

Drivers for Improving the Working Conditions in the Informal Sector

Among the important factors that help improve working conditions in the informal sector are:

1. Presence or absence of local labor standards laws and industry codes

Although most workers in the informal sector are not covered by laws on labor standards, there are special laws that may help alleviate their working conditions like the Barangay Micro-Business Enterprise Law³, Cooperative Code, Local Government Code, Comprehensive Agrarian Reform Law, Agriculture and Fisheries Modernization Act, Magna Carta for Small Farmers, Social Reform and Poverty Alleviation Act, etc. (Table 2, Tolentino, Sibal and Macaranas 2001). There is however a need to correctly enforce these laws through more efforts by the government, civil society and the private sector.

In BMBE registered or micro-enterprises (less than 10 workers), DOLE's policy is to partner with NGOs and LGUs in providing consultancy and training services to help improve their working conditions⁴. Tripartite councils, industry associations, business guilds, cooperatives and other forms of associations of small and micro-enterprises must be promoted at the LGU or industry level.

2. Degree of advocacy and/or enforcement of labor protection measures by the social partners at the LGU level- local tripartite councils, social accords and accepted practices by locality, community, industry guilds/associations, etc.

There is a need for more vigilance among the civil society sectors for advocacy and correct enforcement of labor protection laws in the informal sector.

Some laws are not enforced properly or mis-interpreted to minimize labor protection. For example, some service cooperatives engaged in labor contracting claim non-coverage from tax and labor laws which often results in lower benefits for their members/workers.

Most of the country's LGUs do not involve the NGOs and private sector organizations in the Local Development Councils (region, province, city, municipality and barangay) which is mandatory under the 1991 Local Government Code. LGU heads

³ The BMBE "is any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than P 3 Million. BMBEs are exempt from the Minimum Wage Law, but their employees shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits."

⁴ This is in accordance with DOLE Department Order no. 57-07, 2004. Compliance to labor standards is now voluntary in big enterprises (200 or more workers). Inspection is maintained at enterprises with 10-199 workers with priorities in workplaces that are subject of complaints, hazardous, those employing women and children and construction sites.

fear that these organizations might meddle into the affairs and transactions of local government officials which are often done in non-transparent manner.

3. Degree of tie-up with the formal private sector enterprises or industry associations and government agencies that uphold or require labor standards compliance.

There is low awareness on labor standards compliance among informal sector enterprises. Strict or forced enforcement of labor standards to this sector may lead to closures and more unemployment and underemployment in the country. Improving the working conditions in the informal sector should be done through advocacy, good practices approach and continuous improvement through the private sector, NGOs, POs, associations and cooperatives.

Big enterprises should be encouraged to require labor standards compliance to their suppliers and their suppliers' supplier which would likely reach the informal sector. Small and micro-enterprises comprise more than 99 percent of all enterprises in the country and are linked up with the bigger enterprises of the country. Various inputs like goods to sell, tools and equipment, etc. used by the informal sector operators came from the formal sector. Some raw materials and goods are likewise purchased by large enterprises for marketing or further processing.

Around 54 percent of informal sector enterprises were registered with a government agency, mostly with municipal business permit offices. They did this to secure status and protection and to obtain a workplace. Among these enterprises are sari-sari (variety) stores, transport operators in bus, taxi, jeepney and tricycle operation, and financing businesses.

4. Presence or absence of workers organizations in informal workplaces like trade unions, cooperatives, crafts unions/guilds and peoples' organizations (POs)

The presence of trade unions in workplaces contributes to the high level of compliance to labor standards. But trade unions are hardly present in the informal sector.

Trade unions are reinventing themselves by uniting with or organizing other forms of workers' organizations that operate in the informal sector like guilds, crafts unions, cooperatives, peoples' organizations (POs) of vendors, farmers, drivers and other workers of similar occupations. From these renewed forms of labor organizations, the advocacy campaign for new laws on labor standards based on good or best practices and the formulation of industry codes among industry, community, professions and occupations can be pursued.

