

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

House Bill No. 4099



Introduced By Representative LORENZ R. DEFENSOR

EXPLANATORY NOTE

This bill seeks to recognize the significant and crucial role the informal economy plays in the Philippine economy and in providing jobs to Filipinos nationwide.

It is the policy of the State to promote just and dynamic social order as provided under Section 9, Article II of the 1987 Constitution which declares, "*The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.*"

According to the ILO Recommendation No. 204 concerning the Transition from the Informal to the Formal, adopted during the 104th International Labour Conference (TLC) in June 2015¹ informal economy refers to "all economic activities by workers and economic units that are — in law or in practice — not covered or insufficiently covered by formal arrangements".

In the Philippines, the Labor Force Survey data indicated that 38.3% of those employed are in vulnerable forms of employment meaning 2 out of 5 workers are less likely to have formal work arrangements and access to social protection and are more at risk during crises².

Acknowledging that most Filipinos enter the informal economy not by choice but as a consequence of limited opportunities in the formal economy, this bill seeks

¹ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204.

² <https://www.ilo.org/manila/areasofwork/informal-economy/lang--en/index.htm>.

to provide social protection, occupational safety and health and implement labor protection policies similar to the protection granted to workers in the formal economy. The right to decent work is equal, universal and inalienable for all workers.

Thus, the immediate passage of this measure is earnestly sought.



LORENZ R. DEFENSOR
Representative, 3rd District Iloilo

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

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

TITLE 1
GENERAL PROVISIONS

Chapter I
Framework and Principles

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

Sec. 2. Declaration of Policy. — It is hereby declared the policy of the State to:

(a) Promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote decent and full employment, a rising standard of living, and improved quality of life for all;

(b) Protect, promote and fulfill the rights of every worker including the right to self-organization, just and humane conditions of work, access to social protection, access to justice, security of and in the workplace, and the right to represent their organizations in a continuing process of consultation, in the context of quadpartism towards maximizing the provision of a comprehensive package of

- reforms, interventions, and services in accordance with their articulated needs and interests;
- (c) Recognize the role and give proper value to the contributions of workers in the informal economy and informal economic units, and make them visible in all relevant national and local statistics;
 - (d) Promote gender equity and equality by protecting women workers in the informal economy against gender-based discrimination, exploitation and abuse, advancing women's social, economic, political, and reproductive rights, and improving their access to social protection and participation/representation in decision-making bodies and processes;
 - (e) Establish an integrated and coherent policy at all levels of government of formalization, inclusive development, and greater responsiveness to the needs of the workers and enterprises in the informal economy;
 - (f) Protect vulnerable workers from among the "Basic Sectors" as defined under Republic Act No. 8425, and people living with HIV and AIDS, from discrimination, exploitation, abuse and harassment, as well as from performing work hazardous to their occupational, physical, mental, emotional, reproductive and spiritual health;
 - (g) Take measures that will ensure legal security of tenure of workers and the safety and security of their workplaces, taking into account and including the physical environment, services, processes and systems needed to enable workers to productively and safely perform their work; and
 - (h) Update labor, employment and establishment statistics and align the segmentation of assets by further segmenting the micro-enterprises to give preferential treatment to total asset and capital of P150,000.00 pesos and below as defined under the Social Reform Agenda of 1997 (RA 8425) and conduct periodic review of them.

Sec. 3. Framework and Principles. — Article II, Section 9 of the 1987 Constitution declares, *"The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all."* It shall 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; lessen vulnerabilities to risks including those brought about by environmental degradation and natural disasters, remove cultural inequities by redistributing wealth and political power for the common good; and to develop an enabling environment conducive to responsible citizenship. Towards this end, in the context of social dialogue, the government at all levels shall formulate and implement coherent and integrated strategies that are rights-based, participatory, gender-responsive and sustainable. These strategies shall also be in accordance with the most relevant and

empowering provisions of International Labour Organization (ILO) Recommendation No. 204 concerning the Transition from the Informal to the Formal:

- (a) Coherence of policies and programs established for the purpose of bringing vulnerable workers and economic units into the economic and social mainstream, and spur entrepreneurial or growth-oriented informal businesses to graduate to formal status;
- (b) Coordination across a broad range of policy areas in facilitating the transition to the formal economy including pre-employment macro-economic policies and labor market policies to help low-income households, unemployed persons and other disadvantaged persons escape poverty and access employment;
- (c) Structural reforms in all relevant levels of government by creating committees and special offices for the development and protection of workers in the informal economy and supporting their representational, entrepreneurial, and other rights, through their organizations, without being limited to tripartite structures and particular strategies;
- (d) Accessible, affordable and effective promotion of social security, including labor market interventions, occupational safety and health, and the extension of maternity protection to women in the informal economy, social welfare programs and safety nets, disaster risk reduction and management mechanisms, and adaptive measures to respond to climate change;
- (e) Regulated access for use of public spaces and regulated access to public natural resources for subsistence livelihoods through policies, programs and interventions that will ensure the security of workplaces of workers in the informal economic units, including, among others, the "relocation before demolition" of vendors and small transport terminals, towards a work environment that protects their rights and enables them to achieve greater productivity;
- (f) Minimum and simplified regulations to encourage the development of ingenuity and entrepreneurial spirit among workers in the informal economy including property rights;
- (g) Preservation and expansion, during the transition to the formal economy, of the entrepreneurial potential, dynamism, skills and innovative capacities of workers and economic units in the informal economy;
- (h) A balanced approach combining incentives with compliance;
- (i) The need to prevent deliberate avoidance of, or exit from, the formal economy for the purpose of evading taxation or the application of social and labor laws and regulations;

- (j) Tax reforms based on net income for informal economic units and application of tax laws or incentives for the informal economy workers currently enjoyed by the formal labor;
- (k) Social Dialogue mechanisms whereby informal workers' organizations will participate and be in tripartite consultation in designing, evaluating, and implementing policies and programs of relevance to the informal economy;
- (l) Support system to expand market for products, access loans for additional capital requirement and simplify bureaucratic systems and procedures for the Micro, Small and Medium Enterprises (MSMEs);
- (m) Relaxation of the procurement procedures for the contracting micro entrepreneurs of the government;
- (n) Review, amendment and efficient implementation of policies on sub-contracting such as DOLE Department Order No. 5 on Industrial Homework and other relevant policies;
- (o) A road map of development for both informal economy workers and economic units shall guide the government in all levels in the context of social dialogue; and
- (p) After formalization, all laws applicable to formal labor and economic units shall apply.

