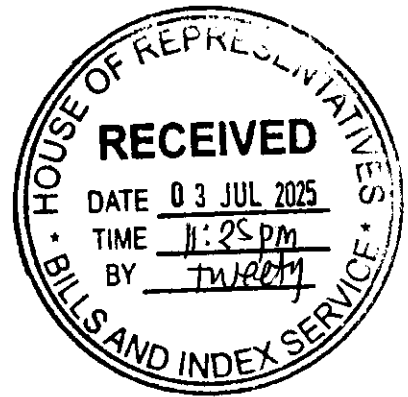


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



TWENTIETH CONGRESS

First Regular Session

House Bill No. 1194

Introduced by Representative

BRIAN DANIEL POE LLAMANZARES, PhD, MNSA

AN ACT PROVIDING FOR A MAGNA CARTA FOR WORKERS IN THE INFORMAL ECONOMY AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The International Labour Organization (ILO) defines the informal economy as "consisting of dependent, self-employed small-scale producers and distributors of goods and services,"¹ or workers who are not, or are otherwise insufficiently, covered by formal work arrangements.² In a survey conducted in 2008, the then National Statistics Office (NSO) and the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) found that there were approximately 10.5 million informal sector operators in the Philippines.³

¹ Informal Economy in the Philippines. International Labour Organization. Available at <https://www.ilo.org/manila/areasofwork/informal-economy/lang-en/index.htm> (date last accessed: July 21, 2020).

² Magna Carta of Workers in the Informal Economy. Philippine Commission on Women. Available at <https://www.pcw.gov.ph/wpla/-magna-carta-workers-informal-economy> (date last accessed: July 21, 2020).

³ Informal sector operators counted at 10.5 million (Results from the 2008 Informal Sector Survey). Philippine Statistics Authority. Available at <https://psa.gov.ph/content/informal-sector-operators-counted-105-million-results-2008-informal-sector-survey> (date last accessed: July 21, 2020).

In 2017, the Philippine Statistics Authority (PSA) estimated that there were about 14.3 million informal or self-employed workers nationwide. This number represented more than one-third of the estimated 40.83 million workforce in the country in 2017.⁴

The contribution of workers from the informal economy to the overall economic health of the country cannot be gainsaid. The informal economy allows for the creation and production of economic opportunities, most especially for those who cannot integrate into the formal economy.⁵ Regrettably, however, while the informal economy serves as a real driving force of the country's economy, the workers and actors in the informal economy remain largely "not covered by the country's labor laws and regulations." In simpler terms, the informal economy as a whole has little protection from the law.

This paradox is highlighted even more in the face of the Constitutional prescriptions requiring the State to "promote a just and dynamic social order that will... 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";⁶ or "protect the rights of the workers and promote their welfare";⁷ or "afford full protection to labor."⁸

Thus, the proposed bill, among others, seeks to remedy this shortcoming in our legal system by affirming and establishing as a matter of law the rights, protection, and security afforded to workers and economic units in the informal sector, including rights and labor standards guaranteed to all workers and the entire labor force under the Constitution and relevant labor laws.

The proposed bill likewise affirms and protects the right of the informal sector workers to organize and perform legitimate activities as an organization. Additionally, it directs key government agencies to support and institutionalize social security measures and protection for the informal sector. The proposed bill seeks to afford the informal workers, economic units, and own-account workers preferential treatments, policy and infrastructure support, and measures intended to help the informal sector thrive and flourish as a successful and formidable economic force. This includes capacity-building for own-account workers to access e-marketing facilities that will especially remove middlemen in the transaction and facilitating the sale of produce or products directly to the consumers. Our experience during the Enhanced Community Quarantine

⁴ 2019, March 28. Government 'blind' to informal workers' true numbers. Business Mirror. Available at

<https://businessmirror.com.ph/2019/03/28/government-blind-to-informal-workers-true-numbers> (date last accessed: July 21, 2020).

⁵ Supra, note 2.

⁶ 6 Constitution, Article II, Section 9.

⁷ 7 *Id.*, Section 18.

⁸ 8 *Id.*, Article XIII, Section 3.

(ECQ) has greatly emphasized the need to directly connect these workers to the consumers in order to facilitate the continuous movement and sale of goods and products.

