance and infrastructure development for marginalized fisherfolks within their jurisdiction. LGUs are mandated to establish a fishers' market or a *Bagsakan* where the marginalized fisherfolks can directly sell their products to the public.

Chapter II

Empowerment of Informal Sector Workers

SEC.13. *Informal Sector Workers' Organization.* Informal Sector workers shall be encouraged to organize themselves for their mutual aid, benefit and protection and for other legitimate purposes. Towards this end, the government shall encourage and assist the Informal Sector workers in the formation of their self-help organizations, associations, federations and confederations. The government shall encourage the formation of cooperatives among marginalized farmers, marginalized fisherfolks and home-based workers, with attention to the organization and formation of women and other vulnerable identities, in order to enable members to purchase inputs at lower cost and obtain fair prices for their produce.

Informal Sector workers engaged in farming, fishing, manufacturing, transport, retail and services are encouraged to form cooperatives in every municipality and city to enable members to avail of credit assistance and skills training which will help improve their quality of life.

SEC. 14. *Assistance to Informal Sector Workers' Organization.* All concerned national government agencies, government financial institutions and local government units shall include in their plans, programs, projects and activities efforts that are supportive of the concerns of Informal Sector workers' organizations.

SEC. 15. *Representation in Policy Making Bodies.* It shall be the responsibility of the local government units to ensure the participation of Informal Sector workers in public decision-making processes. Informal Sector workers have the right to participate at all levels of decision-making.

The State shall therefore ensure that Informal Sector workers shall be given mandatory representation in policy-making bodies and other legislative councils.

For this purpose, Sections 446, 457 and 467 of the Republic 7160 is hereby amended to read as follows:

SEC. 446. *Composition.*

(a) The sangguniang bayan, the legislative body of the municipality, shall be composed of the municipal vice mayor as the presiding officer, the regular sanggunian members, the president of the municipal chapter of the liga ng mga barangay, the president of the pambayang pederasyon ng mga sangguniang kabataan, and the sectoral representatives, as members.

(b) In addition thereto, there shall be three (3) sectoral representatives: one (1) from the women; and, as shall be determined by the sanggunian concerned within ninety (90) days prior to the holding of local elections, one (1) from the agricultural or industrial workers or **INFORMAL SECTOR WORKERS**; and one (1) from the other sectors, including the urban poor, indigenous cultural communities, or disabled persons.

(c) The regular members of the sangguniang bayan and the sectoral representatives shall be elected in the manner as may be provided for by law.

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SEC. 457. *Composition.*

(a) The sanggunian panglungsod, the legislative body of the city, shall be composed of the city vice mayor as presiding officer, the regular sanggunian members, the president of the city chapter of the liga ng mga barangay, the president of the panlungsod na pederasyon ng mga sangguniang kabataan, and the sectoral representatives, as members.

(b) In addition thereto, there shall be three (3) sectoral representatives: one (1) from the women; and, as shall be determined by the sanggunian concerned within ninety (90) days prior to the holding of local elections, one (1) from the agricultural or industrial workers or **INFORMAL SECTOR WORKERS**; and one (1) from the other sectors, including the urban poor, indigenous cultural communities, or disabled persons.

(c) The regular members of the sangguniang panlungsod and the sectoral representatives shall be elected in the manner as may be provided for by law.

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SEC. 467. *Composition.*

(a) The sangguniang panlalawigan, the legislative body of the province, shall be composed of the provincial vice-governor as presiding officer, the regular sanggunian members, the president of the provincial chapter of the liga ng mga barangay, the president of the panlalawigang pederasyon ng mga sangguniang kabataan, the president of the provincial federation of sanggunian members of municipalities and component cities, and the sectoral representatives, as members.

(b) In addition thereto, there shall be three (3) sectoral representatives: one (1) from the women; and, as shall be determined by the sanggunian concerned within ninety (90) days prior to the holding of local elections, one (1) from the agricultural or industrial workers or **INFORMAL SECTOR WORKERS**; and one (1) from the other sectors, including the urban poor, indigenous cultural communities, or disabled persons.

(c) The regular members of the sangguniang panlalawigan and the sectoral representatives shall be elected in the manner as may be provided for by law.

SEC. 16. *Enactment of ordinance.* The Local Government units shall enact an ordinance implementing Section 14 of this Act within three (3) years from the effectivity thereof.

Chapter III **Social Protection**

SEC. 17. *Medical/Health Insurance.* An accredited Informal Sector worker, regardless of age and compensation level, shall be covered by 50 percent of the lowest rate of medical/health insurance under the Philippine Health Insurance Corporation (PHILHEALTH), and be entitled to all the benefits provided for under the law. The free medical/health insurance coverage shall also extend to Informal Sector workers who are contracted/self-employed, as defined herein, and who are earning below the minimum wage.

