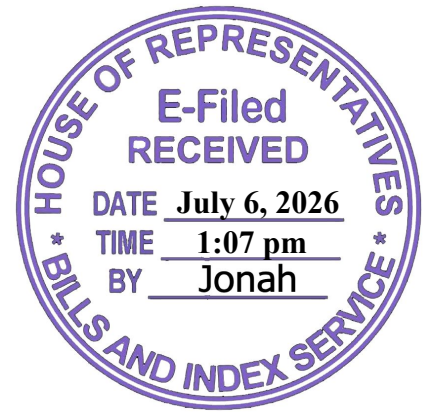


**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
*Quezon City*

**TWENTIETH CONGRESS**  
**First Regular Session**

**House Bill No. 10011**



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**Introduced by TUCP Party-list Representative**  
**HON. RAYMOND DEMOCRITO C. MENDOZA**

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**EXPLANATORY NOTE**

The Philippine Statistics Authority (PSA), through PSA Board Resolution No. 18, Series of 2025, approved and adopted the definition of the “informal sector” as comprising “economic units whose production is mainly intended for the market for the purpose of generating income and profit, but which are not formally recognized as producers of goods and services separate from the own-use production activities of the owner-operators’ households (informal household unincorporated market enterprises).”

Based on the May 2026 Labor Force Survey, 36.2% of the country's total working population or 17.8 million are informal sector workers. We cannot discount the significance of the informal sector's contribution to the Philippine economy. Yet, the informal sector is unseen in government programs, services, and social protection, and struggling at the margins of Philippine society, vulnerable and exposed to the vagaries of poverty and inequality. They are the faceless unaccounted informal sector workers or workers in an informal employment arrangement. They are the self-employed, home workers, industrial workers, ambulant vendors, small transport operators, small and landless farmers, artisanal fisherfolk, intermittent non-corporate construction workers, waste pickers and recyclers, petty retailers, barter traders, small-scale miners, and quarry workers, entertainers, beauticians, laundry persons, hairdressers, on-call domestic helpers, barkers, cargo-handlers, farmers, fisherfolks, and all other livelihood that fall under the definition of PSA Board Resolution No. 18. At various government instrumentalities, they are the forever job order workers, the barangay health workers, barangay tanod, barangay nutrition scholars, barangay daycare workers, and volunteers during disasters. They are the informal economy workers in the public sector.

They are not covered by the Labor or Civil Service Code. They live in substandard conditions and are vulnerable to exploitation, working long hours at meager wages, without benefits, and under deplorable working conditions. They have limited access to productive resources, justice, and preventive programs for work-related diseases and risks and are underrepresented in policy-making bodies relevant to their issues and welfare. They lack contributory social protection such as those provided by the Social Security System (SSS), Philippine Health Insurance

Corporation (PhilHealth), and affordable housing programs such as through the Pag-IBIG Fund. At most, they do not even qualify to tax based social protection programs.

There have been several attempts to enact the Magna Carta for Workers in the Informal Sectors. Therefore, it is high time that the 20th Congress will finish the work to provide rights and benefits to workers in the informal economies, provide them with affordable social protection and security in the workplace, among others.



**HON. RAYMOND DEMOCRITO C. MENDOZA**  
*TUCP Party-list Representative*

**Republic of the Philippines**  
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**Introduced by TUCP Party-list Representative**  
**HON. RAYMOND DEMOCRITO C. MENDOZA**

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**AN ACT PROVIDING FOR THE MAGNA CARTA OF WORKERS IN THE  
INFORMAL ECONOMY**

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

**TITLE I**  
**GENERAL PROVISIONS**

**CHAPTER 1**  
**GENERAL PRINCIPLES**

**SECTION 1.** *Short Title.* – This Act shall be known as the “Workers in the Informal Economy (WIE) Act.”

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

Towards this end, the State, in order to help uplift the lives of workers in the informal economy, shall:

- (a) Protect, promote, and fulfill the rights of every worker and economic operators, including gender equality, non-discrimination, right to self-organization, just and humane conditions of work, access to inclusive and adequate social protection programs and services, access to productive resources, institutional market, and justice, security in the workplaces, and the right to represent their organizations in a continuing process of consultation and social dialogue, with equitable membership in relevant tripartite bodies and additional membership distinct for informal sector in the local government unit (LGU) local special bodies;

- (b) Establish and fully implement an integrated and coherent policy with the just transition guidelines at all levels of government, progressive formalization of informal economic units and informal economy workers and make them visible in all relevant national and local statistics;
- (c) Develop and enhance their technical, special, entrepreneurial, and other skills and capabilities necessary towards their resilience, empowerment and enjoyment of benefits and entitlements associated with the formal economy, and become more productive and self-reliant citizens, thereby ensuring participation in mainstream economic activities based on their own pace and self-determination;
- (d) Progressively eliminate child labor through the creation of more quality jobs and resilient and sustainable enterprises for adults, effective enforcement of laws against child labor, elimination of gender-based discrimination against child workers, improved access to universal education and social protection, and elimination of cultural factors that directly or indirectly tolerate, and even accept child labor;
- (e) Develop the local economy by maximizing the potential and contribution of informal economy enterprises and business activities through the establishment of an “Inclusive Enterprise Ecosystem Framework” that not only supports start-ups, but also addresses youth unemployment, poverty, and gender inequality.
- (f) Encourage and support workers and units in the informal economy to form self-help groups, mutual benefit associations, unions, cooperatives and other forms of self-organization for their mutual aid, benefit, protection, and for other legitimate purposes;
- (g) Advance the social, political, economic, and reproductive rights of women workers by ensuring access to adequate contributory and tax-funded social protection, while strengthening their meaningful participation and representation in decision-making bodies;
- (h) Include the concerns of workers in the informal economy in the policies, plans, programs, projects, and activities of relevant national government agencies, government financial institutions, and local government units;
- (i) Advance the autonomy and empowerment of local government units and their capability to be more responsive to the needs of the informal sector and of the workers in the informal economy among their constituents;
- (j) Amend the taxation power by incorporating tax and business permit incentives to encourage registration of economic units and workers and workers alongside a toolkit to guide the local government units (LGUs) in imposing taxes and permits to the transitioning informal economic units and workers;