5. Level of awareness of consumers and consumer groups on labor protection and standards and their effects on consumer welfare and earnings of worker-consumers.

Many Filipino workers and consumers, specially the poor, are price conscious and not quality conscious. Hence, local products are easily under-priced by imported low

quality products or local producers scrimp on labor standards just to lower their costs of production and their prices.

In the developed countries, consumer awareness and protection programs are among the major drivers of social compliance and labor protection (Verite 2003). Retailers are pressured by consumers' organization to impose social compliance standards on products that they sell.

In the Philippines, the Buy Philippine-Made Products Movement and the Fair Trade Alliance (FTA)⁵ are among the consumer advocates campaigning for the patronage of locally produced products and services side-by-side with social compliance and product quality standards. High quality consciousness among the informal workplaces will surely raise the level for labor protection.

Philippine retailers do not impose compliance to local quality standards despite the presence of local standards like the Philippine Quality Awards (PQA)⁶ and the Philippine Products Standards under the supervision of the Bureau of Product Standards (PS) of DTI. It is only in food products and medicines under the Bureau of Food and Drugs (BFAD) that local quality standards are imposed. Compliance to labor standards however is not a basis in the BFAD award.

Actions Taken by the Social Actors- The Civil Society and the Private Sector

Some of the major activities of labor/civil society and the private sector organizations in promoting decent work in the informal sector are:

1. Accord with employers group and government by the moderate segments of the trade union movement

- ✚ The “Social Accord for Industrial Peace and Stability” signed in October 4, 2004 by ECOP, various trade union federations (TUCP, FFW and TUPAS) and DOLE (Amante 2005).
- ✚ Continued participation in the Tripartite Industrial Peace Council (TIPC) by the representatives of labor, employers and government agencies (DOLE, DTI, DILG, NEDA, CSC, CHED, DENR, TESDA and DOLE agencies NLRC, NCMB, NWPC, BLR, BWC and BLE. Policy issues are discussed at the TIPC “which are promulgated as DOLE department orders and other policy issuances such as those on contracting, implementation of Book V (Labor Relations) of the Labor Code, security guards, labor enforcement framework, the worst form of child labor, drug free workplace, and the like” (Amante 2005).

⁵ The “Buy Filipino Movement” with the slogan “Tangkilikin at Paunlarin ang Sariling Atin” (Patronize and improve our own products) was initiated by the National Economic Protectionism Association (NEPA) in 1934. It was the organized reaction of Filipino producers and intellectuals during the free trade period imposed by the United States.

⁶ PQA is the local equivalent of the Malcolm-Baldrige Award.

- ✚ Support and participation to other major initiatives of employers' groups like ECOP, Philippine Chamber of Commerce and Industry (PCCI) and the Federation of Filipino-Chinese Chambers of Commerce and Industry (FFCCCI) and international organizations like ILO, UNDP, etc. that promote corporate social responsibility (CSR) among firms, the UN Global Compact Initiatives, the various ILO conventions and the "Big Brother, Small Brother" partnership in job preservation and job creation.

2. Advocacy campaign for the promotion of decent work by trade unions and other workers organizations

Promotion of decent work advocated by ILO includes promotion of full employment (job creation and preservation), global competitiveness of workers, social protection and welfare of workers, freedom of association, bargaining and negotiations to improve terms and conditions of employment, the fight against child labor, non-discrimination in employment, and other international labor standards.

Various labor groups (trade unions and NGOs) formulated a "Joint Policy Agenda for Labor" in July 2004. These labor groups include Alliance of Progressive Labor (APL), Congress of Labor Organizations (CLO), FFW, TUCP, National Labor Union (NLU), Caucus of Independent Unions (CIU), Philippine Government Employees Association (PGEA), Public Services Labor Independent Confederation (PSLINK), Labor Education and Research Network (LEARN), Labor Rights and Democracy (LARIDE), Philippine Social Institute (PSI) and Workers Development Foundation (WDFI).