SEC. 18. *Social Security Coverage.* An accredited Informal Sector worker, regardless of age and compensation levels, shall be covered by social security and be entitled to all the benefits provided under Republic Act No. 8282; provided, that the corresponding monthly contributions of small farmers shall be remitted every six months scheduled every post harvest of farm produce. For this purpose, Section 22-A of Republic Act 8282 is hereby amended to read as follows:

SEC. 22-A. *Remittance of Contributions of Self-employed Member.* Self-employed members shall remit their monthly contributions quarterly on such dates and schedules as the Commission may specify through rules and regulations. HOWEVER, FARMERS ENROLLED AS SELF-EMPLOYED MEMBERS SHALL REMIT THEIR MONTHLY CONTRIBUTIONS EVERY SIX MONTHS SCHEDULED EVERY POST HARVEST OF FARM PRODUCE; provided, that no

retroactive payment of contributions shall be allowed, except as provided in this Section.

For purposes of this Section, the Social Security System shall, within ninety (90) days from the effectivity of this Act, promulgate guidelines for the mechanism of collecting the aforesaid premiums.

SEC. 19. *Alternative Schemes of Providing Social Security.* To further widen access to social security of Informal Sector workers especially in poor urban and rural areas, indigenous and alternative social protection schemes such as: "damayan", "tulungan", "saranay", small mutual benefit associations, and micro-finance organizations as well as community-based micro-health insurance schemes initiated or participated by informal sector workers shall be supported and strengthened by concerned national agencies and LGUs so that these can be sustained, systematized and upscaled.

An enabling environment for such organizations and schemes shall be developed. Toward this end, the Insurance Commission (IC) is hereby mandated to review its policies to make them more supportive of alternative schemes of providing social security.

Other mechanisms to support such schemes shall be outlined by the Implementing Rules and Regulation of this Act.

Chapter IV **Prohibited Acts Concerning Engagement of Informal Sector Workers**

SEC. 20. *Prohibition Against Night Work.* Worker of minor age shall not be allowed to render work between ten o'clock in the evening and six o'clock in the morning of the following day.

SEC. 21. *Prohibition Against Work to be Undertaken.* Worker of minor age shall not be allowed to render work beyond their mental and physical capabilities.

SEC. 22. *Prohibition Against Bonded Labor.* A worker shall not be allowed to use his/her future services as collateral for any loan or advances made or to be made by said worker with the person who contracted his/her services. Likewise, no person 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 former. Should there be an outstanding loan incurred and he/she decides to unilaterally terminate engagement, said loan or advance shall be paid by him/her to the person who contracted his/her services under the terms or conditions of their agreement.

SEC. 23. *Prohibition Against Labor Sub-Contracting.* In no instance shall the person who engaged the services of an informal sector worker sub-contract the services of the latter to any third party.

SEC. 24. *Prohibition Against Recruitment or 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 recruitment fee or finder's fee by the aforementioned employment agency or third party.

SEC. 25. *Prohibition Against Hazardous Work and Conditions.* Any worker shall not be engaged to work 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 eight (8) hours without commensurate compensation;
- (b) any work 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 Department of Labor and Employment.

SEC. 26. *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 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 to penalize the same for any lawful action performed in that capacity;

- (d) to make calculated, serious and pre-meditated harassment and interference with the intention of intimidating or preventing the worker from performing his/her duties and functions;
- (e) to make calculated, serious and pre-meditated harassment against, or to transfer, penalize or terminate the services of a worker without valid or legal ground; and
- (f) to perform acts calculated to diminish the independence and freedom of workers' organization to direct its own affairs.

Chapter V

Security in the Workplace of Vendors

SEC 27. *Designation of Workplaces.* The Municipality or City, in coordination with their respective Informal Sector Local Development Office, after consultation with the vendors, the affected community, and other sectors or groups, shall identify and designate viable workplaces, and design a system of assigning spaces to registered vendors. In case the vendors shall prefer to conduct their business or enterprise within an identified private property, the local government unit shall negotiate with the owner of the identified private property for possible vending site and assist the parties in forging a memorandum of agreement in case they reach such agreement.

Workplaces include markets, vacant areas within the vicinity of markets and other vacant public spaces which may be designated as allowable vending sites.

The Municipal or City, within 60 days from the effectivity of this Act, shall cause the conduct of a survey to identify vacant area(s) for vending in their respective locality.

The Sanggunian Panglungsod or Bayan shall, within 90 days after the survey and pursuant to the recommendation of the Informal Sector Local Development Office, pass an ordinance designating the workplace or workplaces. No workplace for vending purposes, however, shall be designated as such without prior consultation with the vendors, the affected inhabitants and other sectors.

Local Government Units which have already established or designated viable workplaces for vendors prior to this Act is deemed to have complied with this provision of the Act provided that the aforesaid establishment or designation of the viable workplace have been undertaken after consultation with the vendors, the affected community and other sectors or groups.

SEC 28. *Policy on Eviction and Demolition.* Registered vendors who have no permanent or temporary vending site shall not be arbitrarily deprived of their livelihood by being unjustly ejected from their workplaces nor their stalls demolished without prior notice and consultation and provision of relocation to another viable workplace. The local government units, government agencies and instrumentalities shall not conduct demolition or eviction of the registered vendors without prior designation of their viable workplace. In case demolition or eviction is conducted without compliance with the requirements under this Section, the responsible person or officer who conducted or ordered the conduct of the same shall be held administratively liable under this Act. Any responsible person or officer who caused or ordered the destruction of any goods or products during the demolition or eviction

SEC 29. *Relocation of Vendors.* Before any public market is closed, sold or demolished, all market vendors with stalls and market vendors without stalls shall first be relocated by the city government or municipal government to a temporary or new public market. Notice of the intention to close, sell, or demolish any public market shall be made to all concerned vendors at least sixty (60) days before the actual transfer or relocation to another market site. Within the sixty (60)-day period, the city government or municipal government shall conduct consultations with the affected vendors on the selection of the relocation site and the implementation of the relocation.