- (k) Integrate ethnicity as a factor in the formulation of programs and mechanisms to promote and protect the rights of workers in the informal economy; and
- (l) Ensure the participation of the informal sector, operators, and workers in the informal economy in the planning, decision-making, implementation, monitoring and evaluation of the reforms agenda toward the recognition, integration, and transition of the informal economy to the formal economy.

**SEC. 3. Definition of Terms.** – As used in this Act:

(a) Economic units refer to informal economies such as:

- 1. Market units (corporations, quasi-corporations, and household market enterprises);
- 2. Non-market units (government and non-profit institutions serving households); and
- 3. Households that produce goods or services for own final use (households).

(b) Employer refers to a natural person or group or partnership of people or a corporation for whom a paid worker renders productive employment or service;

(c) Informal economy refers to the economic activities by workers and economic units that are, in law or practice, not covered or insufficiently covered;

(d) Informal economy workers' organization refers to a group or groups of informal workers, whether formally constituted or otherwise, organized with the primary objective of promoting the rights and welfare of workers in the informal economy;

(e) Informal employment refers to any activity of persons to produce goods or provide services for pay or profit that is not effectively covered by formal arrangements such as commercial laws, procedures to report economic activities, income taxation, labour legislation and social security laws and regulations providing protection against economic and personal risks associated with carrying out the activities;

(f) Informal sector comprises economic units whose production is mainly intended for the market with the purpose of generating income and profit, but that are not formally recognized as producers of goods and services distinct from the own-use production by the owner-operators' household (informal household unincorporated market enterprises);

(g) Own-account workers refer to persons 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 continuously any employees to work for them during the reference period;

(h) Security of and at the workplace refers to the right of every worker and informal economic unit to an enabling environment that guarantees and protects the spaces, facilities, and structures to undertake their work, including the right to feel safe in one's workspace, legal security of tenure and freedom from discrimination, risk, danger, doubt, anxiety, or fear of being removed, evicted or prevented from working;

(i) Self-employed worker refers to any person who has no employer and who works for oneself by producing goods or services for the market;

(j) 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 their access to and control over resources necessary to maintain and sustain a decent and secured life;

(k) Social protection floor refers to a set of guarantees ensuring access to essential health services, income support for the education of children, health and nutrition, income assistance for economically active groups who do not have sufficient earnings in case of emergencies, and financial support for the elderly population and women informal workers in difficult and vulnerable circumstances like single mothers, and women survivors of abuse and violence;

(l) Social and solidarity economy units refer to enterprises and organizations including cooperatives as defined under Republic Act (RA) 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, including 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 marginalized and vulnerable groups to adequately address and manage risks, vulnerabilities, and threats to workers' livelihood activities and overall quality of life;

(m) Volunteer refers to workers in government instrumentalities who do not occupy plantilla positions, who receive salaries but not benefits, who are contracted out for specific periods of time, and who receive allowances or honoraria, including project staff, barangay health workers, barangay tanod, barangay nutrition scholars, barangay daycare workers, barangay volunteers, and other vulnerable workers for disasters, among others;

(n) Workers in the informal economy refer to a group of persons who have no employer-employee relationship in order to earn a living such as small farmers, tenants, sharecroppers, or laborers of rural and agricultural lands, small fisherfolk, fisherfolk without fishing equipment, on-call fish workers, porters and batillos, home-based workers who are independent producers of goods or services, industrial

homeworkers, self-employed who are engaged in subcontracting arrangements, ambulant vendors or peddlers, street vendors, vendors with stalls in public and private markets, sari-sari stores owners and workers, land and sea transportation drivers, operators of public and private transportation, maids, cooks, family drivers, gardeners, baby sitters, non-corporate construction workers, small scale miners, workers of barangay micro business enterprises, non-corporate cargo handlers and allied workers, waste pickers and recyclers, workers engaged in producing seasonal products, own-account workers including those engaged in the maintenance and repair of equipment and appliances, clothing and footwear workers, beauticians, barbers, masseuses, “on-call” workers in the entertainment, movie, and media industries, barangay health workers, barangay tanod, barangay nutrition scholars, barangay daycare workers, volunteers in non-government or people’s organizations, unpaid family members, or workers receiving allowances and seasonally hired workers in micro-enterprises or assist unincorporated household enterprises, and other similar economic activities that are not illegal, criminal or life-threatening in nature;

(o) Leadpreneurship refers to a social movement and leadership approach that combines entrepreneurship with social responsibility, where business leaders actively uphold the welfare of their workers and communities while operating enterprises guided by the principles of decent work, social justice, and environmental sustainability;

(p) Informal sector operator refers to individuals operating a single, unincorporated family-operated business or farm; and

(q) Progressive Formalization refers to the multidimensional process consistent with ILO Recommendation No. 204 and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), through which workers and economic units transition from informality to formality by obtaining legal recognition, labor protection, social protection, economic opportunities, and institutional representation. A typology of formalization shall be developed through clustering of government agencies with common agenda and related mandates. It encompasses: (1) enterprise formalization (registration, licensing, and regulatory compliance); (2) employment formalization (decent work, labor rights, and occupational safety and health); (3) social protection formalization (coverage under social security, health, and income protection schemes and tax based social protection programs); (4) economic formalization (access to finance, markets, procurement, technology, institutional market and skills development); and (5) institutional formalization (participation in social dialogue, collective representation, and policy-making). Progressive formalization shall be pursued through an enabling environment that promotes sustainable enterprises, responsible business conduct, decent work, and inclusive economic growth as a comprehensive process involving legal, economic, social, labor, and institutional dimensions, consistent with ILO Recommendation No. 204 and the ILO MNE Declaration.