Sec. 4. Scope. - 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:
 - own-account workers;
 - employers; and
 - members of cooperatives and of social and solidarity economy units;
- (b) 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 in or for economic units in the informal economy, including but not limited to those in subcontracting and in supply chains, or as paid domestic workers employed by households; and
- (d) Workers in unrecognized or unregulated employment relationships.

Sec. 5. Definition of Terms. – As used in this Act, the following terms shall mean:

- (a) *Basic sectors* refer to the disadvantaged sectors of Philippine society, namely: farmer-peasant, artisanal fisher folk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous peoples and cultural

- communities, women, differently-abled persons, senior citizens, victims of calamities and disasters, youth and students, children, and urban poor;
- (b) *Community Contracting* refers to the process of concluding an agreement between a community and a contracting authority, whereby the community (or a section thereof) is responsible for the implementation of the work, and therefore, functions as a contractor;
- (c) *Daily Basis* refers to the per day mode of paying a worker, as bilaterally agreed upon by the employer and worker;
- (d) *Hazardous Work Conditions* refer to any activity or circumstance where a worker is exposed to any risk which constitutes an imminent danger to his or her health or safety. This includes potential risks of disability, injury, illness or death due to the presence of biologic agents, radiation, chemicals, substances, hazardous materials; physical hazards in the work environment; or the nature of work, processes performed, or equipment used therein;
- (e) *Informal Economy* - based on the ILO Recommendation No. 204 concerning the Transition from the Informal to the Formal, adopted during the 104th International Labour Conference (TLC) in June, 2015 this refers to "all economic activities by workers and economic units that are — in law or in practice — not covered or insufficiently covered by formal arrangements";
- (e-1) Economic Units in the informal economy include:
- units that employ hired labour;
 - units that are owned by individuals working on their own account, either alone or with the help of contributing family workers;
 - cooperatives and social and solidarity economy units;
 - informal work that may be found across all sectors of the economy, in both public and private spaces.
- (f) *Informal Economy Workers' Organization* refers to a group or groups of informal sector workers, whether formally constituted or otherwise, that are organized with the primary objective of promoting the welfare of workers in informal economy;
- (g) *Monthly Basis* refers to the per month mode of paying a worker as bilaterally agreed upon by the employer and worker;
- (h) *Pakyaw Basis* refers to the pre-contracted wholesale mode of paying a worker as bilaterally agreed upon by the employer and worker;
- (i) *Piece rate* refers to payment of products or services by piece of work or by service rendered;
- (j) *Security of and in the Workplace* refers to the right of every worker and informal economic units to an enabling environment that guarantees and protects the spaces to undertake their work, including the right to feel safe in one's own work space, legal security of tenure and freedom from discrimination, risk, danger, doubt, anxiety, or fear of being removed, evicted or prevented from working;

- (k) *Social Protection* refers to policies, programs, and all other interventions that support communities, households and individuals, both women and men, and aimed at: reducing poverty through the promotion and sustenance of livelihood and employment; preventing, managing and overcoming risks and vulnerabilities throughout their life cycle, like protection against hazards and sudden loss of income; and realizing their rights as citizens through their full participation in decision-making affecting or may affect their access to and control over resources necessary to maintain and sustain a decent and secure life.

Social protection schemes shall include labor market interventions, social insurance, social welfare, safety nets, disaster risk reduction and management mechanisms, adaptive measures in the context of climate change, affordable housing and other provisions necessary for vulnerable groups to adequately address and manage risks.

- (l) *Working Hours* refer to the period of time within which a worker is required to be on call to perform any and all tasks that may be designated, regardless of whether there are actual tasks being undertaken; and
- (m) *Volunteer workers of government instrumentalities* refer to workers in government instrumentalities receive allowances or honoraria. These include but are not limited to: barangay health workers (BHW), barangay tanod, barangay nutrition scholars (BNS), barangay daycare workers, enumerators, and among others.

Chapter II

Coverage, Registration and Annual Dues

Sec. 6. Coverage. — This shall include all those defined in Section 4 of this Act, Informal Economy (IE) businesses and enterprises, and organizations of workers in informal economy.

Sec. 7. Registration. —

- (a) *Workers.* — There shall be a simple and standard system of registration in accordance with the framework and principles of this Act. A one-time registration fee of not more than Fifty pesos (P50.00) per individual worker, shall be paid to the municipality or city where they reside.

Any IE worker registered in the local government provided for in this Act shall be listed in the centralized database system, and shall be issued an identity card and a record book that shall list all services and benefits availed of. These signify eligibility to avail of development programs, provided, that the poorest and the most vulnerable workers shall be given priority.

The concerned LGU shall review, revalidate and reassess such database as a tool for local planning and for other purpose every two (2) years from the date of last registration. 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 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. The database shall also indicate informal economic units which may be categorized as livelihood enterprises and entrepreneurial or growth-oriented informal businesses. Further, the database shall include information on payments collected from IE workers, Workers in the Informal Economy (WIE) organizations and economic units. The Barangay Micro Business Enterprise (BMBE) Registry, in general, shall include these informal economic units.

The aforesaid comprehensive database shall form part of the bases of assessment and monitoring of the growth of informal economy.

All local government units shall formulate a uniform and simple checklist of requirements for registration, and establish an IE One-Stop Shop Center which shall handle all transactions and processing of business permit applications within their respective jurisdiction and worker's registration. The Center shall ensure that processing of the business permit of the informal economic units shall be expedited within one (1) day. The P150,000.00 asset size shall be given an affordable business registration (Mayor's Permit) of P500.00 renewable annually until two (3) years of operation after which, shall be subject to the regular business permit requirements of the local government. The BIR shall also exempt from sales tax for the same period of three (3) years the said asset size of economic unit renewable annually.

(c) *Informal Economy Organizations/Associations.* — IEO/A shall register or accredit with the Department of Labor and Employment (DOLE).