SEC 30. *Temporary Vending Site.* Pending the designation of a viable vending area or areas, vendors occupying a public place or places not previously designated as vending site or sites shall be provided with a viable temporary site or sites by the city government or municipal government. Notice of temporary transfer shall be given to the vendors at least fifteen (15) days before the actual transfer. This shall likewise cover and apply to vendors who are granted with permits but whose workplaces are withdrawn from the list of allowable vending sites. Any change in the list of allowable vending sites shall only be done after consultations with the affected vendors.

SEC 31. *Priority in the Assignment of Stalls.* In the event that a new public market is constructed in place of an old market that is closed, sold, or demolished, market vendors with stalls displaced from their workplaces shall be given priority in the assignment of stalls in the new market.

SEC. 32. *Penalty for Non-compliance.* Failure to implement the foregoing requirements and provisions of Sections 25, 26, 27, 28 and 29 shall render the responsible official administratively liable pursuant to Republic Act 7160 and other pertinent laws and criminally liable whenever applicable.

Chapter VI

Security in the Workplace of Small Transport

SEC 33. *Designation of Workplaces.* The Municipality or City, in coordination with their respective Informal Sector Local Development Office, after consultation with the small transport groups, the affected community, and other sectors or groups, shall identify and designate viable routes and terminal of tricycle and pedicab within the municipality or city. Municipalities where *habal habal* is the only mode of transportation shall also designate viable routes and terminal for the same.

Viable terminal shall be in proximity to public buildings, public markets, private markets, commercial districts or commercial establishments and other places which the public frequently visits.

The Municipal or City shall, within 60 days from the effectivity of this Act shall cause the conduct of a survey to identify vacant area(s) for terminals in their respective locality. For access and safety, specific lanes within the road and routes will be designated for use by tricycle, pedicabs and padyak.

The Sanggunian Panglungsod or Bayan shall, within 90 days after the survey and pursuant to the recommendation of the Informal Sector Local Development Office, pass an ordinance designating the viable terminal of tricycle, pedicab, *habal-habal* and other members of the small transport as specified in Section 7 (a) (v) of this Act. However, no designation of terminal shall be conducted without prior consultation with the small transport groups, the affected inhabitants and other sectors.

Local Government Units which have already established or designated routes and terminals of tricycle and pedicab prior to this Act is deemed to have complied with this provision of the Act provided that the aforesaid establishment or designation of terminals have been undertaken after consultation with the small transport groups, the affected community and other sectors or groups.

SEC 34. *Relocation of Terminals.* Designated terminals for tricycle and pedicab shall not be arbitrarily relocated without prior notice and consultation with the small transport groups, the affected community and other sectors or groups. Aside from the aforementioned requirements, relocation of terminals shall only be effective if the same is done through an ordinance. After the enactment of the ordinance relocating terminals for tricycle and pedicab, notice of intention to relocate terminals shall be made to all small transport groups and the affected community at least sixty (60) days before the actual relocation.

SEC 35. *Policy on Impounding of Vehicle.* The tricycle, pedicab, *habal-habal* and other similar mode of transportation shall not be impounded for mere violation of license or registration or traffic rules and regulations unless the said vehicle was utilized to perpetuate or in the conduct of criminal activity/ies. In case of mere violation of traffic rules and regulations, a traffic violation ticket shall be issued to the erring driver without impounding the said vehicle. The responsible person or officer who violated this Section shall be administratively liable under this Act. Nothing herein shall prohibit the aggrieved member of the informal sector from initiating a criminal or civil action against the responsible person or officer whenever such action is applicable.

SEC. 36. *Penalty for Non-compliance.* Failure to implement the foregoing requirements and provisions of Sections 61 and 62 shall render the responsible official administratively liable pursuant to Republic Act 7160 and other pertinent laws and criminally liable whenever applicable.

Chapter VII

Security in the Workplace of Home-Based Workers

SEC 37. *Policy on Eviction and Demolition.* A home-based worker shall not be evicted from his/her home, which is his/her workplace, without valid or legal ground as provided in Republic Act 7279. However, in case eviction or demolition is warranted under Section 28 of Republic Act 7279, the same shall be conducted after compliance of the following:

- (a) notice upon the affected persons or entities at least thirty (30) days prior to the date of eviction or demolition;
- (b) adequate consultations on the matter of resettlement with the duly designated representatives of the families to be resettled and the affected communities in the areas where they are to be relocated;
- (c) presence of local government officials or their representatives during eviction or demolition;
- (d) proper identification of all persons taking part in the demolition;
- (e) execution of eviction or demolition only during regular office hours from Mondays to Fridays and during good weather, unless the affected families consent otherwise;
- (f) no violence or unreasonable force shall be committed against women, children, senior citizens, persons with disabilities and other identities similarly situated in the course of eviction or demolition.
- (g) no use of heavy equipment for demolition except for structures that are permanent and of concrete materials;
- (h) proper uniforms for members of the Philippine National Police (PNP) who shall occupy the first line of law enforcement and observe proper disturbance control procedures; and
- (i) adequate relocation, whether temporary or permanent; provided, however, that in cases of eviction and demolition pursuant to a court order involving underprivileged and homeless citizens, relocation shall be undertaken by the local government unit concerned and the National Housing Authority (NHA) with the assistance of other government agencies within forty-five (45) days from service of notice of final judgment by the court, after which period the said order shall be executed; provided, further, that should relocation not be possible within the said period, financial assistance in the amount equivalent to the prevailing minimum daily wage multiplied by sixty (60) days shall be extended to the affected families by the local government unit concerned.