**SEC. 4. Coverage.** – This Act applies to all workers and economic units, including enterprises, entrepreneurs, and households in the informal economy, guided by the applicable standards and classifications under Philippine Statistics Authority (PSA) Resolution No. 18, series of 2025, and International Labour Organization

(ILO) Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy, except as otherwise specifically provided herein, particularly:

(a) Those who own and operate economic units including:

(1) Self-employed workers such as micro entrepreneurs, vendors, street vendors, sari-sari store workers, non-corporate operators of small marine boat or vessel for transport, tricycle, pedicab, habal-habal, calesa, kuliglig, balsa or “trolley,” food and grocery delivery services, and home-based workers who are independent producers of goods or services;

(2) Self-employed own-account workers such as live-out cleaners, laundry attendants, plantsadoras, barbers, manicurists, pedicurists, drivers of tricycle, pedicab, habal-habal, kalesa, kuliglig, “trolley” or small marine vessel or boat, “barkers,” fare collectors, dispatchers and other workers who share in the income of the non-corporate operators, welders, mechanics, carpenters, plumbers, electricians, masons, house painters, appliance technicians, and scavengers;

(3) Industrial homeworkers, as defined under Department Order No. 5, series of 1992, including workers engaged in subcontracting, outsourced, or supply chain arrangements performed in homes or community-based workplaces;

(4) Employers;

(5) Members of cooperatives; and

(6) 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 economic units in the informal economy, including those in contract arrangements, subcontracting, or supply chains, or as non-regular paid domestic workers employed by households not covered by Republic Act No. 10361 or the “Batas Kasambahay”;

(d) Workers in unrecognized or unregulated employment relationships performing lawful work;

(e) Volunteers, contractuels, job order personnel, and other vulnerable workers in government instrumentalities; and

(f) Agricultural workers or fisherfolk in unrecognized or unregulated agricultural or farming endeavors and fishing activities.

## **Chapter II**

### **RIGHTS AND BENEFITS THROUGH PROGRESSIVE FORMALIZATION**

**SEC. 5. Workers in the Informal Economy.** – Workers in the informal economy (WIE) shall have the same basic rights accorded to all other workers, as

enshrined in the Constitution, Presidential Decree No. 442, as amended, otherwise known as the “Labor Code of the Philippines”, and relevant international human rights instruments and international labor standards. Accordingly, the State shall guarantee all WIE the following rights:

- (a) Security of and at workplaces;
- (b) Freely chosen or accepted work, and availment of technical and vocational guidance and training programs;
- (c) Just and favorable conditions of work, including provision for work-life balance such as child care and other facilities to reduce and redistribute family and domestic responsibilities;
- (d) 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;
- (e) Equal opportunity for promotion, subject to no other considerations than seniority and competence;
- (f) Safe and healthy working conditions safeguarding general, occupational, and reproductive health;
- (g) Basic services such as affordable medical care, reproductive and other health services including modern family planning, low-cost housing, water, sanitation, electricity, and transport;
- (h) Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays whenever applicable;
- (i) Maternity and paternity benefits, as provided for by law and providing cash maternity benefits for at least three (3) months after birth, which are tax based for women in the informal sector who cannot afford SSS contributions;
- (j) Equal access to education, skills training, and economic resources to develop self-reliance, especially of children and young persons, without any discrimination, including organizing support groups for women and transportation allowance while they are on trainings such as inTESDA;
- (k) 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;
- (l) An adequate standard of living for workers and their families, adequate food, clothing, and shelter, and the continuous improvement of such standard;

(m) 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;

(n) Accessible, affordable, and appropriate social protection as defined in Section 3(k) of this Act;

(o) Equal treatment before the law;

(p) Substantial participation in policy and decision-making processes through their organizations and the use of social dialogue, including access to information and other resources relevant to the promotion and protection of their rights and welfare; and

(q) Access to public procurement, including advice and reserving quotas for informal economic units.

**SEC. 6. Own-Account Workers and Informal Economic Units.** – 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 bagsakan with proper storage facilities, and inventory bulk-buying centers;
- (b) Policy support to promote and protect local and domestically-produced products and services, and support in enhancing their participation in the value chain process;
- (c) Ease and facilitation of access to markets, including capacity-building to access institutional market and maximize e-marketing facilities;
- (d) Access to affordable, appropriate and adequate financial services, including, among others, collateral-free and gender-responsive credit at low interest;
- (e) Access to appropriate and adequate machinery, equipment, and other technologies, with the end in view of increasing productivity, enhancing the quality of products and services, and growth;
- (f) Protection from unjust dislocation from places where economic activities are conducted with the provision of relocation before demolition;
- (g) Measures against racketeering, extortion, and harassment, by both State and non-State elements;

- (h) Common workplaces, standard technology facilities, adequate and affordable marketing facilities such as economic freedom parks, merchandising centers, and inventory bulk-buying centers;
- (i) Fiscal relief, including among others exemption from taxes, fees and other assessments, to be put into place by concerned National Government agencies and local government units;
- (j) Affordable and customized social security and insurance programs;
- (k) Promotion of Circular Economy from household and industrial wastes for the waste pickers and recognizing them as active labor market; and
- (l) Consider all WIE or working poor as active labor market

**SEC. 7. Legitimate Organizations of Workers in the Informal Economy.** – Organizations of workers in informal employment, including unions, cooperatives, social and solidarity economic units or organizations, and mutual benefit associations, shall have the right to the following:

- (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, join or affiliate with local unions, national federations or confederations, and international trade union organizations which shall be duly recognized, protected and supported by the National Government;
- (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; and
- (f) Undertake all other activities, not contrary to law, designed to benefit their organizations and members.