Lastly, this bill also mandates the Department of Social Welfare and Development (DSWD), in coordination with the Department of Interior and Local Government (DILG), Department of Information and Communications Technology (DICT), DOLE, and other appropriate government agencies, to establish a system of registration of workers in the informal economy, all economic units, and informal economy organizations/associations. The need for such a registry has been all the more highlighted by the alleged chaotic recent distribution of financial assistance during the ECQ.

The passage of the bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'Brian Poe', with a long horizontal stroke extending to the right.

HON. BRIAN DANIEL POE LLAMANZARES, PhD, MNSA

Representative

FPJ Panday Bayanihan Party-List

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ECONOMY AND FOR OTHER PURPOSES**

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

Chapter I

GENERAL PRINCIPLES

SECTION. 1. Short Title. - This Act shall be known as the "Magna Carta for 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 shall ensure the prosperity and independence of the nation, and free the people from poverty through policies that provide adequate social services, promote decent and environmentally sound and full employment, a rising standard of living, and an improved quality of life for all;

(b) Protect, promote, and fulfill the rights of every worker, including gender equity, non-discrimination, the right to self-organization, just and humane conditions of work, access to social protection programs and services, access to justice, security of and in the workplaces, and the right

to represent their organizations in a continuing process of consultation, social dialogue, and tripartite bodies; and

(c) Establish an integrated and coherent policy, at all levels of government, of formalization of informal economic units and informal economy 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) The self-employed workers, own-account workers and 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 those in contract arrangement and/or in supply chains, or as paid domestic workers employed by households;

(d) Workers in unrecognized or unregulated employment relationships;

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

(f) 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 activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements;

(b) "**Economic Units in the Informal Economy**" include, but not limited to, units that employ hired labor, units that are owned by individuals working on their own account, either alone or with the help of contributing family workers, cooperatives and other social and solidarity economy units, and informal work that may be found across all sectors of the economy, in households, as well as public and private spaces;

(c) "**Informal Economy Workers' Organization**" refers to a group of informal sector workers, whether formally constituted or otherwise, that are organized with the primary objective of promoting the rights and welfare of workers in the informal economy;

(d) **"Informal Employment"** refers to an employment arrangement in the formal or informal sector or in households that exists, either based on casual employment, kinship, or personal and social relations with no formal guarantees on legal protection and social protection benefits;

(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 employee to work for them during the reference period;

(f) **"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 be safe in one's own workspace, security of tenure and freedom from discrimination, risk, danger, doubt, anxiety, or fear of being removed, evicted, or prevented from working;

(g) **"Social Protection"** refers to policies and programs that seek to reduce poverty and vulnerability to risks and enhance the social status of the marginalized by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people's capacity to manage risk, as well as all other interventions that support communities, households, and individuals, both women and men, and realizing their rights as citizens through their full participation in decision-making affecting or which may affect their access to and control over resources necessary to maintain and sustain a decent and secure life;

(h) **"Social and Solidarity Economy Units"** refers to enterprises and organizations, including cooperatives as defined under Republic Act No. 9520, otherwise known as the 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.

Chapter II

RIGHTS AND BENEFITS

SEC. 5. Rights and Benefits of Workers in the Informal Economy. - Workers in the informal economy shall be entitled to all the rights accorded to workers by the Philippine Constitution, the Labor Code of the Philippines, as amended, and relevant international human rights instruments and international labor standards. Accordingly, the State shall guarantee all workers in the informal economy the following:

(a) Right to security of and in the workplace;

(b) Right to make a living by work freely chosen or accepted;

