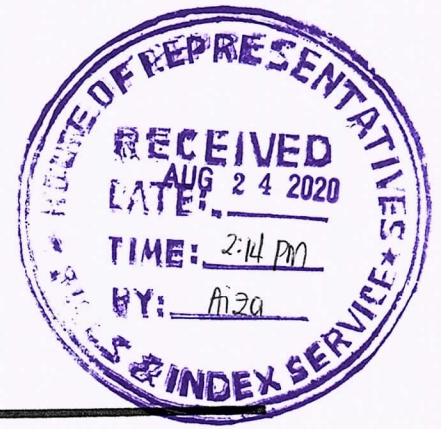


Republic of the Philippines
HOUSE OF REPRESENTATIVES

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7466



Introduced by **HONORABLE WES GATCHALIAN**

AN ACT
INSTITUTIONALIZING THE REGISTRATION AND THE NATIONAL DATABASE
OF WORKERS, ECONOMIC UNITS, AND ORGANIZATIONS OR ASSOCIATIONS
IN THE INFORMAL ECONOMY AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Philippines' informal economy is fast becoming an integral part of the country's labor force.¹ The contribution of this sector to the national economy is well recognized. In fact, in 2016 the Philippine Statistics Authority reported that the informal sector contributed around PhP14.48 trillion to the country's total GDP.²

According to the International Labour Organization (ILO), the informal economy or the sector refers to all economic activities by workers and economic units that are mostly, in law or in practice, not covered or insufficiently covered by formal arrangements. This sector is composed of independent, self-employed small-scale producers or distributors of goods/services, and unincorporated enterprises that engage in casual employment. Workers in this sector are not covered by the country's labor laws and are very vulnerable to economic downturns. Data suggests they are among the most affected by the 2019 coronavirus (COVID-19) pandemic.

To mitigate the socio-economic impact of a country-wide community lockdown due to the COVID-19 health crisis, the government has initiated several assistance programs targeting low-income families, small businesses, overseas Filipino workers, and displaced/disadvantaged workers. Upon scrutiny of these programs, however, it would appear that those working in the informal sector are left out on the assistance that was provided by the government.

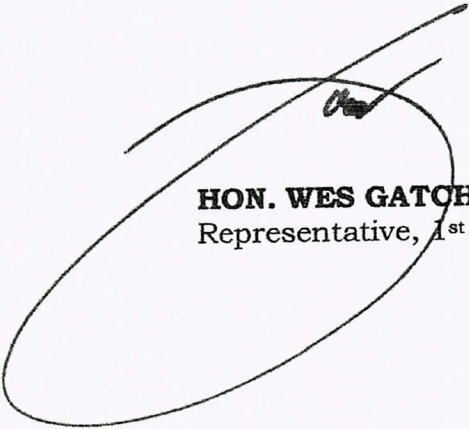
¹ Under the Radar: Getting to Know the Workers in the Informal Economy. Institute for Labor Studies (iLS). May 10, 2018.

² PSA presentation during the 55th Annual Meeting and Conference of the Philippine Economic Society.

The Alliance of Workers in the Informal Economy (ALLWIES) pointed out that the local implementors of these programs do not have a firm grasp on who are covered by the informal sector. It would show that the underlying reason is the absence of a database and documentation on the enterprises and workers from the informal economy. Workers in the informal economy are not registered, which makes it difficult and challenging for the government agencies involved in the distribution of the cash assistance, as well as the local government units (LGUs), to identify and reach the disadvantaged groups in the informal economy. Moreover, the lack of comprehensive data is compounded by the varying interpretations among LGUs about who are covered in the sector.

It is in this wise that I deem it imperative to institutionalize a registration system and establish a national database to extensively document and identify workers and enterprises in the informal economy. This Bill seeks to mandates a standard registration scheme at the local level for all the stakeholders in the informal economy. The data shall then be consolidated in a national database to serve as the basis for the State in assessing and monitoring the growth of the sector, as well as a guide in creating legislations, policies and programs for the informal economy.

In view of the foregoing considerations, approval of this bill is earnestly sought.



HON. WES GATCHALIAN
Representative, 1st District of Valenzuela

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

1 **SECTION 1.** *Short Title.* – This Act shall be known as the “Informal Economy
2 Registration and National Database Act.”

3
4 **SEC. 2.** *Declaration of Policy and purposes.* – It is the policy of the State to
5 promote just and dynamic social order that shall ensure the prosperity and
6 independence of the nation and free the people from poverty through policies that
7 provide adequate social services, promote decent, environmentally sound and full
8 employment, a rising standard of living, and an improved quality of life for all.

9 Towards this end, the State shall establish a national registry necessary to
10 identify individuals who contribute to nation-building, but are outside the bounds of
11 formal employment. This registration and database system would help establish an
12 integrated and coherent policy, at all levels of government, of formalization of
13 informal economic workers and make them visible in all relevant national and local
14 statistics.

15
16 **SEC. 3.** *Coverage.* – This Act shall apply to all workers and economic units,
17 including enterprises, entrepreneurs and households in the informal economy, in
18 particular:

- 19 a) Those in the informal economy who own and operate economic units,
20 including self-employed workers, self-employed own-account workers,

- 1 employer, members of cooperatives, and members of other social and
2 solidarity economy units;
- 3 b) Home-based workers or contributing family workers, irrespective of
4 whether they work economic units in the formal or informal economy;
- 5 c) Employees holding informal jobs on or for formal enterprises, or for
6 economic units in the informal economy, including those in contract
7 arrangement and/or in supply chains, or as paid domestic workers
8 employed by households;
- 9 d) Workers in unrecognized or unregulated employment relationships;
- 10 e) Agricultural workers or fisherfolk in unrecognized or unregulated
11 agricultural or farming endeavors and fishing activities; and
- 12 f) Non-regular domestic.