Sec. 8. Annual Dues. — IE workers and organizations shall pay annual dues to be determined by the Local Government Unit (LGU) concerned, in consultation with their respective Workers in Informal Economy Local Development Office (WIELDO) referred to in Title I, Chapter IX of this Act. In no case shall the annual dues to be paid by IE workers be more than 30% of the prescribed daily minimum

wage as determined by the Regional Tripartite Wages and Productivity Board (RTWPB) in their respective regions or provinces.

These annual dues shall accrue to the respective LGU where they are accredited. The accumulated funds from these dues shall be used for programs to benefit IE workers and organizations/associations, business activities, enterprises and organizations, as recommended by the WIELDO. Such programs and disbursement of funds shall be approved by the concerned LGU Council in consultation with the local informal economy constituents.

Chapter III

Rights And Benefits

Sec. 9. Workers in the informal economy shall have the same basic rights accorded to all workers, as enshrined in the Philippine Constitution, the Labor Code, as amended, and relevant international human rights instruments and labor Conventions. These include, but are not limited to the rights to:

- (a) Work, which includes the rights to: security of/in the workplace; make a living by work freely chosen or accepted; and avail of technical and vocational guidance and training programs;
- (b) Enjoyment of just and favorable conditions of work;
- (c) A living wage and equal remuneration for work of equal value without distinction of any kind, in particular for women who shall be guaranteed equal wages for work similar or equivalent to those done by men;
- (d) Equal opportunity for promotion, subject to no other considerations than seniority and competence;
- (e) Safe and healthy working conditions safeguarding general, occupational and reproductive health;
- (f) Access to basic services including but not limited to affordable medical care, reproductive and other health services, low-cost housing, water, sanitation, electricity and transport;
- (g) Rest, leisure and reasonable limitation of working hours, and periodic holidays with pay, as well as remuneration for public holidays whenever applicable;
- (h) Maternity and paternity benefits, as provided for by law;
- (i) Equal access to education, skills training, and economic resources to develop self-reliance, especially of children and young persons, without any discrimination;
- (j) Self-organization to collectively negotiate with government and other entities in the promotion of their welfare and advancement of their interests, free from any political interference;

- (k) An adequate standard of living for workers and their families, adequate food, clothing, and shelter, and the continuous improvement of such standard;
- (l) Freedom from any form of discrimination, violence, exploitation including sexual exploitation, harassment, abuse, and any form of inhumane treatment which debases, degrades or demeans the intrinsic worth and dignity of the worker as a human being;
- (m) Accessible social protection, comprising mainly of, but not limited to labor market programs, social security, health care and insurance, and social welfare interventions;
- (n) Equal treatment before the law;
- (o) Substantial participation in policy and decision-making processes, including access to information and other resources relevant to the promotion and protection of their rights and welfare through organizations that truly represent the sector;
- (p) Equal access to justice through appropriate mechanisms, including, but not limited to, alternative dispute resolution processes; and
- (q) Access to public procurement including advice and reserving quotas for informal economic units.

Sec. 10. Own-account workers as well as informal economic units, being the working poor's primary instruments to address and overcome poverty, shall be accorded the following preferential rights by the State:

- (a) Infrastructure support such as farm-to-market roads, common, affordable and secure workplaces and facilities, merchandising centers, farmers' markets or a *bagsakan* with proper storage facilities, and inventory bulk-buying centers;
- (b) Policy support to promote and protect local and domestically-produced products and services;
- (c) Access to markets, including capacity-building to access E-marketing facilities;
- (d) Access to affordable, appropriate and adequate financial services, including, among others, collateral-free and gender-balanced credit at low interest;
- (e) Access to appropriate and adequate machinery, equipment, and other technologies, with the end in view of increasing productivity and growth;
- (f) Protection from unjust dislocation from places where economic activities are conducted with the "provision of relocation before demolition policies";
- (g) Measures against racketeering, extortion, and harassment, by both State and non-State elements;
- (h) Fiscal relief, including among others exemption from taxes, fees and other assessments, to be put into place by concerned national agencies and local government units sixty (60) days after the effectivity of this Act;

- (i) Common workplaces, common technology facilities, adequate and affordable marketing facilities such as economic freedom parks, merchandising centers, and inventory bulk-buying centers;
- (j) Freedom from deprivation of property without valid cause and due process of law; and
- (k) Affordable and customized social security and insurance programs.

Sec. 11. Organizations of workers in informal employment, including unions, cooperatives, social and solidarity economic units/organizations and mutual benefit associations, shall have the right to:

- (a) Freely function and act as the representatives of their members in policy and decision-making processes, collective negotiations, and other similar bodies and processes in the context of tripartism and multi-sector;
- (b) Establish national federations or confederations and to protect the right of the latter to form or join local unions and international trade-union organizations;
- (c) Access information from concerned government institutions and other parties that are pertinent to the protection and promotion of the rights and welfare of their members;
- (d) Own property, real or personal, for the use and benefit of their organizations and members;
- (e) Sue and be sued under their registered names;
- (f) Undertake all other activities, not contrary to law, designed to benefit their organizations and members; and
- (g) Be accorded preferential option in the awarding of contracts for the undertaking of national and local projects funded by either the National or local government units including foreign-assisted projects. Guidelines for this shall be included in the Implementing Rules and Regulations of this Act.

Notwithstanding any provision of a general or special law to the contrary, the income and properties of legitimate workers' organizations, including grants, endowments, gifts, donations and contributions they may receive from fraternal and similar organizations, local or foreign, which are actually, directly and exclusively used for their lawful purposes, shall be free from taxes, duties and other assessments. The exemptions provided herein may be withdrawn only by a special law expressly repealing this provision.

Sec. 12. *Organizing Workers in Informal Economy.* — WIE shall be encouraged to organize themselves for their mutual benefit and protection, and for other legitimate purposes. Toward this end, the State shall encourage and assist these workers in the formation of their self-help organizations, associations, federations, and confederations.

The State shall encourage the formation of cooperatives among marginalized farmers, fisher-folk, as well as manufacturing, transport, retail, services, and home-based workers to enable members to: purchase inputs at lower cost, obtain fair prices for their produce, avail of credit assistance and skills training, and share from collective gains of the cooperatives.