- (c) Right to just and favorable conditions of work, including provision for work-life balance, child care, and other facilities;
- (d) Right to a living wage and equal remuneration for work of equal value without distinction of any kind, especially for women who shall be guaranteed equal wages for work similar or equivalent to those done by men;
- (e) Right to equal opportunity for promotion, subject to no other considerations than seniority and competence;
- (f) Right to safe and healthy working conditions safeguarding general, occupational, and reproductive health;
- (g) Right to basic services, including affordable medical care, reproductive and other health services, low-cost housing, water, sanitation, cheap and affordable electricity, and efficient and effective transportation system;
- (h) Right to rest, leisure, and reasonable limitation of working hours;
- (i) Right to maternity and paternity benefits, as provided for by law;
- (j) Right to equal access to education, skills training, and economic resources to develop self-reliance, especially for the youth, without any discrimination;
- (k) Right to self-organization and to collectively negotiate with government and other entities in the promotion of their welfare and in the advancement of their interests, free from any political interference;
- (l) Right to adequate food, clothing, shelter and standard of living, and the continuous improvement of such standard;
- (m) Right to be free 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;
- (n) Right to accessible social protection and safety nets, labor market programs, and social welfare interventions such as social security, health care, and insurance;
- (o) Right to participate in policy and decision-making processes and social dialogue, including access to information and resources relevant to the promotion and protection of their rights and welfare; and
- (p) Right to equal and equitable access to justice for redress of grievances, including alternative dispute resolution processes.

SEC. 6. Rights and Benefits of Own-Account Workers. - In addition to the rights of workers in the informal economy, own-account workers, as well as informal economic units, being the working poor's primary instruments to address and overcome poverty, shall be accorded preferential rights by the State over the following:

- (a) Infrastructure support, such as farm-to-market roads, common, affordable, and secure workplaces and facilities, merchandising centers, farmers' markets or *bagsakan* with proper storage facilities, and inventory bulk-buying centers;
- (b) Policy support to ensure the unimpeded transport of their produce or products;
- (c) Policy support to promote and protect locally-produced products and services, including enhancement of the local value chain;
- (d) Ease and facilitation of access to markets, including capacity-building to access e-marketing facilities that will especially remove middlemen in the transaction and facilitating the sale of produce or products directly to the consumers;
- (e) Access to affordable, appropriate, and adequate financial services, including, among others, collateral-free and gender-balanced credit at low interest;
- (f) Access to appropriate and adequate machinery, equipment, and other technologies, with the end view of increasing productivity and growth;
- (g) Protection from unjust dislocation from places where economic activities are conducted, observing the policy of "relocation before demolition";
- (h) Measures against racketeering, extortion, and harassment, by both State and non-State elements;
- (i) Common workplaces, shared facilities, product development and technology support, and adequate and affordable marketing facilities;
- (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. 7. Rights of Legitimate Organization of Workers in the Informal Economy or Employment. - Workers in the informal economy or employment may organize into unions, cooperatives, social and solidarity economic units' organizations, and mutual benefit associations. Organization of workers in the informal economy or employment shall register with the Department of Labor and Employment and shall have the right to:

- (a) Freely function and act as the representatives of their members in policy and decision-making processes, collective negotiations, tripartite bodies and consultations, multi-sectoral and other similar bodies;
- (b) Establish, join, or affiliate with national federations or confederations 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, whether real or personal, for the use and benefit of their organizations and members;
- (e) Sue and be sued under their registered name; and
- (f) Undertake all other activities, not contrary to law, designed to benefit their organizations and members.

SEC. 8. Assistance to Organizations of Workers in the Informal Economy. - The State shall encourage and support the formation of organizations among marginalized farmers, fisherfolk, women, and workers in the informal economy or employment, whether in manufacturing, agriculture, transport, retail, services, or home-based enterprises.

Towards this end, all national government agencies, government financial institutions, and local government units' plans, programs, and policies shall foster an atmosphere conducive to the exercise of the right to self-organization of the workers in the informal economy. Such policies shall also facilitate and promote access to credit, skills training, and inputs at lower cost. These policies shall also be geared towards assisting such workers in obtaining fair prices for their produce or products and ensuring uninterrupted supply chain for the efficient, effective and economical transport of their products to consumers.

Chapter III

SECURITY IN THE WORKPLACE OF WORKERS IN THE INFORMAL ECONOMY OR EMPLOYMENT

SEC. 9. Designation of Workplaces. - Local Government Units (LGUs), in coordination with legitimate organization of workers in the informal economy and their members, affected communities, and other relevant groups, shall identify, designate, and design a system of assignment on the following:

- (a) Productivity and merchandising centers as viable workplaces for informal workers, which may include markets and vacant areas near markets, vacant public spaces and other spaces which may

be a private property that the LGU may acquire, lease, or negotiate with legitimate organization of workers in the informal economy for lease under a memorandum of agreement; and

(b) Routes, terminals, and specific lanes for small transport workers.