**SEC. 8. Informal Economy Workers' Organization.** – Workers in the Informal Economy (WIE) shall be encouraged and supported to organize themselves into self-help organizations, cooperatives, associations, federations, and confederations for their mutual benefit, protection, representation, and other legitimate purposes. Special attention shall be given to the organization and empowerment of women and other vulnerable groups of WIE, including the following:

(a) Rural Workers Associations may be expanded into or complemented by informal economy associations in order to recognize and cover workers and economic units outside rural areas;

(b) Informal economy enterprises or economic units/operators shall be encouraged to register with cooperatives, local government unit (LGU) of residence, the Securities and Exchange Commission (SEC), or the Department of Trade and Industry (DTI), consistent with the proposed regulatory and promotional framework for the Social and Solidarity Economy (SSE); and

(c) Associations of informal economy workers or the working poor shall remain under the Department of Labor and Employment (DOLE) as WIE Organizations, and shall not be classified solely as Rural Workers Associations (RWAs).

### **Chapter III**

#### **SECURITY OF AND AT THE WORKPLACE**

**SEC. 9. Designation of Workplaces.** – Local government units (LGUs) shall, in coordination with organizations of WIE within their jurisdiction, affected communities, and other relevant groups, endeavor to identify, designate, and design a system of assignment on the following:

Productivity and merchandizing centers as viable workplaces for informal workers which may include markets and vacant areas near markets, vacant public spaces and spaces which may be a private property that the LGU may acquire, lease or negotiate with legitimate organizations of WIE for lease under a memorandum of agreement; and routes, terminals, and specific lanes for small transport workers in land and water. The process of identifying and designating such workplaces shall be determined in the implementing rules and regulations (IRR) of this Act, and the process shall have the substantial participation of relevant WIE organizations and stakeholders. Within ninety (90) days from the effectivity of this Act, the local government units (LGUs) shall enact the necessary ordinances designating appropriate workplaces, routes, terminals, and specific lanes. For areas with existing routes and ordinances, the LGUs shall undertake a review and rationalization process in consultation with small land and water transport stakeholders to ensure the inclusion and integration of e-trikes and other electric vehicles in accordance with the implementation of the Electric Vehicle Industry Development Act (EVIDA).

**SEC. 10. Eviction and Demolition.** – Workers in the informal economy or employment shall not be evicted from their homes and workplaces without legal ground as provided by RA 7279, otherwise known as the “Urban Development and Housing Act of 1992,” and provision of livelihood opportunities, adequate availability of water and electricity, as well as decent conditions of living in accordance with the law. The logistical viability for the displaced workers shall be given priority in determining resettlement areas. There shall be no demolition without ensuring appropriate resettlement.

The LGU shall provide designated areas with viability for the ambulant and/or sidewalk vendors before demolition. The parks and playground, a portion of the area

will be for organized vendors with regulations on safety and health, waste disposal, lactation station and clean toilets.

**SEC. 11. Confiscation of Materials and Impounding of Vehicles.** – In cases where demolition or eviction is warranted, any person, government agency, or their agents who conduct the same shall issue a duly signed itemized receipt of all products, goods, and other materials seized from vendors and other 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 violation of traffic regulations, the issuance of a traffic violation ticket shall suffice.

**SEC. 12. 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 the notice, the LGU shall conduct consultations with affected vendors on selecting the relocation site and implementing the relocation.

Vendors, ambulant or otherwise, 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.

If a new public market is constructed in place of an old one, market vendors with stalls displaced from their workplaces shall be assured of an affordable stall assignment in the new market. Displaced ambulant vendors shall, as much as practicable, also be given appropriate selling sites.

**SEC. 13. Relocation of Terminals.** – Designated terminals for tricycles, pedicabs and other similar modes of transportation shall not be arbitrarily relocated without prior notice and consultation with small transport groups, legitimate organizations of workers in the informal economy, affected community and other relevant sectors. Relocation of terminals can only be effected through an ordinance: Provided, That after enacting such ordinance, a notice of intention to relocate terminals shall be made to affected transport groups and community at least sixty (60) days before the actual relocation.

**SEC. 14. Right to Self-organization and Collective Bargaining.** – Informal workers that are registered and are part of the formal economy shall have the right to form, join or assist in the formation of a labor organization of their own choosing for purposes of collective bargaining, for mutual aid benefit, and to engage in concerted activities which are not contrary to law.

All those operators of the informal sector must be identified as informal employers if they have more than one unit in the case of small transport, jeepneys, public market stalls, and others of the same type in order to make the informal employer accountable for registration to contributory social protection.