Attention will be given to organizing women and other vulnerable WIE.

Sec. 13. *Assistance to Organizations of Workers in the Informal Economy.* — All concerned national government agencies, government financial institutions and local government units shall include in their plans, programs, projects and activities efforts that will support and address concerns of organizations of WIE.

Sec. 14. *Monitoring of Growth* — The local government units (LGUs) shall supervise the Workers in Informal Economy Local Development Office (WIELDO) as created by Chapter IX of this Act, and monitor the growth of informal employment business activities or enterprises, three (3) years after the enactment of this Act, and every three (3) years thereafter. The centralized database referred to in Section 7 shall be the basis of this monitoring.

Chapter IV

Prohibited Acts Concerning Engagement of Workers in the Informal Economy

Sec. 15. *Prohibition Against Recruitment or Finders' Fees.* — Regardless of whether the worker was sourced either through an employment agency or a third party, WIE shall neither be charged nor levied a recruitment fee or finders' fee by the aforementioned employment agency or third party.

Sec. 16. *Prohibition Against Hazardous Work and Conditions.* — Workers shall not be engaged to do hazardous work, activity or undertaking, or 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 or threat of such 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 or potentially damaging to their health;
- (e) Any work which requires workers to continuously render service during late nights;
- (f) Any and all forms of slavery or practices similar to slavery, such as the sale and trafficking of persons, forced or compulsory labor, debt bondage and serfdom;
- (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, trafficking, or sale 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 workers; 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. 17. Prohibition Against Interference and Coercion. — Any person is prohibited from committing any of the following acts of interference and coercion:

- (a) Preventing any worker from upholding or exercising his/her rights;
- (b) Preventing any worker from joining or assisting organizations for purposes not contrary to law;
- (c) Preventing any 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) Harassing, threatening, coercing or intimidating any worker that result in preventing him or her from performing his or her duties and functions;
- (e) Transferring, penalizing or terminating the services of a worker without valid or legal ground; and
- (f) Other acts calculated to diminish the independence and freedom of workers' organization to direct its own affairs.

Chapter V

Social Protection

Social protection as defined in Section 5 of this Act shall have the components enumerated and discussed in this chapter.

Sec. 18. Labor Market Programs. — The State shall provide adequate resources to sustain labor market programs following decent work standards, including emergency and guaranteed employment schemes, to ensure livelihood security and prevent or mitigate the effects of sudden loss of income in the context of sustainable development and developing local economies in both rural and urban areas.

The State shall ensure that these schemes are labor-intensive, developmental, sustainable, and engage women, men, the youth, and older people in building infrastructure, socialized housing, social forestry focusing on the planting of traditional trees, organic farming, and food production programs.

LGUs shall encourage and provide incentives to constituents who want to engage or are engaged 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. If applicable, LGUs must allocate a portion of their local funds for mangrove reforestation and prohibit conversion of any mangrove forest to residential, commercial or industrial use.

In pursuit of decent work, the State in all its labor market programs, shall adopt a comprehensive framework and plan on occupational safety and health that covers all workers, formal and informal, and implemented at both national and local levels.

The State shall encourage entrepreneurship among the disadvantaged, especially women and young people in informal employment, through simple and efficient procedures and the provision of adequate and affordable marketing facilities such as those provided for by Section 9 (i) of this Act.

The State through LGUs shall promote community contracting to give preference to WIE and their organizations in accessing employment opportunities and related benefits.

Sec. 19. Social Security. — In the interest of equity, the State shall endeavor to extend social security protection to all workers and their beneficiaries against the hazards of disability, sickness, maternity, old age, death, unemployment, and other

contingencies resulting in loss of income or financial burdens. The State also, recognizing the intermittent nature of job and income in the informal economy, shall subsidize the contributions of the workers in the informal economy.

The Social Security System (SSS) shall ensure coverage for all workers, particularly the working poor belonging to the informal economy. The SSS, in consultation with informal workers' organizations, shall customize products and services for them that are accessible and affordable. In the interest of equity, the State shall cover what should have been the employers' share for contributions of informal workers, had they been formally employed.

The SSS shall develop schemes involving government subsidies and sponsorship programs to assist those who cannot afford to enroll and sustain their membership.

To achieve universal coverage, the SSS shall facilitate the accreditation of cooperatives, women's and people's organizations, trade unions and WIE associations, microfinance and micro-insurance institutions and similar groups as collecting agents of premiums and facilitators of claims with the least burdensome conditions and with appropriate incentives. It shall develop effective partnerships with these organizations.

The SSS Commission, in the spirit of democracy, transparency, accountability, and equity, shall be required to conduct regular consultations with and provide information and reports to its membership. Both formal and informal workers shall be represented in the SSS Commission, where gender balance shall also be observed.

The SSS in cooperation with other relevant national agencies and LGUs, shall support indigenous and community-based social protection schemes which complement other needs in times of risk such as *damayan*, *tulungan*, *saranay*, small mutual benefit associations, and micro-finance organizations initiated or participated in by WIE so that these can be sustained, systematized and up-scaled.

An enabling environment for such organizations and schemes shall also be developed. Toward this end, the Insurance Commission (IC) and other relevant regulatory agencies are hereby mandated to review their policies and framework to make them more developmental and supportive of the alternative schemes outlined above.

Sec. 20. Social Security for Volunteers of Government Instrumentalities. – Volunteer workers of government instrumentalities as defined in Sec. 5 of this Act, shall be covered by the Government Service Insurance System (GSIS) and be entitled to at least a minimum package of customized products, services and benefits to be designed with their participation and with adequate government subsidy.

Sec. 21. Universal Health Care. – The Philippine Health Insurance Corporation (PhilHealth) shall ensure and substantiate universal, actual, active, and up-to-date coverage of workers in the informal economy, through the effective implementation of Republic Act No. 11223, or the Universal Healthcare Law, which mandates the coverage of every Filipino citizen to the National Health Insurance Program (NHIP).

In compliance with Republic Act No. 11223, PhilHealth shall ensure the provision of a minimum benefit package which shall be periodically upgraded to meet the goal of universal coverage which is affordable, accessible and appropriate to the needs of all.

Further, PhilHealth shall immediately extend its services to underserved areas by facilitating and accelerating accreditation of hospitals and clinics, and by ensuring that these service providers remain viable through immediate reimbursement.