SEC. 10. Policy on Eviction and Demolition. - Workers in the informal economy or employment shall not be evicted from their homes and workplaces without any legal ground as provided under Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act of 1992." They shall also be provided with the same or similar livelihood opportunities, adequate water and electricity and decent conditions of living in accordance with law. Logistical viability for the displaced shall be given priority in the course of determining the relocation sites or areas.

SEC. 11. Policy on Confiscation of Materials and Impounding of Vehicles. - In cases where demolition or eviction is warranted by appropriate court order, the public officer or government agency that conducted the same shall ensure non-violence and shall issue an itemized receipt of all products, goods, and other materials seized or confiscated from vendors and other affected workers in the informal economy or employment. In no event shall these products be destroyed or discarded in the course of such demolition or eviction.

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 violation of traffic regulations, a traffic violation ticket shall be issued to the erring driver without impounding his/her vehicle.

SEC. 12. 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-day period after issuance of notice, the LGU shall conduct consultations with affected vendors on the relocation site and implementation of the relocation.

Vendors, ambulant or otherwise, occupying or selling in public places not previously designated as vending sites shall be provided notice of transfer at least fifteen (15) days before the actual transfer to the designated vending site. The fifteen (15)-day notice 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 consultation with the 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. 13. Policy on Relocation of Terminals and Change of Route. - Relocation of designated terminals for tricycles, pedicabs, jeepneys and other similar modes of transportation and any change of route shall not be arbitrarily carried out without prior notice and consultation with the drivers and/or transport groups concerned, legitimate organizations of workers, affected community, and other relevant sectors. The relocation of terminals and change of route shall be implemented through an ordinance, the enactment of which shall be subject to the required consultation and notice of intention as provided in the immediately preceding section.

Chapter IV

SOCIAL PROTECTION FOR THE INFORMAL SECTOR

SEC. 14. Formalization of the Social Protection Floor. - The State shall support, sustain, enhance, or institutionalize the social protection floor initiative through convergence of the resources of various agencies of the government for 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.

SEC. 15. Social Welfare Efforts. - The Department of Social Welfare and Development (DSWD), in coordination with the Department of Labor and Employment, shall consolidate social welfare efforts to address the needs of the workers in the informal economy, including direct assistance, policy development, and community engagement for the workers.

SEC. 16. Role of the Department of Labor and Employment. - The DOLE shall engage in labor market interventions that shall provide adequate protection for the workers in the informal economy and ensure timely and immediate action for labor concerns, as well as job generation, and other pertinent concerns.

SEC. 17. Social Safety Nets. - Social safety nets provided or implemented by the DOLE, DSWD, Department of Agriculture (DA), and other government agencies shall be made accessible to all workers in the informal economy and to their legitimate organizations.

SEC. 18. Social Insurances. - Social insurance programs including Social Security, Pag-IBIG (Home Development Mutual Fund), and PhilHealth shall, as far as practicable, be fully available to workers of the informal economy consistent with Section 14 hereof. For this purpose, policies and mechanisms for their full utilization and benefit shall be formulated by the SSS, HDMF, and PhilHealth.

Chapter V

LABOR STANDARDS AND ENFORCEMENT OF LABOR LAWS FOR WORKERS IN THE INFORMAL ECONOMY

SEC. 19. Applicability of the Provisions of the Labor Code. - The provisions of the Labor Code shall apply where employer-employee relationship exists between an employer and a worker in the informal economy.

SEC. 20. Prohibited Acts Specific to Workers in the Informal Economy. - The following are deemed prohibited:

(a) **Non-compliance with Minimum Labor Standards and Occupational Health and Safety Standards.** The terms and conditions of employment of workers in the informal economy shall not be lower than the minimum standards set by law. The lack of formality of the work arrangement between the employer and the worker or intermittency of work shall not mean the absence of an employment relationship in the informal economy; it is sufficient that there is control on how the work is to be done at the time of the engagement or economic dependence of the worker on the employer is present.

In all cases, the employment agreement shall be explained to the worker and attested to by a representative from the DOLE or LGU or an elected Barangay official in the city or municipality where the worker is designated to work.