## **Chapter IV**

### **SOCIAL PROTECTION**

**SEC. 15. Institutionalization of the Social Protection Floor.** – The State shall support, sustain, strengthen, and institutionalize social protection initiatives for Workers in the Informal Economy (WIE) within the three-sector framework of: (i) the Informal Sector, (ii) the Formal Sector, and (iii) the Household Own-Use Production and Community Sector, through the convergence and harmonization of resources and programs of relevant government agencies. Such initiatives shall ensure the continuous provision of social security and health insurance subsidies for WIE, while also supporting programs for the unemployed, children, women in difficult and vulnerable circumstances, and older persons, consistent with applicable laws and evolving social protection standards.

**SEC. 16. Social Welfare Efforts.** – The Department of Social Welfare and Development (DSWD) shall consolidate its strategic social welfare efforts to address the needs of the WIE, including direct assistance, policy development and community engagement for the workers and treat as active labor market those livelihood beneficiaries.

**SEC. 17. Role of the Department of Labor and Employment.** – The Department of Labor and Employment (DOLE) shall undertake labor market interventions that provide adequate protection and promote decent work for Workers in the Informal Economy (WIE). It shall likewise ensure timely and effective action on labor concerns, including security of tenure, job generation, workers' rights, and other related issues affecting WIE. The DOLE shall lead the advocacy and institutional adoption of the new conceptual and operational definitions of the informal economy among government agencies, legislators, and other relevant stakeholders. In coordination with the Department of the Interior and Local Government (DILG), the Department of Finance (DOF), and other livelihood and enterprise development agencies, the DOLE shall develop a framework and typology for the formalization of informal economic units. Such framework shall include measures on simplified and affordable registration systems, reduced business permit costs, improved regulatory compliance, and expanded access to labor standards protection, social security, and other government support programs, among others.

**SEC. 18. Role of the Department of Trade and Industry.** – The Department of Trade and Industry (DTI) shall ensure that all agencies implementing livelihood programs shall ensure that financial literacy is mainstreamed into capacity building especially of the start-ups and/or budding entrepreneurs. The DTI shall also ensure the transfer of technology on production and access to the institutional market.

**SEC. 19. Role of the Department of Finance.** - The Department of Trade and Industry (DTI) shall ensure that access to credit is available and continuity of “Basic Deposit Account” for financial inclusion of those who were underserved and

unserved by the banks. It shall also develop Toolkit to Guide the LGU towards an incentivized LGU taxation especially the business permit costs.

**SEC. 20. Social Safety Nets.** – The State shall ensure that the social safety nets provided by the DOLE, DSWD, Department of Agriculture (DA) and other government agencies shall be easily accessible to the WIE and their organizations. These include conditional cash transfers, unconditional cash transfers, school feeding programs, unconditional in-kind transfers, public works, cash-for-work, emergency employment schemes, and fee waivers. The DSWD shall provide maternity cash assistance equivalent to three (3) months for women workers in the informal sector who are unable to afford the required monthly contributions to the Social Security System (SSS) and PhilHealth.

**SEC. 21. Social Welfare Benefits.** – The government shall ensure that social welfare programs such as Social Security System (SSS), Home Development Mutual Fund (Pag-IBIG Fund), Social Housing Finance Corporation (SHFC), Department of Human Settlements and Urban Development (DHSUD) housing program for the poor, PhilHealth, and Government Service Insurance System (GSIS) shall be fully available, accessible and affordable to WIE, and that the government agencies governing them shall formulate policies and mechanisms for their full utilization and benefit, in consultation with the representatives of WIE.

**SEC. 22. Disaster Risk Reduction and Management and Climate Change.** – The State, particularly at the community level, shall engage WIE and their organizations in disaster risk reduction and management efforts from preparedness, response, rehabilitation and recovery. Responding to climate change in terms of minimizing contributions to greenhouse gas emissions and adapting to its long-term impact through resiliency-building programs shall also involve WIE and their organizations.

## **Chapter V**

### **LABOR STANDARDS AND ENFORCEMENT OF LABOR LAWS**

**SEC. 23. Applicability of the Labor Code.** – The provisions of Presidential Decree No. 442, as amended, otherwise known as the “Labor Code of the Philippines” governing the employer-employee relationship, particularly on general labor standards and occupational safety and health standards, shall apply to all forms of work arrangements in the informal economy.

For workers in the informal sector engaged in profit- or fee-based activities, clear guidelines shall be established to determine the existence of employer-employee relationships between operators and workers. Operators shall be recognized as informal employers, and the Department of Labor and Employment (DOLE) shall develop appropriate guidelines and capacity-building programs to assist them in transitioning into formal employers in compliance with labor and social protection standards. To support the transition of informal economic units into the formal economy, the Department of Trade and Industry (DTI), Department of Science and Technology (DOST), government financial institutions (GFIs), Department of Budget and Management (DBM), Department of Social Welfare and Development (DSWD), Department of Agriculture (DA), Department of Agrarian Reform (DAR),

Cooperative Development Authority (CDA), Department of Finance (DOF), and Department of the Interior and Local Government (DILG) shall jointly develop a typology and framework for formalization. Such framework shall address the key drivers of informality, including policy incoherence, regulatory burdens, lack of access to finance and technology, and other structural barriers to formalization.

The State shall adopt a developmental perspective in dealing with informal economic units. The DOLE shall, in coordination with the Informal Economy Development Council (IEDC), assess the capacity of these enterprises to comply with general labor standards. Informal economic units incapable of meeting the standards shall be assisted in upgrading their capacity to improve their businesses, as well as the ability to comply with relevant labor and social standards.

