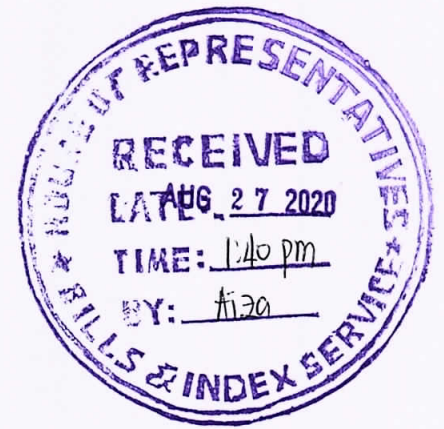


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

HOUSE of REPRESENTATIVES
House Bill No. 7532



Introduced by **HON. DANILO RAMON S. FERNANDEZ**
First District, Laguna

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 COVID-19 pandemic has been described by the Food and Agriculture Organization of the United Nations (FAO) as a major economic and labor market shock for the informal sector. Restrictions to movement and community quarantines that have been enforced in almost all States around the world, including here in the Philippines, caused and continue to cause loss of jobs for formal workers and livelihood for many informal workers and enterprises as it halted everyday activities that this vulnerable groups earn from.

The informal economy comprises numerous activities, which include, among others, home-based workers, free-lance and own account workers, vendors, drivers, small transport operators, small or landless farmers, artisanal fisherfolk, non-corporate construction workers, waste pickers and recyclers, small-scale miners and quarry workers, entertainers, laundry persons, hairdressers, on-call domestic helpers, barangay health workers and other volunteer workers.

The number of workers in the informal economy (WIE) in the Philippines is huge— the April, 2018 data indicate that there are around 25.7 MILLION workers making up those in the informal economy. They comprise almost 63% of Filipino workers. The women in the informal economy are 56.4% of all women workers. More than mere figures, these numbers represent actual individuals who perform day-to-day tasks that are essential but without tenure or specific employment terms.

While the WIE are among the poorest of workers, their contribution to the country's economy is very significant. In 2018, they contributed around PhP5.7 TRILLION, or 33% of our country's Gross Domestic Product (GDP) (Source: Bersales and Llarina. "Measuring the Contribution of the Informal Sctor in Philippine Economy: Current Practices and Challenges". Seventh IMF Statistical Forum on Measuring the Informal Economy. 2019).

With the COVID-19 pandemic and accompanying quarantines, the numbers of WIE are bound to significantly go up. Studies show that the informal economy becomes the catch basin in times of joblessness. The Department of Labor and Employment (DOLE) estimates that ten (10) million workers will lose their jobs this year. Moreover, around 700,000 overseas Filipino workers (OFWs) could lose their jobs this year. The possibility that these OFWs would want to be repatriated is real. These mean that those who will fail to land new jobs will mostly look for livelihood activities in the informal economy.

Amid the pandemic, affected workers have been receiving subsidies and have been covered by other assistance programs of the government. Workers in the informal economy were primarily targeted to receive assistance through the Social Amelioration Program (SAP).

SAP beneficiary identification and distribution had major problems because there was varying understanding of who and how many are considered WIE. The number of beneficiaries targeted was significantly lower than the actual number of WIE that resulted in complaints from a very significant number who did not receive assistance. The problem in determining eligibility to receive SAP resulted in a long and complicated process.

The SAP experience underscored the need for a database on workers in the informal economy. This will result in the WIE's visibility in official statistics. The availability of comprehensive data on this vulnerable group would provide government agencies a clearer picture of their needs and concerns and better targeted assistance programs, particularly in times of crisis.

Even the International Labour Organization (ILO) reported the problematic situation as public authorities struggle to identify and to reach these workers and enterprises that are mostly unregistered.

Therefore, it is only proper to institutionalize a registry to extensively determine workers and enterprises in the informal economy. The proposed measure mandates a standard registration scheme at the local level for workers in the informal economy, economic units, and organizations or associations that shall then be consolidated in a national database to serve as the basis of the State in assessing the growth of the sector and in creating initiatives for the informal economy. In view of the foregoing, the approval of this measure is earnestly sought.