SEC. 38. *Penalty for Non-compliance.* Failure to implement the foregoing requirements and provision of Section 34 shall render the responsible official administratively liable pursuant to Republic Act 7160 and other pertinent laws and criminally liable whenever applicable.

Chapter VIII

Rights and Benefits of Non-Corporate Construction Workers, Own Account or Self-employed Informal Sector Workers

SEC. 39. *Right to Fees Earned.* While there is no standard rate for the fees of informal sector workers, the fees, in whatever mode it is made, shall not be below the applicable minimum wage of the region where they are covered. Payment of fees shall be made directly to the Informal Sector worker. No deductions from said fees shall be made by the person who contracted the informal sector worker except those specifically authorized by the latter. The expressed written consent of the informal sector worker shall first be secured before any deduction is made.

For non-corporate construction workers, security in the workplace primarily refers to the principle of First-Priority Hiring by the Municipal and City government for infrastructure and construction activities and projects.

SEC. 40. *Fees Rate.* The Bureau of Working Conditions-DOLE shall develop and implement capacity building program on the conduct of time and motion studies as a basis of standardizing rates of fees. Likewise, the Regional Wage Boards shall do the same to determine fees of workers of the informal sector micro-entrepreneurs.

SEC. 41. *Access to Education and Training.* An Informal Sector worker shall not be deprived of formal or non-formal education during day-off or any other time mutually agreed by the parties.

The Department of Education (DepEd) or Commission on Higher Education (CHED) shall extend its services of Study-Now, Pay-Later Program to the Informal Sector worker and his/her dependents.

Chapter IX

Security in the Workplace of Small Farmers

SEC. 42. *Protection of Agricultural Lands.* The Municipality/City in coordination with the Department of Agrarian Reform shall protect all agricultural lands from conversion or reclassification to non-agricultural uses. Special Economic Zones Sites, Tourist Sites or Socialized Housing Sites shall not be allowed in irrigated and irrigable lands. The Municipality/city shall include in their Comprehensive Land Use Plan (CLUP) all the agricultural lands as protected zones.

SEC. 43. *Local Agriculture Support Services.* The Municipality/City shall provide capacity building training, access to collateral-free and gender-balanced credit, marketing assistance and infrastructure development for small farmers and agrarian reform beneficiaries within their jurisdiction. LGUs are mandated to establish a farmers market or a *Bagsakan* where the local farmers can directly sell their products to the public.

SEC. 44. *Protection for Tenants.* The LGUs shall provide assistance and protection to tenants in agricultural lands whose landowners are not following the provision in RA 3844. There should be no eviction of tenants from the farm if the landowner unilaterally denies or terminates the tenancy relationship. The LGUs shall make an inventory of all agricultural lands under leasehold. LGUs shall enforce the security of tenure of tenants, right of redemption and right of first refusal on the subject land.

SEC.45. *Promotion of Sustainable Agriculture.* LGUs shall encourage and provide incentives to their constituents who want to engage or is engaging in sustainable and/or organic farming. All idle private or public lands within their jurisdiction shall be cultivated or planted with organic food crops like corn, root crops or vegetables.

Chapter X

Security in the Workplace of Marginalized Fisherfolks

SEC.46. *Establishment of Fisherfolk Settlement Areas.* LGUs in coordination with NHA, shall establish and create fisherfolk settlement areas on private or public lands, specifically near the fishing grounds, for municipal fisherfolk with security of tenure.

SEC.47. *Preference to Marginalized Fisherfolk.* The use of the municipal waters shall be exclusive for marginalized fisherfolks. Marginalized fisherfolks shall be given priority in the application of permits and licenses for the establishment of fish pens, fish corrals, fish traps, shellfish culture or similar structure for culture of marine products within the municipal waters. There should be no demolition of the abovementioned structures owned by marginalized fisherfolk without providing advance notice and an alternative source of income.

SEC. 48. *Requirement for Establishment of Marine Protected Area.* Consent from the affected fisherfolks shall be required before an area be declared a marine protected area or a fish sanctuary by the national or local government unit.

SEC. 49. *Protection of Mangrove Forest.* Conversion of any mangrove forest to residential, commercial or industrial use shall be prohibited. LGUs must allocate their local funds for mangrove reforestation.

SEC. 50. *Regulation of Beach Fronts.* LGUs shall ensure that no beach within their jurisdiction is exclusive for the use of resort guests or private persons only. Beach fronts and foreshores are public domain and may be accessed and used by any person especially marginalized fisherfolks.