**SEC. 24. Visitorial and Enforcement Power of the Secretary of Labor and Employment.** – Employment contracts or work arrangements in the informal economy shall be subject to the visitorial and enforcement powers of the Secretary of Labor and Employment pursuant to Article 128 of the Labor Code of the Philippines. In the transition toward formalization and full compliance with labor standards, existing approaches for engaging community-based enterprises, including Technical Advisory Visits (TAV), may continue to be implemented. Such strategies shall likewise extend to industrial homeworkers and other workers engaged in supply chain and value-adding arrangements to promote compliance, capacity-building, and access to labor and social protection measures.

**TITLE II**  
**INFORMAL ECONOMY DEVELOPMENT COUNCIL**  
**COMPOSITION AND ORGANIZATION**  
**Chapter I**  
**INFORMAL ECONOMY DEVELOPMENT COUNCIL**

**SEC. 25. Informal Economy Development Council.** – There is hereby created an Informal Economy Development Council (IEDC) which shall be an attached agency of the Department of Economy, Planning, and Development (DEPDev). The IEDC shall institute appropriate reforms within its structure, programming and other processes, adjusting its human resource capabilities to ensure that WIE-focused programs, with reference to definitions based on PSA Reso No 18, series of 2025, are efficiently and adequately implemented to address the needs of these workers. An inter-agency committee shall be formed to coordinate policies and programs of various government agencies towards the transition of informal economic units and workers to a formal economy.

The IEDC shall be constituted within thirty (30) days after the approval of the IRR of this Act.

**SEC. 26. Powers and Functions.** – The IEDC shall exercise the following powers and functions:

(a) Develop and ensure implementation of annual, long-term and medium-term plans for the informal economy units and workers which should form part of the Medium-Term Philippine Development Plans (MTPDP) towards

institutionalizing comprehensive, needs and rights-based, gender-responsive, just transitioning plan in all workplaces, industries and communities, and child-friendly programs and policies for the WIE;

(b) Develop policies to progressively transition WIE and informal economic units progressively to the formal economy and according to standards provided for in this Act and related laws, treaties or statutes;

(c) Develop and implement training programs, and certify workers for jobs in industries that produce green goods and render services for the benefit of the WIE;

(d) Develop and ensure implementation of gender-based monitoring and evaluation mechanisms, efficient and effective programs and policies, and gender-responsive interventions toward harnessing the full potentials of women WIE;

(e) Ensure that concerned government agencies shall allocate in their respective Special Allocation for Development Initiatives adequate resources for programs that benefit WIE, such as Social and Solidarity Economy Enterprises, Leadrepreneurship Projects;

(f) Develop and ensure implementation of a simple system of registration of WIE and accreditation of informal livelihood activities enterprises, and organizations in accordance with the standards and provisions of this Act;

(g) 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;

(h) Ensure the effective implementation of labor standards covering WIE as provided for by this Act and its corresponding IRR;

(i) Coordinate with LGUs for the development and implementation of periodic evaluation of all accredited WIE members, enterprises, and organizations for use as bases for accreditation, grant of awards and incentives, and training and retraining;

(j) Ensure effective participation of WIE and their organizations through the establishment of regular consultative mechanisms and processes;

(k) Establish and develop a centralized and sex-disaggregated database system to effectively guide policy formulation and implementation relative to the WIE which must be available for public use while strictly complying with laws on privacy and confidentiality including other pertinent information specified in the IRR of this Act;

(l) Develop and implement a communication plan and campaign targeting WIE, their enterprises, and organizations towards a better understanding and appreciation of the benefits of this Act;

(m) Consistent with Section 2 (d) of this Act, to develop and ensure implementation of a comprehensive plan to eliminate child labor;

(n) Assess all means to ensure the transition of informal economic units and the WIE from their position in the informal economy to the formal economy;

(o) Coordinate and harmonize all informal economy-related policies, programs, projects, and activities of various government agencies, including the regional IEDC officers, towards greater efficiency and effectiveness;

(p) Monitor the LGU-generated incomes from informal employment;

(q) Conduct annual reviews of government programs for the WIE and submit to Congress and the President of the Philippines corresponding reports thereon together with policy and other recommendations;

(r) Develop and ensure implementation of accessible just conflict resolution and adjudication systems and mechanisms to promote dialogue, conciliation, mediation, and redress of grievances to protect the rights of WIE, informal economic unit operators;

(s) Call on the participation of relevant government agencies in its deliberations as necessary from time to time;

(t) Ensure that the Department of Finance–Bureau of Local Government Finance (DOF-BLGF) and the Department of the Interior and Local Government–Bureau of Local Government Development (DILG-BLGD) develop and disseminate a toolkit to guide local government units (LGUs) in granting appropriate, accessible, and affordable business permit incentives to operators in the informal economy;

(u) Ensure that all government-owned and controlled corporations (GOCCs), including the Social Security System (SSS) and PhilHealth, review their contribution schemes and establish appropriate counterpart or subsidy mechanisms for workers and operators in the informal economy;

(v) Ensure that the Bangko Sentral ng Pilipinas (BSP) develops inclusive lending programs and financial products for workers and operators in the informal economy, particularly those participating in the Basic Deposit Account Program;

(w) Ensure that workers and operators in the informal economy are provided access to specialized procurement programs, including preferential participation in government procurement opportunities, capacity-building initiatives, and market access support;

(x) Require PhilHealth to review the classification of workers in the informal economy under the direct contributory membership program and consider the restoration of an individual-paying scheme consistent with Republic Act No. 9178, or the “Barangay Micro Business Enterprises (BMBEs) Act of 2002;”

(y) Review existing laws, rules, and regulations affecting workers and operators in the informal economy, including but not limited to laws on patents, Food

and Drug Administration (FDA) permits, the Local Government Code, taxation, microenterprise regulation, and representation mechanisms, as well as laws governing BMBEs and representation in tripartite and policy-making bodies such as TESDA, SSS, Pag-IBIG Fund, and PhilHealth, and recommend appropriate amendments to address inconsistencies, barriers, and gaps in protection and representation; and

(z) Ensure that the Philippine Statistics Authority (PSA) regularly conducts data collection, surveys, and statistical reporting on workers and operators in the informal economy in accordance with PSA Board Resolution No. 18, Series of 2025.