These shall include the provision of service by duly-accredited and adequately-furnished health facilities, with appropriately educated and rationally compensated health personnel, to underserved areas up to the barangay level.

Sec. 22. The State shall encourage provision of and access to affordable quality childcare and other care services in order to promote gender equality in entrepreneurship and employment opportunities and to enable the transition to formal economy.

Sec. 23. The State shall sustain, enhance, and institutionalize the Social Protection Floor initiative through convergence of the resources of various agencies so that it can provide continuous social security and health insurance subsidies to vulnerable and other informal workers as well as initiate programs for the unemployed, children, and older persons based on applicable and ever-improving standards.

CHAPTER VI

Security in the Workplace of Workers in Informal Employment

584 *Security* in the workplace as defined in Section 5 of this Act shall involve the
585 following:

586
587 **Sec. 24. *Designation of Workplaces.*** – The concerned Local Government Unit
588 (LGU), in coordination with their respective WIELDO, and after consultation with
589 WIE, affected communities, and other relevant groups, shall identify and designate
590 viable workplaces for informal workers; routes, terminals, and specific lanes for
591 small transport workers; and design a system of assigning these to accredited
592 informal workers, These may include markets and vacant areas near markets,
593 vacant public spaces and other spaces which may be designated as allowable
594 workplaces for informal workers.

595
596 Should concerned WIE prefer to conduct their economic activities within an
597 identified private property, the LGU shall negotiate with the owner of the property
598 for the possible use of such property as WIE's workplace. The LGU shall likewise
599 encourage and assist the parties in forging a possible memorandum of agreement.
600 The LGUs, within sixty (60) days from the effectivity of this Act, shall conduct a
601 survey to identify viable vacant areas suitable for routes, terminals, lanes,
602 productivity and merchandising centers and workplaces for use of WIE in their
603 respective localities.

604
605 The LGUs shall, within ninety (90) days after the survey and based on
606 recommendations of WIELDO and consultations with concerned WIE, affected
607 inhabitants and relevant sectors, pass an ordinance designating such workplaces.

608
609 **Sec. 25. *Protection of Agricultural Lands and their Occupants.*** – The LGUs, in
610 coordination with the Department of Agrarian Reform (DAR) shall protect all
611 agricultural lands from conversion or reclassification to non-agricultural uses.
612 Special Economic Zones Sites, Tourist Sites or Socialized Housing Sites shall not be
613 allowed in irrigated and irrigable lands.

614
615 The LGUs shall include in their Comprehensive Land Use Plan (CLUP) all the
616 agricultural lands as protected zones.

617
618 The LGUs shall make an inventory of all agricultural lands under leasehold
619 and shall enforce the security of tenure of tenants, right of redemption and right of
620 first refusal on the subject land. The LGUs shall provide assistance and protection to
621 tenants in agricultural lands whose landowners violate the provisions of R.A. No.
622 3844 or the Agricultural Land Reform Code. Tenants shall not be evicted based on
623 unilateral termination of the tenancy relationship by landowners.

Sec. 26. Use of Municipal Waters, Beach Fronts, and Foreshore Areas. – Municipal waters shall be used exclusively by marginalized fisher-folk and allied workers. They shall be given priority in the granting of permits and licenses for the establishment of fish pens, fish corrals, fish traps, shellfish culture or similar structures for culture of marine products within the municipal waters.

Beach fronts and foreshores are public domain and may be used by any person especially marginalized fisher-folk. LGUs shall ensure that no beach within their jurisdiction is exclusive for the use of resort guests or private persons.

LGUs in coordination with the National Housing Authority (NHA), shall establish and create fisher-folk settlement areas on private or public lands, specifically those near the fishing grounds, for municipal fisher-folk with security of tenure.

The consent of the affected fisher-folk shall be required before an area is declared a marine protected area or a fish sanctuary by the national or local government unit.

Sec. 27. Policy on Eviction and Demolition. - WIE shall not be evicted from their homes and workplaces without legal ground as provided for R.A. No. 7279, otherwise known as the "*Urban Development and Housing Act of 1992*". In cases where eviction or demolition is warranted under Section 28 of R.A. No. 7279, the same shall be conducted upon 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) Non-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. 28. Policy on Confiscation of Materials and Impounding of Vehicles. — In cases where demolition or eviction is warranted, the person who conducts the same shall issue an itemized receipt of all products, goods, and other materials seized from the affected WIE.

Tricycles, pedicabs, and other modes of transportation shall not be impounded for violations of license, registration, or traffic regulations unless the said vehicles were utilized in the conduct of criminal activities. In cases of mere violation of traffic regulations, a traffic violation ticket shall be issued to the erring driver without impounding his/her vehicle.

Sec. 29. Policy on Relocation of Vending Sites. — Before any public market is closed, sold or demolished, all market vendors shall first be relocated by the LGU 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 after issuance of notice, the LGU shall conduct consultations with affected vendors on the selection of the relocation site and implementation of the relocation.

Pending the designation of viable vending areas, vendors occupying public places not previously designated as vending sites shall be provided with viable temporary sites by the LGU. Notice of temporary transfer shall be given to the vendors at least fifteen (15) days before the actual transfer. This shall likewise apply to vendors 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 affected vendors.

In the event that a new public market is constructed in place of an old one, market vendors with stalls displaced from their workplaces shall be given priority in the assignment of stalls in the new market.

Sec. 30. Policy on Relocation of Terminals. – Designated terminals for tricycles and pedicabs shall not be arbitrarily relocated without prior notice and consultation with small transport groups, affected community and other relevant sectors. Provided, that relocation of terminals can only be effected through an Ordinance. Provided further, that after the enactment of such ordinance, notice of intention to relocate terminals shall be made to all small transport groups and affected community at least sixty (60) days before the actual relocation.

Chapter VII

Special Allocations of Development Initiatives

Sec. 31. *Special Allocations for Development Initiatives.* – The development initiatives for WIE shall form part of an integrated and convergent plan to address poverty and vulnerability. The national and local government units shall work together in support of such plan to maximize impact of meager resources.