Title III **INSTITUTIONAL MECHANISM**

Chapter I **Special Allocations for Development Initiatives**

SEC. 51. *Special Allocations for Development Initiatives.* The national government shall allocate at least ten (10%) percent of its annual national budget to be appropriated proportionately in accordance with the corresponding internal revenue allocation (IRA) of respective local government units. The additional ten percent (10%) allocation is separate from the annual and current IRA of LGUs.

The additional ten percent (10%) allocation shall be utilized by the LGUs for the implementation of livelihood programs and other social services specifically for the informal sector pursuant to the provisions of this Act. Priority shall be given to income generating programs for the poorest of the poor. The program shall focus on the mobilization of the informal sector with no assets to engage in self-employment and income generating activities.

SEC. 52. *Sourcing and Adopting Development Initiatives.* Other sources of funds to be used exclusively for initiatives addressing the needs and empowerment of workers in the informal sector shall be identified in the Implementing Rules and Regulations (IRR) of this Act and may include the following:

- (a) Government financial institutions and mechanisms such as the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), National Livelihood Support Fund (NLSF), Quedan Rural Credit and Guarantee Corporation (QCGC) shall set aside a specific percentage of their loan portfolio to informal sector enterprises and shall give priority to women-led informal sector enterprises by providing loans at an interest of not more than twelve percent

(12%) per annum consistent with the spirit of Republic Act 7882. The aforementioned government financial institutions shall formulate guidelines within ninety (90) days from the effectivity of this Act to facilitate the application of informal sector business or enterprises of the aforesaid loan portfolio. The guidelines shall provide simple procedure and requirements in the application of informal sector business or enterprises in accordance with the framework and principles of this Act.

- (b) The Department of Social Welfare and Development (DSWD) shall strengthen its Self-Employment Assistance Program (SEAP) to uplift and empower women in poverty, particularly those in the informal economy, by adopting an integrated, credit-plus approach to micro-finance.
- (c) 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. The Corporation shall guarantee loans obtained by the qualified worker or business activity or enterprise, under such terms and conditions adopted by its Board.
- (d) The Department of Agriculture, through the Agricultural Credit Policy Council (ACPC), created pursuant to Republic Act 7607, shall give subsidies for the education and training of small farmers on credit awareness, loan acquisition and loan repayment. Pursuant to aforesaid law, a portion of all loanable agricultural funds shall be utilized for direct lending to small farmers for their production, processing, post harvest and marketing requirements.
- (e) The Department of Trade and Industry (DTI) shall contribute to enable the development of business environment that shall include initiatives such as supply chain and market outlets, and schemes to develop Special Credit Window/s to upscale informal sector enterprises.
- (f) The Department of Science and Technology (DOST) shall support technology-related initiatives for workers in the informal economy.

SEC. 53. *Eligibility for Government Assistance.* To qualify for assistance, incentives and grants, a worker or business activity or enterprise should be:

- (a) duly registered with the appropriate agency in the LGU where they are actively operating and has paid the necessary fees for registration and accreditation from the office of the municipal or city treasurer concerned;
- (b) one hundred percent (100%) owned and capitalized by Filipino citizens, be it single proprietorship or a partnership venture; and

(c) fall under the above-mentioned sub-categories of Informal Sector;

SEC. 54. *Exclusivity of Government Programs.* The government shall ensure that programs of financing, grants and other similar incentives shall be exclusively extended to an accredited Informal Sector worker and business activity or enterprise.

SEC. 55. *Entitlement of Government Procurements.* The government shall work for a mechanism to ensure that duly accredited Informal Sector worker or business activity or enterprise is entitled to a share of at least ten percent (10%) of the total value of procurement of goods and services supplied to the government, its bureaus, offices and agencies annually: provided, that prices and quality of goods offered by the above-mentioned accredited Informal Sector worker or business activity or enterprise are competitive.

SEC. 56. *Coordination with LGUs.* Pursuant to the provisions of Republic Act No. 7160, the local chief executives in coordination with Informal Sector representatives and appropriate agencies shall formulate specific plans that will address the socio-economic needs of the informal sector and incorporate them in their respective provincial, city and municipal development plans.

NGOs whose primary ends are advocacy of issues or realizations of specific developmental objectives for the informal sector workers shall be accredited as such by the local sanggunian of the LGU where they operate. Such accreditation shall afford the aforementioned NGO the right to participate in the election of non-government organizations' representative in the local development councils of the barangay, municipality, city and province pursuant to Section 108 of Republic Act 7160.

The local development councils shall recognize workers in the informal sector as one of the sectors that they may call or form as a sectoral committee to assist them in the performance of their functions pursuant to Section 112 of Republic Act 7160.

SEC. 57. *Tax Exemption.* A duly registered Informal Sector worker or business activity or enterprise shall be exempted from all taxes, national or local, including all imposts, fees, licenses and permits (including building permits) except real property taxes and capital gains from sale of real property (and shares of stocks), and duties and taxes on importations.

Chapter II

Informal Sector Development Council

SEC. 58. *Creation of an Informal Sector Development Council.* There is hereby created an Informal Sector Development Council (ISDC), herein otherwise referred to as the Council, which shall be attached to the National Economic Development Authority (NEDA) and shall be constituted within sixty (60) days after the approval of this Act.