13
14 **SEC. 4. Definition of Terms.** – As used in this Act, the following terms are
15 defined as follows:

- 16
17 a) *Informal Economy* — refers to all economic activity by workers and
18 economic units that are, in law or in practice, not covered or insufficiently
19 covered by laws or formal arrangements;
- 20
21 b) *Informal Economic Units* — refer to units that are owned by individuals
22 working on their own account either alone or with the help or contributing
23 family workers; household enterprises engaged in the production of goods
24 and services or unincorporated enterprises owned by households;
25 cooperatives and other social and solidarity economy units.
- 26
27 c) *Informal Economic Units* — refer to units that are owned by individuals
28 working on their own account either alone or with the help or contributing
29 family workers; household enterprises engaged in the production of goods
30 and services or unincorporated enterprises owned by households;
31 cooperatives and other social and solidarity economy units.
- 32
33 d) *Informal Employment* — refers to an employment arrangement in the
34 formal or informal sectors or in households that exist based mostly on
35 casual employment, kinship or personal and social relations with no

1 formal guarantees on legal protection and benefits economic units that are
2 unregistered, unlicensed, and unregulated.
3

4 e) *Own-account worker* — refers to workers who, working on their own
5 account or with one or more partners, hold the type of job defined as a self-
6 employed job, and have not engaged on a continuous basis any employees
7 to work for them during the reference period.
8

9 f) *Social and Solidarity Economy Units* — refer to enterprises and
10 organizations including cooperatives as defined under Republic Act No. 18
11 9520 (Philippine Cooperative Code of 2008), mutual benefit societies,
12 associations, foundations and social enterprises which produce goods,
13 services and knowledge that meet the needs of the community they serve,
14 through the pursuit of specific social and environmental objectives and the
15 fostering of solidarity.
16

17 **SEC. 5. Registration.** – Pursuant to its functions under Republic Act 7160
18 (Local Government Code of 1991) as amended, the Local Development Council,
19 through its Secretariat or through the creation of a sectoral or functional committee,
20 shall establish a system of registration of workers of the informal economy. The
21 system shall be as follows:
22

23 a. *Workers* — There shall be a simple and standard system of registration in
24 accordance with the principles of this Act. Any Informal Economy worker
25 registered in the local government provided for in this Act shall be listed in
26 a local database and shall be issued an identification card and a record
27 book that shall list all services and benefits availed of. These also signify
28 eligibility to avail of other assistance and development programs: Provided,
29 That the poorest and the most vulnerable workers shall be given priority,
30 including workers who are severely and directly affected by a national
31 emergency.
32

33 The concerned local government unit (LGU) shall review, revalidate and
34 reassess such local database as a tool for planning and for other purposes
35 every two (2) years. Renewal of eligibility shall be in accordance with the

merit and fitness principle, and with the conditions that no child labor shall be used and no activities harmful to the environment shall be implemented;

- b. Informal Economic Unit — A local comprehensive database of all economic units shall be developed and maintained. Such database shall take into account the different sub-classifications in terms of asset size, number of workers, social insurance provided/ statutory benefits and wages, industry, geography, premises, sex, ethnicity, vulnerability, and roles and functions. Moreover, the local database shall include information on payments collected by the LGU from Informal Economy workers, organizations, and economic units.

All local government units shall formulate a uniform and simple checklist of requirements for registration, and establish an Informal Economy One Stop Shop Center or designate an existing office that shall handle all transactions and processing of business permit applications within their respective jurisdiction and worker's registration. The Center or the designated office shall ensure that the processing of relevant permits and licenses of the Informal Economic Units shall comply with Republic Act 10 No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018).

- c. Informal Economy Organizations or Associations (IEOA) — IEOAs shall register with the Department of Labor and Employment (DOLE). The DOLE shall create a checklist of requirements for registration.

SEC. 6. National Database of the Informal Economy. – The DOLE, in coordination with National Economic Development Authority (NEDA), shall establish and maintain a National Database of workers, economic units, and organizations or associations of the Informal Economy. The information in the National Database shall primarily be the registration data collected by the LGUs through their Local Development Councils: Provided, That the Department of Interior and Local Government (DILG) shall issue necessary orders and guidelines for the proper consolidation of registration data from local databases.

1 The National Database shall serve as the official registry and basis of national
2 government agencies and government financial institutions for plans, programs,
3 projects, and activities related to the Informal Economy.

4
5 **SEC. 7. *Assessment and Monitoring of growth.*** – Every three (3) years after the
6 effectivity of this Act, the DOLE, in coordination with the NEDA, shall publish a
7 report on the status and growth of employment and business activities or enterprises
8 in the Informal Economy. The National Database referred to in this Act shall be the
9 basis of the assessment and monitoring.

10
11 **SEC. 8. *Implementing Rules and Regulations.*** –The DOLE, DILG, and NEDA,
12 in coordination with other concerned agencies and stakeholders, shall formulate the
13 implementing rules and regulations within 180 days from the effectivity of this Act.

14
15 **SEC. 9. *Separability clause.*** – If any provision of this Act shall be declared
16 invalid or unconstitutional, such declaration shall not affect the validity of the
17 remaining provisions of this Act.

18
19 **SEC. 10. *Repealing clause.*** – All provisions of laws, presidential decrees,
20 letters of instruction and other presidential issuances which are incompatible or
21 inconsistent with the provisions of this Act are hereby deemed amended or repealed.

22
23 **SEC. 11. *Effectivity.*** – This Act shall take effect within fifteen (15) days
24 following its publication in the Official Gazette or in at least two (2) national
25 newspapers of general circulation.

26
27 *Approved,*