DANILO RAMON S. FERNANDEZ

1ST District, Laguna

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House Bill No. 7532

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First District, Laguna

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

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

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

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

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

Sec. 3. Coverage. – This Act shall apply to all workers and economic units, including enterprises, entrepreneurs and households in the informal economy, in particular:

- a) Those in the informal economy who own and operate economic units, including self-employed workers, self-employed own-account workers, employers, members of cooperatives, and members of other social and solidarity economy units;
- b) Home-based workers or contributing family workers, irrespective of whether they work in economic units in the formal or informal economy;
- c) Employees holding informal jobs in or for formal enterprises, or for economic units in the informal economy, including but not limited to those in contract arrangement and/or in supply chains;
- d) Workers in unrecognized or unregulated employment relationships provided that the work performed is not illegal;
- f) Volunteer; contractual; job orders; and other vulnerable workers in government and government-controlled instrumentalities;

g) Agricultural workers or fisherfolk in unrecognized or unregulated agricultural or farming endeavors and fishing activities; and

h) Non-regular domestic workers.

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

a) Informal Economy – refers to all economic activity by workers and economic units that are, in law or in practice, not covered or insufficiently covered by laws or formal arrangements.

b) Economic Units in the informal economy include but are not limited to:

- formal or informal economic units that employ informal or contractual labor;
- government instrumentalities at all levels and government controlled corporations that employ volunteer, contractual, job order, or any form of informal work;
- units that are owned by individuals working on their own account, either alone or with the help or contributing family workers;
- household enterprises engaged in the production of goods and services, or unincorporated enterprises owned by households; and
- cooperatives and other social and solidarity economy units.

c) Informal Economy Workers' Organization – refers to a group of informal sector workers that are organized formally or informally, with the primary objective of promoting the rights and welfare of workers in the informal economy.

d) Informal Employment – refers to work arrangements that exist based mostly on casual or contractual employment, kinship or personal and social relations, with no formal guarantees on legal protection and benefits. These arrangements may be in the formal or informal sectors including government instrumentalities and government-controlled corporations, or in households and prevalent in economic units that are unregistered, unlicensed, and unregulated.

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

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

g) Volunteer, contractual, job orders, and other vulnerable workers in government instrumentalities – refer to workers in government instrumentalities and government-controlled corporations who do not occupy plantilla positions; receive salaries but not benefits; are contracted out for specific periods of time; or who receive allowances or honoraria. These include but are not limited to: project staff, barangay health workers, barangay tanod, barangay nutrition scholars, barangay daycare workers, barangay volunteers and other vulnerable workers in government instrumentalities for disasters, enumerators, among others.

Sec. 5. Registration. – Pursuant to its functions under Republic Act 7160 24 (Local Government Code of 1991) as amended, the Local Development Council, through its Secretariat

or through the creation of a sectoral or functional committee, shall establish a system of registration of workers of the informal economy. The system shall be as follows:

a) Workers – There shall be a simple and standard system of registration in accordance with the principles of this Act. Any Informal Economy worker registered in the local government as provided for in this Act shall be listed in a local database and shall be issued an identification card and a record book that shall list all services and benefits availed of. These also signify eligibility to avail of other assistance and development programs: Provided, that the poorest and the most vulnerable workers shall be given priority, including workers who are severely and directly affected by a national or local emergencies or natural calamities.

The concerned local government unit (LGU) shall review, revalidate and reassess such local database as a tool for planning and for other purposes 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.

In no case shall registration be construed as a basis for rights and entitlements under this Act. Non-registration should not deprive WIE of their rights stated in the Act. Registration as a WIE in the LGU is voluntary and shall not be made as a prerequisite to work by any private enterprise or government unit. However, registration shall guarantee prioritization and immediate recognition of the rights and benefits due to the workers in the informal economy.

b) Informal Economic Units – 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 workers' 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 include cooperatives and other social and solidarity economic units. They shall register with the Department of Labor and Employment (DOLE), Cooperative Development Authority (CDA) or the Securities and Exchange Commission. The DOLE shall create a checklist of requirements for registration for IEOAs that will register with it.

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.

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

Sec. 7. Assessment and Monitoring of Growth. – Every three (3) years after the effectivity of this Act, the DOLE, in coordination with the NEDA, shall publish a report on the

status and growth of employment and business activities or enterprises in the Informal Economy. The National Database referred to in this Act shall be the basis of the assessment and monitoring.

Sec. 8. Implementing Rules and Regulations. – The DOLE, DILG, and NEDA, in coordination with other concerned agencies, at least three (3) organizations of workers in the informal economy with proven track record on WIE issues and concerns, and at least three (3) cooperatives, shall formulate and finish the implementing rules and regulations within 180 days from the effectivity of this Act.

Sec. 9. Separability Clause. – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

Sec. 10. Repealing Clause. – All other laws, acts, presidential decrees, executive orders, presidential proclamations, issuances, rules and regulations, or parts thereof which are contrary to or inconsistent with any of the provisions of this Act are hereby repealed, amended, or modified accordingly.

Sec. 11. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation. Approved,