The Council shall be the primary agency responsible for the promotion, growth and development of the Informal Sector in the country by way of facilitating and coordinating national efforts to promote the sector's viability and growth, including the provisions of an integrated program for skills enhancement, literacy and education, health services, social

welfare and services, assistance in the tapping of local as well as foreign funds, and other functions relative to the attainment of the objectives and policy of this Act.

The Council shall be separate and distinct from the National Fisheries and Aquatic Resources Management Council (NFARMC) created under Republic Act 8550.

SEC. 59. *Composition.* The Council shall be headed by the Director General of the National Economic Development Authority (NEDA) as Chairperson, and elect from among themselves a Vice-Chairperson to preside over the Council meetings in the absence of the Chairperson. The members shall be the following:

Ex Officio members:

- (a) Secretary of Department of Trade and Industry (DTI);
- (b) Secretary of Department of Agriculture (DA);
- (c) Secretary of Department of Labor and Employment (DOLE);
- (d) Secretary of Department of Social Welfare and Development (DSWD);
- (e) Secretary of the Department of Interior and Local Government (DILG);
- (f) Secretary of Department of Science and Technology (DOST);
- (g) Lead Convenor of the National Anti-Poverty Commission (NAPC);
- (h) Director General of the Technical Education and Skills Development Authority (TESDA);
- (i) Director of the Bureau of Fisheries and Aquatic Resources (BFAR);
- (j) Director General of National Statistics Office (NSO);
- (k) Chairperson of the Social Security System (SSS);
- (l) Chairperson of PhilHealth;
- (m) Chairperson of the National Commission on the Role of Filipino Women (NCRFW);
- (n) Chairperson of the National Commission on Indigenous People (NCIP);
- (o) Chairperson of the Philippine Commission on the Urban Poor (PCUP);

Regular members:

- (p) Fifteen (15) representatives from People's Organizations (POs) of workers in the informal sector, five (5) each to represent Luzon, Visayas and Mindanao with representation of the informal sector subgroups of vendors, small transport, marginalized farmers, marginalized fisherfolks and home-based worker or non-corporate construction workers to be elected in a National Assembly of informal sector organizations duly called for that purpose; provided that at least fifty percent (50%) of the fifteen (15) representatives are women;
- (q) Six (6) representatives from non-government organizations (NGOs) working with Informal Sector, two (2) each to represent Luzon, Visayas and Mindanao to be appointed by the Chairperson from among those recommended by members of the informal sector; provided that at least fifty percent (50%) of the six (6) representatives are women; and
- (r) One representative from the private sector at large who has a proven track record in catering to the needs of the informal sectors and to be appointed by the Chairperson from among those recommended by members of the informal sector.

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

The *ex officio* members of the council shall not have voting rights in any matter or issue subjected to voting of the council as this is a right reserved only to regular members of the council to ensure that decisions shall reflect the sentiments of the informal sector themselves. However, the Chairperson or Vice-Chairperson, in the absence of the former, shall have the right to vote in case of tie.

The regular members of the council may conduct a meeting excluding the *ex officio* members for purposes of voting on matters concerning the informal sector.

Elected representatives of the private sector, non-government organizations and informal sector organizations shall serve as regular members of the council for a term of three (3) years without re-election. In case of vacancy for whatever cause or reason, the Chairperson shall appoint a representative to fill the vacancy from among those recommended by members of the informal sector. Appointment to any vacancy shall be only for the unexpired term of the predecessor. Appointment for the unexpired term shall not bar the appointee from running during the next regular election.

The representatives from the private sector, non-government organizations and informal sector organizations' shall be entitled to receive a *per diem* of two thousand pesos (P2,000.00) per meeting exclusive of expenses for transportation and accommodation. The Council shall meet once every two months or it may call for special meetings as the need may arise; provided, that the frequency of such special meetings shall not exceed four (4) times annually.

The NEDA shall allocate five million pesos (P5,000,000) out of its savings for the initial operating expenses of the Council, after which the Council's budget shall be included in the department's annual appropriation.

The initial election of representatives of the informal sector shall be conducted within six (6) months from the effectivity of this Act. The implementing rules and regulations (IRR) of this Act shall contain the guidelines for the formation of members of the council, the election process, the nomination process, recall procedures and such other mechanisms to ensure accountability of the representatives.

SEC. 60. *Mandate of the Council.* The Council shall have the following mandates:

- (a) develop a system of registration and accreditation of members of the Informal Sector, with attention to women workers, in accordance with the standards and provisions of this Act;
- (b) provide guidelines for the LGUs' implementation 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) further develop the existing Philippine Country Program for the development and protection of the Informal Sector workers towards institutionalizing comprehensive, rights-based, gender-responsive and child friendly programs and policies for the Informal Sector. Towards this end, the Council must ensure government capacity to undertake and implement this program for the Informal Sector;
- (d) develop rights and gender-based monitoring and evaluation mechanisms to ensure that programs and policies are implemented effectively and efficiently; and ensure gender-responsiveness of interventions toward harnessing full potentials of women Informal Sector workers;
- (e) coordinate with LGUs for the development and implementation of periodic evaluation of all accredited Informal Sector workers, taking into account their accomplishments, capabilities and potentials, the results of which shall be used as bases for evaluation, registration, accreditation for the grant of awards and incentives, training and retraining;
- (f) monitor the income of the LGUs generated from the members of the informal sector through the LGUs' periodic report submitted to the Council;
- (g) establish a performance appraisal system for all accredited Informal Sector workers 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 Informal Sector workers through the establishment of regular consultations at the national, regional and provincial level among the organizations of Informal Sector workers to determine specific issues and problems affecting their sector and monitor/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 Informal Sector workers. The databank shall be available for public use and shall include but not be limited to the following:
 - i.1. masterlist of workers in the informal sector classified according to geography (urban or rural based), premises (home based or non home based), gender (male, female), vulnerability (children, elderly or person with disability), industry (industrial, commercial, services or agricultural), occupation (fisherfolks, farmers, construction, drivers, vendors, laborers or sales personnel), nature of employment (casual, contractual, seasonal, permanent/regular or pakyaw/commission basis/boundary system) and roles/functions (own-account/self-employed or subsistence/marginal employment).
 - i.2. list of government and non-governmental organizations which provide educational, socio-economic and legal services to the Informal Sector;

- i.3. sex-disaggregated statistical profile of various Informal Sector workers based on age, location, type of work, average monthly income, number of hours worked, and other statistical information;
 - i.4. statistical data on informal enterprises, including capitalization and sources of capital, number and status of workers, average income;
 - i.5. database of the needs and problems of the informal sector in general and database of particular needs of women and children in the Informal Sector; and
 - i.6. compilation of existing laws and programs affecting the interest and welfare of the Informal Sector.
- (j) develop and implement a communication plan including massive information dissemination activities targeting Informal Sector workers in various regions towards making them understand and appreciate the benefits this Act may bring them;
 - (k) make necessary adjustment of the applicable amount of total asset value as provided under Section 4 (d) after five (5) years from the enactment of this Act and five (5) years thereafter, based on prevailing poverty threshold and other established standards in determining subsistence level of living;
 - (l) formulate, implement, coordinate and monitor all non-financial government programs, including fee-based services, to support and promote entrepreneurial spirit among the poorest of the poor; and
 - (m) develop alternative conflict or dispute resolution systems and mechanisms, which shall aim to promote dialogue, conciliation and mediation while protecting the rights of Informal Sector workers.

SEC. 61. *Authority of the Council to Solicit Assistance from Various Agencies.* The Council may, from time to time, call upon 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 Informal Sector in any manner.

SEC. 62. *Council Secretariat.* The Council, through the Chairperson, shall designate, in his capacity as the Director of the NEDA, any division or bureau within the NEDA to act as the Council Secretariat and shall have the following duties and functions:

- (a) to prepare in coordination with LGUs and other local government agencies, and recommend annual as well as medium-term Informal Sector Enterprise Development Plans for the approval of the Council;
- (b) to coordinate the preparation of position papers and background materials for discussion or approval during Council meetings;
- (c) to assist the Council in coordinating and monitoring the policies, programs and activities of all government agencies with respect to the implementation of this Act;

- (d) to prepare, collate, integrate all inputs to the Council's yearly report on the status of the Informal Sector business activities or enterprises in the country;
- (e) to submit periodic reports to the Council on the progress and accomplishment of its work programs; and
- (f) to perform *ad hoc* functions as authorized by the Council.

SEC. 63. *Rationalization of Programs.* The Council shall conduct continuing review of government programs for the poorest of the poor and the Informal Sector and submit to Congress and the President a report thereon together with its policy recommendations.

Chapter III

Informal Sector Local Development Office

SEC. 64. *Informal Sector Local Development Office.* The Informal Sector Local Development Office (ISLDO) shall be established in every province, municipality and city to enhance the Informal Sector access to assistance and support.

For this purpose, the DTI, Technical Education and Skills Development Authority (TESDA) and Technology and Livelihood and Resource Center (TLRC) shall develop livelihood programs that will harness the skills of the Informal Sector workers.

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

- (a) adequate facilities and resources to render quality social service;
- (b) opportunities for Informal Sector workers to grow and develop their potentials and experience a sense of worth and dignity in their work;
- (c) mechanisms for democratic consultations;
- (d) upgrading of working conditions; and
- (e) allocation of funds for the participation of Informal Sector workers in skills training and workshops and other similar activities as part of their continuing advancement.

SEC. 65. *Functions of Informal Sector Local Development Office.* The Informal Sector Local Development Office shall have the following functions:

- (a) prepare an over-all development plan and work program that will address the needs, rights and capacities of the Informal Sector workers and incorporate them in their respective provincial, municipal and city development plans;
- (b) in consultation with organizations of Informal Sector workers in the area, identify specific needs of the sector and recommend appropriate measures to be taken;