(a) At least ten percent (10%) of the annual national budget shall be appropriated for programs and services for WIE. These programs shall be implemented based on the principles of merit and equity by the Department of Labor and Employment (DOLE) at the national level and the WIELDO at the local level.

(b) For purposes of program implementation, the DOLE shall manage 30%, and WIELDO, 70% of the funds from the annual General Appropriations Act (GAA) as provided for in the previous paragraph of this section.

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

Sec. 32. *Sourcing and Adopting Development Initiatives* – Other sources of funds to be used exclusively for initiatives addressing the needs and empowerment of WIE shall be identified in the 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), and Quedan Rural Credit and Guarantee Corporation shall set aside a specific percentage of their loan portfolio to informal economy enterprises and shall give priority to women-led informal economy enterprises by providing loans at an interest of not more than twelve percent (12%) per annum consistent with the spirit of R.A. No. 7882;
- (b) The Department of Social Welfare and Development (DSWD) shall strengthen its Self-Employment Assistance Program (SEAK) 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. Further, the Corporation shall guarantee loans obtained by qualified worker or business activity or enterprise, under such terms and conditions adopted by its Board;
- (d) The Department of Trade and Industry (DTI) shall contribute to enable the development of a business environment that shall include initiatives such as supply chain and market outlets, and schemes to develop Special Credit Windows to upscale informal enterprises; and
- (e) The Department of Science and Technology (DOST) shall support technology related initiatives of workers and enterprises in the informal economy.

Sec. 33. Exclusivity of Government Programs. – The government shall ensure that programs of financing, grants and other similar incentives meant to benefit WIE shall be exclusively extended to accredited workers, business activities, enterprises or organizations in the informal economy.

Sec. 34. Inclusivity of Benefits. – The exemptions and other benefits provided in this Act shall apply for a period of not exceeding ten (10) years from the date of accreditation of such IE worker, business activity, enterprise, or organization.

Chapter VIII

Informal Economy Development Council (IEDC)

Sec. 35. *Creation of the Informal Economy Development Council (IEDC).* – There is hereby created an Informal Economy Development Council, hereinafter referred to as the IEDC, which shall be an agency within the Department of Labor and Employment (DOLE). The DOLE shall institute appropriate reforms within its structure, programming and other processes, including adjusting its human resource capabilities to ensure that WIE-focused programs are efficiently and adequately implemented to address the needs of these workers. Likewise, an inter-agency committee shall be formed to coordinate policies and programs of various government agencies towards the transition of informal economic units to formal. The IEDC shall be constituted within thirty (30) days after the approval of the IRR of this Act.

Sec. 36. *Mandate and Functions of IEDC.* – The mandate and functions of IEDC shall include the following:

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

- (g) Establish a performance appraisal system for all accredited workers, enterprises and organizations in the informal economy which shall be the basis for granting or renewal of incentives, rewards and recognition, training and development, including adequate mechanisms to ensure their active participation and involvement;
- (h) Ensure effective participation of WIE and their organizations through the establishment of regular consultative mechanisms and processes. Annual national, regional and provincial consultations among the organizations of WIE shall be conducted to determine specific issues and problems affecting specific WIE sub-sectors, and monitor and evaluate implementation of programs and policies;
- (i) Establish and develop a centralized and sex-disaggregated database system to effectively guide policy formulation and implementation relative to the WIE. The databank shall be available for public use and shall include but not limited to the following: statistical profile of WIE based on age, location, type of work, average monthly incomes, work hours, and other relevant statistical information; data on informal enterprises, including capitalization and sources of capital, number and status of workers, average incomes; List and contact information of government and non-government organizations (NGOs) that provide educational, socio-economic, legal, and other services to WIE; Inventory of resolved and pending cases involving activities of WIE; Database on the needs and problems of women and children in the informal economy nationwide aimed at strengthening policies and programs against child labor; and Compilation of international instruments, existing laws and programs affecting the interest and welfare of WIE and information on how these workers may use or avail of such instruments, laws and programs;
- (j) Develop and ensure implementation of a communication plan including massive information dissemination activities targeting WIE, their enterprises and organizations, in the various regions towards a better understanding and appreciation of the benefits this Act may bring them;
- (k) Consistent with Section 2 (h) of this Act, to develop and ensure implementation of a comprehensive plan to eliminate child labor;
- (l) Monitor and coordinate implementation of policies and programs through the Regional IEDC officers;
- (m) Coordinate and harmonize all informal economy-related policies, programs, projects and activities of various government agencies towards greater efficiency and effectiveness;
- (n) Monitor the LGU-generated incomes from informal employment through the LGUs' periodic report submitted to the Council;
- (o) After consultations with WIE organizations, develop and ensure implementation of policies and programs that will address specific needs and ensure rights of WIE subsectors;

- (p) Develop and ensure implementation of accessible and just conflict resolution and adjudication systems and mechanisms to promote dialogue, conciliation, mediation and redress of grievances to protect the rights of WIE; and
- (q) From time to time, call on the participation of any government agency or bureaucracy in its deliberations especially when such agency is directly or indirectly concerned with or affecting the growth and development of the IE.

Sec. 37. Composition. — The Chair of the IEDC shall be the Secretary of Department of Labor and Employment. IEDC members may elect from among themselves a Vice-Chair to preside over meetings in the absence of the Chair. The members shall be the following:

- (a) Secretary of the Department of Trade and Industry (DTI)
- (b) Director General of the National Economic and Development Authority (NEDA);
- (c) Secretary of the Department of Agriculture (DA);
- (d) Secretary of the Department of Social Welfare and Development (DSWD);
- (e) Secretary of the Department of Interior and Local Government (DILG);
- (f) Chairperson of the Commission on Human Rights (CHR);
- (g) Lead Convener of the National Anti-Poverty Commission (NAPC);
- (h) Secretary of the Department of Transportation (DOTR);
- (i) Chairperson of the Social Security System (SSS);
- (j) Chairperson of Philippine Health Insurance Corporation (PhilHealth);
- (k) Chairperson of the Philippine Commission on Women (PCW);
- (l) Secretary of the Department of Public Works and Highways (DPWH);
- (m) One (1) representative from the private sector;
- (n) One (1) representative each from the League of Cities, League of Municipalities, League of Provinces and League of Councilors;
- (o) The incumbent NAPC Informal Sector Sectoral Representative;
- (p) At least 30% of the total membership of IEDC shall come from organizations of workers in the informal economy accredited with DOLE and DA. Guidelines for the selection of non-government IEDC members, including processes and mechanics shall be determined by the IRR of this Act. Provided, further, That at least 40 percent of the 30 percent are women.