**SEC. 27. Composition.** – The IEDC is co-chaired by the Director General of Department of Economy, Planning, and Development (DEPDev), Secretary of Department of Labor and Employment (DOLE), and Secretary of Department of Trade and Industry (DTI). IEDC members may elect from among themselves a vice-chairperson to preside over meetings in the absence of the chairperson. The members are the relevant government instrumentalities to be determined by the IRR of this Act: Provided, That at least thirty percent (30%) of the total membership of IEDC shall come from organizations of WIE accredited with the SEC, DOLE or DA: Provided, further, That at least thirty percent (30%) are women.

Representatives from the social partners, private sector, NGOs and WIEO (Workers in the Informal Economy and Operators) 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.

**SEC. 28. IEDC Secretariat.** – The IEDC secretariat shall be jointly organized by the DEPDev, DTI, and the DOLE whose functions shall be determined by the IRR of this Act and integrated with the DOLE secretariat functions.

**SEC. 29. Regional and Provincial IEDC Officers.** – There shall be regional and provincial IEDC officers who shall be appointed by the IEDC and shall have functions that include: (a) monitoring and coordinating of IEDC initiatives in the regions and provinces, evaluation of policies programs for WIE; (b) providing technical assistance in the development of local plans and programs; and (c) providing 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).

## **Chapter II**

### **WORKERS AND OPERATORS IN THE INFORMAL EMPLOYMENT LOCAL DEVELOPMENT OFFICE**

**SEC. 30. Workers and Operators in the Informal Economy Local Development Office.** – The Workers and Operators in Informal Economy Local Development Office (WIELDO) shall, in consultation with the WIE and their organizations, be established in every city and municipality to perform the following functions:

- (a) Prepare an overall development plan and work program that address the needs of the WIE incorporating the barangay development plans;
- (b) Encourage the organization of informal economic units and WIE;
- (c) Develop and maintain a comprehensive, age, and sex-disaggregated database of all WIE and economic units within the jurisdiction of the LGU that shall include all relevant information as contained in the IRR of this Act. Provided, That laws on privacy and confidentiality shall be fully complied with. Provided, further, That the database shall include information on payments collected from WIE, organizations and economic units;
- (d) Establish an informal economy one-stop shop center which handles all transactions and processing of business permit applications within their respective jurisdiction and worker's registration;
- (e) Support micro small and medium enterprises (MSMEs) informal enterprise development towards transitioning to formality;
- (f) Perform other similar functions and undertakings pursuant to the provisions of this Act; and
- (g) Coordinate with the LGU for the establishment of database of local informal sector and workers in the informal economy and establish local registry system.

In the performance of WIEOLDO's functions, the principle of preferential treatment to the poorest and most vulnerable shall be observed.

**SEC. 31. Composition.** – The local chief executives (LCEs) are the primary overseers of WIEOLDO operations. The IRR of this Act shall provide for WIEOLDO's composition. The informal workers' representatives shall form at least fifty percent (50%) of WIEOLDO's membership: Provided, That WIE representatives are not less than five (5) and at least thirty percent (30%) of WIEOLDO's members are women. Other relevant guidelines on WIEOLDO's operations shall be included in the IRR of this Act.

**SEC. 32. Local Government Unit.** - Informal Economy Development Fund.  
– A local government unit - informal economy development fund (LGU-IEDF) shall be established in every municipality and city. Such fund shall be supervised and managed by the concerned LGU through the WIEOLDO and subject to audit by the Commission on Audit (COA).

For the initial operations of WIEOLDO, each LGU shall allocate a portion from its internal revenue allotment or IRA.

Thereafter, the LGU-IEDF shall be funded with the following:

- (a) Registration fees and annual dues paid by individual workers in the informal economy, and accreditation fees of their livelihood activities, organizations, and enterprises; and
- (b) 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 the LGUs have sufficiently complied with all requirements by the IEDC.

**SEC. 33. Registration of WIE and Accreditation of Economic Units and Organizations.** – Pursuant to its functions under the Local Government Code, the Local Development Council (LDC), in coordination with the WIEOLDO, shall establish a standard system of registration of WIE, and accreditation of informal livelihood activities, organizations, and economic units: Provided, That the system shall be simple, efficient, affordable, uniform, and accessible to all.

Such registration or accreditation shall signify eligibility of the WIE, their livelihood activities, organizations, or enterprises to avail of development programs: Provided, That the poorest and most vulnerable shall be given priority. The registration or accreditation may be renewed subject to requirements set forth by the LDC in coordination with the WIEOLDO.

**SEC. 34. Annual Dues.** – WIE and their organizations shall pay annual dues to be determined by the concerned LGU, in consultation with their WIEOLDO. Said annual dues shall not exceed more than 30% of the legally prescribed daily minimum wage in their respective regions or provinces.

The annual dues shall accrue to the concerned LGU and shall be used for programs to benefit WIE, their organizations, business activities, and enterprises based on recommendations by the WIEOLDO and the local informal economy constituents.