- (c) ensure registration and accreditation of the Informal Sector workers, especially women;
- (d) monitor, assess and evaluate implementation of the plans and programs as well as the performance of the sector in the areas;
- (e) coordinate with other local offices, private sector and other organizations with existing programs for the Informal Sector workers for integration and convergence;
- (f) conduct training programs which will provide new ideas to the Informal Sector workers and upgrade the technical and entrepreneurial skills of others who are already in the field;
- (g) implement consciousness-raising and capability building activities to include information on workers', women's and children's rights and leadership training;
- (h) provide technical support and access to credit, market, technology, social security schemes, and training for micro-entrepreneurs, small transport, small farmers, marginalized fisherfolks, non-corporate construction workers and other skilled workers;
- (i) train pools of community trainers in business counselling and awareness-raising on occupational safety and health hazards, risks and social security;
- (j) support organizing activities among Informal Sector workers;
- (k) establish databanks on human resources and skills registry to be used as tools for LGU planning and budgeting;
- (l) provide offices and other necessary resources to support organizing, advocacy, training and other activities of local organizations of Informal Sector workers;
- (m) train Informal Sector workers on negotiation skills and on the conduct of time and motion studies to determine proper wages; and
- (n) provide services, to include but not limited to counselling and legal assistance for the furtherance of this Act,
- (o) ensure that the LGU is capacitated to undertake and implement rights-based and gender-responsive programs for the Informal Sector.

The Local Government Units shall annually allocate at least two hundred fifty thousand pesos (P250,000.00) or at least five percent (5%) of the twenty percent (20%) Development Fund of their Internal Revenue Allotment or whichever is higher for the operations and maintenance of the ISLDO.

The LGUs shall submit to the ISDC the annual report of disbursement of the fund allocations for Informal Sector as specified in this section and section 40 paragraph (g) of this

Act. In case of failure on the part of the LGU to submit the annual report to the ISDC, the local chief executive and other officers of the LGU shall be held administratively liable.

SEC. 66. *Composition.* The local chief executives shall act as the primary overseers to the overall operations of ISLDO, while Informal Sector workers shall be represented by at least five (5) representatives from POs of IS workers; provided that each sub-group (vendor, small transport, small farmers, marginalized fishersfolks and home-based workers/ non-corporate construction workers) shall have one (1) representative each in the ISLDO, whenever applicable. However, in case of highly urbanized cities, there shall be ten (10) representatives of informal sector in the ISLDO, with two (2) representatives coming from each sub-group.

The representatives shall be elected in a general assembly of each sub-group duly called for the purpose of election of a representative/s to the ISLDO. The elected representatives shall serve as such for a term of three (3) years without re-election. In case of vacancy for whatever cause or reason, the local chief executive shall appoint a representative to fill the vacancy from among those recommended by members of the informal sector. Appointment to any vacancy shall be only for the unexpired term of the predecessor.

Chapter IV **Informal Sector Comprehensive and Integrated Plan** **And Inter-Agency Networking**

SEC. 67. *Comprehensive Plan.* The Informal Sector Development Council or ISDC shall be tasked to formulate a Ten-Year Comprehensive and Integrated Plan on the impact of globalization to the informal sector. It shall determine and recommend the necessary safety nets needed by the informal sector to prepare them for the possible effects of globalization.

SEC. 68. *Inter-Agency Networking.* The NEDA shall provide for and lead the inter-agency networking system among the different departments and instrumentalities of government, should the same be required in the continuing efforts to protect the interests, rights and privileges of Informal Sector workers.

The Council in cooperation with the DepEd and CHED, shall design a comprehensive and integrated program for Informal Sector workers to give them opportunity to pursue free education.

The cooperatives, through the help of the Department of Trade and Industry (DTI), TESDA and TLRC shall inform Informal Sector workers of opportunities for market and technology access and the availability of livelihood training seminars to respond to Informal Sector needs and potentials.

The DSWD shall, within a period of one (1) year from the date of effectivity of this Act, institute a program designed specifically to provide emergency services specifically to women and the minor Informal Sector worker who are in need of custody, shelter, counseling, or medical, psychological, legal and rehabilitative services.

The DSWD shall, upon the recommendation of the DOLE, effect the repatriation of minor-aged Informal Sector workers who voluntarily seek government protection against abuse and exploitation or upon report or discovery of the same. The cost of such repatriation

SEC. 71. *Establishment of a Shared Government Information System for Informal Sector.* An inter-agency committee, composed of the Department of Agriculture (DA), Department of Interior and Local Government (DILG), the Department of Labor and Employment DOLE), the National Statistics Office (NSO), the Informal Sector Development Council, the Informal Sector Local Development Office, shall be established to implement a shared government information system for the informal sector. The inter-agency committee shall initially make available to itself the information contained in existing data bases/files. The second phase shall involve linking of computer facilities in order to allow free flow of data exchanges and sharing among concerned agencies.

Title IV **MISCELLANEOUS AND FINAL PROVISIONS**

SEC. 72. *Violation of Prohibited Acts.* Any person who commits the prohibited acts mentioned in Sections 18, 19, 21, 22, 23 and 24 shall be punished by a fine of two hundred thousand (P 200,000) pesos or by imprisonment for six (6) years, or both in the discretion of the court.

Violations of the prohibited act mentioned in Section 20 shall be punished pursuant to Republic Act 9208.

SEC. 73. *Implementing Rules and Regulations.* The departments and agencies charged with carrying out the provisions of this Act shall, within ninety (90) days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SEC. 74. *Repealing clause.* All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 75. *Separability of provisions.* If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SEC. 76. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,