Representatives from the Social Partners, private sector, NGOS and WIE organizations shall serve as IEDC members for a term of three (3) years without re-election and shall be subject to terms and conditions provided for by the IRR.

The private sector, workers in informal economy and women's organizations' representatives to the IEDA shall be entitled to receive Per Diem of at least Two Thousand Five Hundred Pesos (P2,500.00) per meeting.

Sec. 38. IEDC Meetings. — The IEDC shall meet once every two (2) months and may call for special meetings as the need arises; provided, that the frequency of such special meetings shall not exceed four (4) times annually.

Sec. 39. Initial IEDC Funds. — Ten million pesos (P10, 000,000.00) shall be allocated from the Presidential discretionary fund for the initial operating expenses of the IEDC.

Sec. 40. Executive Committee of the IEDC. — An Executive Committee of nine (9) members shall be convened. Besides the Chair and Vice-Chair, the following shall be elected by the IEDA members from among themselves or their duly designated alternate representatives: four (4) representatives of WIE organizations, one (1) from the different leagues of local officials, one (1) from the private sector, and one (1) from a national government agency, provided, that at least three (3) members of the Executive Committee are women.

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

Sec. 41. IEDC Secretariat. — The following secretariat functions shall be integrated in the DOLE secretariat functions:

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

- (f) Perform other secretariat and administrative functions as authorized by the IEDC or its Executive Committee.

Sec. 42. Regional and Provincial IEDC Officers. – The DOLE Regional and Provincial offices (NEDA Resolution) shall have Regional and Provincial IEDC Officers who shall be appointed by the IEDC and shall have functions that include: monitoring and coordinating of IEDC initiatives in the regions and Provinces; evaluation of policies programs for workers in informal economy; providing technical assistance in the development of local plans and programs; as well as other administrative functions necessary for the success of IEDC initiatives in their jurisdiction.

IEDC Regional Officers shall have automatic seats in all Regional Development Councils (RDCs).

Sec. 43. Rationalization of Programs. – IEDC shall conduct continuing review of government programs for the poorest of the poor and the WIE and submit to Congress and the President of the Philippines a report thereon together with its policy recommendations.

Chapter IX

Workers in Informal Employment Local Development Office (WIELDO)

Sec. 44. Workers in Informal Employment Local Development Office. – The Workers in Informal Employment Local Development Office (WIELDO) shall be established in every city and municipality to perform functions that shall include but not limited to the following:

- (a) Prepare an overall development plan and work program that will address the needs of the WIE, prioritizing the poorest and most vulnerable, and incorporate them in their respective city, municipal, and barangay development plans;
- (b) In consultation with WIE organizations in the area, identify specific needs of various IE subsectors and recommend appropriate measures to be taken;
- (c) Ensure accreditation and registration of WIE, especially those with assets of P150,000 and below, to facilitate their immediate access to benefits and services;
- (d) Monitor, assess and evaluate implementation of the plans and programs as well as the performance of informal workers, their economic activities and their organizations in the areas;

- 987 (e) Lead in the local implementation of Chapter VI (Security in the Workplace of
988 WIE) of this Act;
- 989 (f) Coordinate with other local offices, private sector and other organizations with
990 24 existing programs for WIE towards integration and convergence;
- 991 (g) Conduct education and training programs that will: raise their consciousness
992 especially on but not limited to workers', women's and children's rights;
- 993 (h) Provide new ideas especially to those with the least assets and formal education;
994 and develop or upgrade technical, entrepreneurial and leadership skills WIE;
- 995 (i) Provide technical support and facilitate access to credit, market, technology,
996 social protection schemes, and training for WIE;
- 997 (j) Train pools of community trainers in business counseling and awareness raising
998 on occupational safety and health hazards, risks and social protection;
- 999 (k) Support organizing activities among WIE;
- 1000 (l) Establish sex-disaggregated databank on human resources and skills registry to
1001 be used as tools for LGU planning and budgeting;
- 1002 (m) Provide offices and other necessary resources to support organizing, advocacy,
1003 training and other activities of local organizations of WIE;
- 1004 (n) Conduct specialized training such as negotiation skills and conduct of time and
1005 motion studies to determine proper wages;
- 1006 (o) Provide services, which shall include but not be limited to counseling,
1007 conciliation, mediation, and legal assistance for the furtherance of this Act,
1008 prioritizing those with the least access to justice; and
- 1009 (p) Ensure that the LGU is capacitated to undertake and implement rights-based
1010 and gender-responsive programs for WIE.

The local government shall encourage organization of economic units and set respective rules and regulations towards smooth interventions to support MSME informal enterprise development towards transitioning to formality. In the performance of WIELDO's functions, the principle of preferential treatment to the poorest and most vulnerable shall be observed.

Sec. 45. Composition. – The Local Chief Executives (LCEs) shall be the primary overseers of WIELDO's operations. The IRR of this Act shall provide for WIELDO's composition provided that, informal workers' representatives shall form at least fifty percent (50%) of WIELDO's membership. Provided further, that IE representatives shall not be less than five (5), and provided finally, that at least forty percent (40%) of all WIELDO's members are women. Other relevant guidelines on WIELDO's operations shall be included in the IRR of this Act.

Sec. 46. Local Government Unit Informal Economy Development 28 Fund (LGU-IEDF). – An Informal Economy Development Fund shall be established by every municipality and city. Such fund will be supervised and managed by the concerned LGU through the WIELDO but subject to audit by the Commission on Audit (COA).

For the establishment and initial operations of WIELDO, each LGU shall allocate at least three per cent (3%) of their twenty percent (20%) Development Fund from their IRA.

Thereafter, the LGU-IEDF shall be funded using:

- (a) Registration fees and annual dues paid by individual workers in the informal economy, their livelihood activities, and organizations and associations as provided for by Sections 6 and 7 of this Act;
- (b) Shares from the 70% of the at least 10% funds from the Annual General Appropriations Act as provided for by Chapter VII, Section 32 (a) and (b) of this Act; and
- (c) Annual allocations from LGUs Development Fund the percentage of which shall be determined by LGUs.