(b) **Recruitment or Finders' Fees.** Regardless of whether the worker was sourced either through an employment agency or a third party, workers in the informal economy shall neither be charged nor levied a recruitment fee or finders' fee by the aforementioned employment agency or third party.

(c) **Hazardous Work and Conditions.** Workers shall not be engaged to do hazardous work, activity, or undertaking, or be exposed to hazardous working conditions. The rights of all workers under Republic Act No. 11058, otherwise known as An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof, shall be respected.

(d) **Interference and Coercion.** Any person is prohibited from committing any of the following acts of interference and coercion:

(1) Preventing any worker from upholding or exercising his/her rights; (2) Preventing any worker from joining or assisting organization for purposes not contrary to law; (3) 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; (4) Harassing, threatening, coercing, or intimidating any worker that result in preventing him or her from performing his or her duties and functions; (5) Transferring, penalizing, or terminating the services of a worker without valid or legal ground; and (6) Other acts calculated to diminish the independence and freedom of workers' organization to direct its own affairs.

(e) Non-compliance with Republic Act No. 7610, as amended by Republic Act No. 9231 in the employment of minors, in cases where minors are contracted or hired to render work or services in any informal economic activity, the DOLE and the LGU or duly elected Barangay official where the work is to be done shall ensure compliance with Republic Act No. 7610, as amended by Republic Act No. 9231. The employer of the minors shall also provide them with access to at least elementary or secondary education, either through traditional schooling or alternative learning systems.

SEC. 21. Visitorial and Enforcement Power of the Secretary of Labor and Employment - In pursuit of the exercise of the visitorial power of the Secretary of Labor under Article 128 of the Labor Code of the Philippines, as amended, employment and other work engagement In the informal economy shall be included In the scope of the Secretary's visitorial power.

Chapter VI

POLICY COORDINATION AND DEVELOPMENT

SEC. 22. Function of National Economic Development Authority. - The Committee on Social Development of the National Economic Development Authority (NEDA) shall develop policies and programs that shall institutionalize and strengthen informal economy workers and the informal economy units.

SEC. 23. Informal Economy Initiatives of Local Development Council. - The Local Development Councils of all provinces, cities, and municipalities shall establish a body of coordination, registration, and assistance for workers in the informal economy within their respective jurisdictions.

The Local Development Councils shall also form a sectoral or functional committee that shall facilitate the registration of informal economy workers.

Chapter VII

REGISTRATION OF INFORMAL ECONOMY WORKERS

SEC. 24. Registration. - The DSWD, in coordination with the Department of Interior and Local Government (DILG), Department of Information and Communications Technology (DICT), DOLE, and other appropriate government agencies, shall establish a system of registration of workers in the informal economy, all economic units, and informal economy organizations/associations.

The national and local governments shall review, revalidate, and reassess such database as a tool for national and local planning and for other purposes every two (2) years.

The registry of economic units 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.

CHAPTER VIII

FINAL PROVISIONS

SEC. 25. 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 (Php20,000.00) 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, the Court, in addition to the penalties provided in the preceding paragraph, may impose the additional penalty or disqualification from public office.

(c) Any person who violates Section 11 of this Act (Policy on Confiscation of Materials and Impounding of Vehicles) shall, upon conviction, be punished by a fine of not less than Fifty Thousand Pesos (Php50,000.00) or imprisonment of six (6) months to one (1) year or both fine and imprisonment at the discretion of the Court.

(d) If the offender is a public official who violates Section 11 of this Act, the Court, in addition to the penalties provided in the preceding paragraph, may impose the additional penalty or disqualification from public office.

(e) If the offender is a corporation, partnership, association, or other juridical entity, the penalty shall be imposed upon the officer or officers responsible for the violation.

SEC. 26. Implementing Rules and Regulations (IRR). - The DOLE, DILG, Department of Social Welfare and Development (DSWD) and the National Economic Development Authority (NEDA), in coordination with other concerned agencies and stakeholders, shall formulate the implementing rules and regulations within 180 days from the effectivity of this Act.

SEC. 27. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, the provisions not affected shall continue to be in full force and effect.

SEC. 28. Repealing Clause. - All laws, decrees, orders, rules and regulations or other issuances inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 29. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette.

Approved,