EXPLANATORY NOTE

The COVID-19 pandemic has affected economies all over the world. In the Philippines, the COVID 19 crisis will likely cost our country’s economy around P2.2 trillion in losses this year as companies shed their profits while millions of workers lose their jobs and source of income.

Daily wage earners and those working in the informal sector are among those greatly affected by this pandemic. The imposition of restrictions and community quarantines have halted everyday activities that this sector earns from. The informal economy consists of independent, self-employed small-scale producers and distributors of goods and services. Workers in this sector are for the most part not covered by our country’s labor laws and regulations and have been vulnerable from the start for having low incomes and working in poor conditions.

The prevalence of COVID 19 further aggravated the situation of our informal workers as they are struggling to earn enough living to sustain their daily needs. Without work, our informal workers have become dependent on the various assistance provided by the government.

Amid the pandemic, affected workers have been receiving subsidies and have been covered by other assistance programs of the government. However, informal economy workers and enterprises are often absent in official statistics. Groups such as the Alliance of Workers in the Informal Economy/Sector (ALLWIES) raised that there are varying interpretations among LGUs as to who are covered in the informal sector. Further, government agencies noted that that there incomplete or differing data on the sector.

The availability of comprehensive data on this vulnerable group would provide government agencies a clearer picture of their needs and concerns and better targeted assistance programs, particularly in times of crisis.
Therefore, it is only proper to institutionalize a registry to extensively determine workers and enterprises in the informal economy. The proposed measure mandates a standard registration scheme at the local level for informal sector workers, economic units, and organizations or associations that shall then be consolidated in a national database to serve as the basis of the State in assessing the growth of the sector and in creating initiatives for the informal economy.

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

REP. KRISTINE ALEXIE B. TUTOR
AN ACT
INSTITUTIONALIZING THE REGISTRATION AND THE NATIONAL DATABASE FOR WORKERS, ECONOMIC UNITS, AND ORGANIZATIONS OR ASSOCIATIONS IN THE INFORMAL ECONOMY AND FOR OTHER PURPOSES

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

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

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

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

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

a) Those in the informal economy who own and operate economic units, including self-employed workers, self-employed own-account workers, employers, members of cooperatives, and members of other social and solidarity economy units;

b) Home-based workers or contributing family workers, irrespective of whether they work in economic units in the formal or informal economy;

c) Employees holding informal jobs in or for formal enterprises, or for economic units in the informal economy, including 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 activity by workers and economic
units that are, in law or in practice, not covered or insufficiently covered by
laws or formal arrangements.
b) Informal Economic Units – refer to units that are owned by individuals
working on their own account either alone or with the help or contributing
family workers; household enterprises engaged in the production of goods
and services or unincorporated enterprises owned by households;
cooperatives and other social and solidarity economy units.
c) Informal Economy Workers’ Organization – refers to a group of informal sector
workers 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 sectors or in households that exist based mostly on casual
employment, kinship or personal and social relations with no formal
guarantees on legal protection and benefits economic units that are
unregistered, unlicensed, and unregulated.
e) Own-account worker – refers to workers who, working on their own account
or with one or more partners, hold the type of job defined as a self-employed
job, and have not engaged on a continuous basis any employees to work for
them during the reference period.
f) Social and Solidarity Economy Units – refer to enterprises and organizations
including cooperatives as defined under Republic Act No. 9520 (Philippine
Cooperative Code of 2008), mutual benefit societies, associations, foundations
and social enterprises which produce goods, services and knowledge that
meet the needs of the community they serve, through the pursuit of specific
social and environmental objectives and the fostering of solidarity.

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

a) Workers – There shall be a simple and standard system of registration in
accordance with the principles of this Act. Any Informal Economy worker
registered in the local government provided for in this Act shall be listed in a
local database and shall be issued an identification card and a record book
that shall list all services and benefits availed of. These also signify eligibility
to avail of other assistance and development programs: Provided, That the
poorest and the most vulnerable workers shall be given priority, including
workers who are severely and directly affected by a national emergency.
The concerned local government unit (LGU) shall review, revalidate and
reassess such local database as a tool for planning and for other purposes
every two (2) years. Renewal of eligibility shall be in accordance with the
merit and fitness principle, and with the conditions that no child labor shall
be used and no activities harmful to the environment shall be implemented.

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

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

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

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

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

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

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

Sec. 9. Separability Clause. – If any portion or provision of this Act is
subsequently declared invalid or unconstitutional, other provisions hereof which are
not affected thereby shall remain in full force and effect.
Sec. 10. Repealing Clause. – All other laws, acts, presidential decrees, executive orders, presidential proclamations, issuances, rules and regulations, or parts thereof which are contrary to or inconsistent with any of the provisions of this Act are hereby repealed, amended, or modified accordingly.

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

Approved,