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

Sec. 47. Additional Sources of Funds. — The following may be tapped by LGUs as additional sources of funds for WIELDO initiatives:

- (a) at least fifty percent (50%) of fees and annual dues collected from small transport — for programs for workers in the small transport industry;
- (b) at least fifty percent (50%) 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) at least fifty percent (50%) of collected fees and annual dues from small 24 vendors — for programs focusing on vendors;
- (d) at least fifty percent (50%) of fees and annual dues collected from marginalized fisherfolks — for programs focusing on fisherfolk; and
- (e) at least ten percent (10%) of funds from the Philippine Amusement and Gaming Corporation (PAGCOR) and Philippine Charity and Sweepstakes Office (PCSO)

TITLE 11

EMPLOYMENT OF WORKERS IN INFORMAL ECONOMY

Chapter I

Requisites for Employment Agreement

Sec. 48. Minimum Standards. — All working arrangements entered into by WIE shall be in accordance with the minimum applicable labor and social standards as contained in Title II of this Act.

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

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

Sec. 49. Provisions of Employment Agreement. — The employment contract shall be in written form. However, the absence of a written agreement does not mean the absence of an employment relationship. As a matter of right, WIE can insist on a written agreement based on minimum standards.

1086 In cases wherein minors are contracted with, the said negotiated contract shall be
1087 signed on his/her behalf by either parent or legal guardian, with the expressed written
1088 consent of the said minor.

1089 In cases wherein illiterate workers are contracted with, the said contract shall be
1090 explained to the worker concerned and attested to by a representative from the LGU or
1091 an elected Barangay official in the city or municipality where the worker is designated
1092 to work.

1093 Each of the contracting parties shall be provided with a full set of the duly signed
1094 agreement which shall include the following basic provisions:

- 1095 (a) working arrangement/mode;
- 1096 (b) period/duration of employment;
- 1097 (c) compensation, which shall not be below the minimum standard, and mode of
1098 payment;
- 1099 (d) computation of contributions for social security and medical insurance including
1100 for those who fan under DOLE Department Order No. 5;
- 1101 (e) duties and responsibilities;
- 1102 (f) working hours and day-off schedules;
- 1103 (g) living quarters or sleeping arrangements (for live-in workers);
- 1104 (h) the date, term and mode of delivery or date of completion;
- 1105 (i) minimum of twenty percent (20%) down payment for labor cost and services and
1106 minimum of 50% for inventory of raw materials used in the production for
1107 homeworkers per DOLE Order No.5.

1108
1109 Minimum standard compensation referred to above shall be determined by the
1110 Regional Wage Boards per subsector of WIE. In the case of piece rates, this shall be
1111 based on the conduct of time and motion studies facilitated by the DOLE Bureau of
1112 Working Conditions. While there are no standardized rates for workers in informal
1113 economy jobs, the basis of computation shall not be below the applicable minimum
1114 wage of the region where they are covered.

1115 Enforcement of the standard compensation rates shall be in accordance with the
1116 capability to comply as explained in Section 40 of this Act.

1117
1118 **Sec. 50. Payment of Wages.** Payment derived from negotiated agreement shall be made
1119 directly to the workers. No deductions from such payments shall be made by the
1120 employer except those provided for by law. The expressed written consent of the
1121 worker shall be first secured before deductions are made.

1122 No parent, guardian, relative or any other person shall be allowed to take a loan
1123 against the compensation of his or her relative-worker without the express written

consent of the concerned worker. Neither shall a worker of minor age be mandated to work in payment of loan or liability incurred by a parent, guardian, relative, or any other person.

Chapter II

IE Workers of Minor Age

Sec. 51. Allowable Employment of Workers of Minor Age. – Children fifteen (15) years but below eighteen (18) years of age may be employed; provided, that parental or legal guardian consent is presented and attested to by any representative of the LGU or duly elected Barangay official where the work is to be done. In no instance however, shall children below fifteen (15) years old be engaged in whatever form of productive services.

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

TITLE III

FINAL PROVISIONS

Sec. 52. Penal Provision. –

- (a) Any person who shall willfully interfere with, restrain or coerce a worker in the exercise of his or her rights or shall in any manner commit any act in violation of any of the provisions of this Act shall, upon conviction, be punished by a fine of not less than Twenty Thousand Pesos (P20,000.00) or imprisonment of one (1) to six (6) years or both fine and imprisonment at the discretion of the Court.
- (b) If the offender is a public official or, the Court, in addition to the penalties provided in the preceding paragraph, may impose the additional penalty of disqualification from public office.
- (c) Any person who violates Section 28 of this Act (Policy on Confiscation of Materials and Impounding of Vehicles) shall be liable. Nothing herein shall prohibit the aggrieved WIE from initiating a criminal or civil action against the responsible person or officer applicability.
- (d) Failure to implement Sections 30 and 31 of this Act (Policy on Relocation of Vending Sites and Policy on Relocation of Terminals) shall render the responsible official/s administratively liable pursuant to Republic Act No. 7160 and other pertinent laws and criminally liable whenever applicable.

1162 **Sec. 53. *Implementing Rules and Regulations.*** – The Implementing Rules and
1163 Regulations (IRR) of this Act shall be formulated by drafting a committee composed of
1164 representatives of offices that will be members of IEDA and WIE organizations
1165 provided that, at least 30% of the drafting committee members shall come from the
1166 latter and provided further that at least 30% of committee members are women. Said
1167 committee will start work on the IRR within three (3) months after the effectivity of this
1168 Act and finish within six (6) months thereafter.

1169
1170 **Sec. 54. *Separability Clause.*** – If any provision of this Act be declared unconstitutional
1171 or invalid, the provisions not affected shall continue to be in full force and effect.

1172
1173 **Sec. 55. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations or other
1174 issuances inconsistent with the provisions of this Act are hereby repealed, amended or
1175 modified accordingly.

1176
1177 **Sec. 56. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
1178 the Official Gazette or in any two (2) newspapers of general circulation in the
1179 Philippines.

1180
1181 *Approved.*