**SEC. 35. Registration and Non-Registration.** – In no case shall registration be construed as a basis for rights and entitlements under this Act. Non-registration shall not deprive WIE of their rights stated in this Act. Registration as a WIEO in the LGU is voluntary and shall not be considered a prerequisite to work in any private enterprise or government unit. However, registration shall guarantee prioritization and immediate recognition of the rights and benefits due to the workers in the informal economy.

### **TITLE III FINAL PROVISIONS**

**SEC. 36. Prohibited Acts.** – The following are prohibited acts:

- (a) Non-compliance with minimum labor standards and occupational health and safety standards. – The employment contract must be

in writing, with specified terms and conditions of engagement, and which must not be lower than the minimum standards provided by law. However, the absence of a written agreement does not mean the absence of an employment relationship. The contract shall be explained to the worker and to be attested by an elected barangay official in the barangay where the worker is designated to work.

(b) Charging of 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.

(c) Hazardous working conditions. – Workers shall not be engaged to do hazardous work, activity or undertaking, or be exposed to hazardous working conditions in accordance with existing laws.

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

(1) Preventing any worker from upholding or exercising one's rights;

(2) Preventing any worker from joining or assisting an organization for purposes not contrary to law;

(3) Preventing any worker from carrying out one's duties or functions in an organization, or penalizing the same for any lawful action performed in that capacity;

(4) Harassing, threatening, coercing, or intimidating any worker that result in preventing the worker from performing one's duties and functions;

(5) Transferring, penalizing, or terminating the services of a worker without valid or legal ground; and

(6) Other acts that threaten to diminish the independence and freedom of a workers' organization to direct its own affairs.

(7) Those in the subcontracting, seasonal workers, in the value chain and supply chain workers, non-compliance to policies on industrial homework, pursuant to DOLE Order No. 5 on industrial homework is also prohibited.

(e) Non-compliance with RA 7610, as amended, otherwise known as the "Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act," in the employment of minors. – In cases where minors are contracted or hired to render work or services, the age must be at least fifteen (15) years old, and there [is] must be a parental or legal guardian's consent in the employment contract, which is presented and attested to by any representative of the LGU or duly elected barangay official where the work is to be done, and that the employers of these children must provide them with

access to at least elementary or secondary education, either through traditional schooling or alternative learning systems.

**SEC. 37. Penalties.** – (a) Any person who fails to comply with the minimum labor standards and occupational health and safety standards; charge or levy recruitment or finders' fees regardless of whether the worker was sourced either through an employment agency or a third party; or caused the worker to do hazardous work, activity, or undertaking or be exposed to hazardous working conditions, in violation of Section 37 (a), (b) and (c) of this Act, shall, upon conviction, be punished by a fine of not less than Two hundred thousand pesos (P200,000.00), but not more than Three hundred thousand pesos (P300,000.00), or imprisonment of one (1) month and one (1) day to six (6) months, or both at the discretion of the court.

All private-sector employers of informal economy workers, including industrial homeworkers, shall be covered by this Act. Informal economy units transitioning to formality shall initially be subject to Technical Advisory Visits and compliance assistance to foster adherence to Occupational Safety and Health (OSH) standards. Administrative penalties for violations shall be imposed only after reasonable opportunity for compliance has been provided and shall be calibrated according to the size, capitalization, and economic capacity of the enterprise.

(b) Any person who willfully interferes with, restrain or coerce a worker in the exercise of the worker's rights under Section 37 (d) of this Act, shall, upon conviction, be punished by a fine of not less than Three hundred thousand pesos (P300,000.00), but not more than Five hundred thousand pesos (P500,000.00), or imprisonment of six (6) months and one (1) day to six (6) years, or both at the discretion of the court.

(c) Any person who fails to comply with RA 7610 in the employment of minors under Section 37 (e) of this Act shall, in addition to the penalty of imprisonment imposed by RA 7610, be punished by a fine of not less than Three hundred thousand pesos (P300,000.00), but not more than Five hundred thousand pesos (P500,000.00).

(d) Any person who violates the provision on policy on confiscation of materials, and impounding of vehicles under Section 11 of this Act, shall be punished with a fine of not less than One hundred thousand pesos (P100,000.00), but not more than Two hundred thousand pesos (P200,000.00). Nothing herein shall prohibit the aggrieved WIE from initiating a criminal or civil action against the responsible person or officer.

(e) Any official or employee who fails to implement the provision on the relocation of vending sites and policy on relocation of terminals under Sections 12 and 13 of this Act shall be administratively liable pursuant to RA 7160 and other applicable laws without prejudice to any civil or criminal case that may be filed against the erring official or employee. If the act is committed by a private person or private juridical entity, its business license shall be suspended or revoked at the discretion of the court.

If the offender is a public official or employee, the court may impose the penalty of disqualification to hold public office, in addition to the penalties provided in the preceding paragraph.

If the offender is a juridical entity, the person criminally liable shall be its board of directors, officers or employees who participated in the illegal acts.

**SEC. 38. Transitory Clause.** – Within five (5) years from the effectivity of this Act, all workers in the informal economy are entitled to the same labor standards as workers in the formal economy, in accordance with Section 22 of this Act.

**SEC. 39. Appropriations.** – The amount of One hundred million pesos (P100,000,000.00) from the presidential discretionary fund is hereby appropriated for the initial implementation of this Act. Thereafter, such sums as may be necessary for its continued implementation shall be included in the annual General Appropriations Act.

**SEC. 40. Implementing Rules and Regulations.** – Within ninety (90) days from the effectivity of this Act, the Secretary of Labor and Employment shall, in consultation with the Director-General of DEPDev, concerned government agencies, and WIE organizations, promulgate the necessary rules and regulations for the effective implementation of this Act.

**SEC. 41. 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. 42. 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. 43. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*