Another labor initiative for the promotion of decent work is the Asian Labor Network on International Financial Institutions (IFIs) Philippine Chapter (ALNI/P). Composed of trade unions and NGOs, this group put pressures on IFIs to integrate decent work into their programs and activities. Generally, the ALNI/P opposes IFIs policies on privatization, deregulation and liberalization on developing countries since these policies have minimal impact on employment, labor standards and working conditions (Amante 2005).⁷

3. Engagement in social movement unionism, parliamentary struggles and pressure politics by the civil society organizations

Through the combined strategies of parliamentary struggles and pressure politics, various civil society organizations have extended bargaining to the informal sector

⁷ Paul Krugman's response in 1997 to such criticism against IFIs and developed nations was "bad jobs at bad wages are better than no jobs at all... Even if we could assure the workers in third world export industries of higher wages and better working conditions, this would do nothing for the peasants, day laborers, scavengers, and so on who make up the bulk of these countries' population. At best, forcing developing countries to adhere to our labor standards would create a privileged labor aristocracy, leaving the poor no better off".

workers in their community, village, workplace and national levels through social movement unionism.

Sector and community level bargaining is aimed at improving the living and working conditions of the informal sector labor force. It includes the following:

- ✚ Transport drivers and operators bargaining for increased fares or oil price roll back against the government regulating agencies and the oil companies.
- ✚ Farmers and farm workers fighting for land reform and government safety nets to cushion them from the negative effects of globalization and trade liberalization.
- ✚ Citizens and consumers opposing proposed bills and government policies in increased taxation (additional VAT and other specific “sin” taxes) and proposing debt repudiation/moratorium or debt cap as an alternative solution to the country’s fiscal/economic crisis.
- ✚ Workers fighting for increase in statutory wages.
- ✚ Urban poor settlers fighting for subsidized on-site development and housing for the poor, illegal demolition and decent relocation areas.
- ✚ Overseas Filipino workers (OFWs) seeking state protection, assistance and welfare.

At the national level, party list groups engage in parliamentary struggles by sponsoring laws and resolutions that will promote labor protection in the informal sector. Among these groups are Bayan Muna, Akbayan! Citizen’s Action Party, Partido ng Manggagawa (Workers’ Party), Coop Nattcco, Association of Philippine Electric Cooperatives, Butil (Luzon Farmers’ Party), Alyansang Bayanihan ng mga Magsasaka, Manggagawang-Bukid at Mangingisda, Citizen’s Battle against Crime and Corruption (Cibac), NFSCFO (National Federation of Small Coconut Farmers Organization, Inc), etc.

4. Promotion of patronage of Philippine made products and Philippine quality standards and campaign against smuggling for job creation and job preservation

The Fair Trade Alliance (FTA) is composed of employers (Federation of Filipino Industries), consumers (Citizens’ Alliance for Consumer Protection), trade unions, cooperatives, religious groups (Urban Missionaries), youth and other sectoral NGOs. The FTA has been campaigning for the patronage of Philippine-made products and services, enforcement of local quality standards, and campaign against smuggling in order to preserve and create jobs.

The “tangkilikan” (patronage) movement is a revival of the “Buy Filipino” movement of the National Economic Protectionism Association (NEPA) in 1934. It reached its height in advocacy when President Carlos P. Garcia adopted the “Filipino First Policy” as the general guideline of his administration in 1957-1961.

Despite trade liberalization and the lowering of tariffs on imports, smuggling of dumped goods and second hand products has been rampant with the government losing

as much as P140 Billion revenues annually (Cabacungan 2005)⁸. These revenues are more than enough to solve the country's fiscal deficits. Consumer protection and patronage of local products and services are very important drivers of compliance to labor standards which has worked in developed and developing countries.

5. Increasing involvement of corporate foundations, churches and academe in projects and programs that promote labor protection in the informal sector.

Philippine Business for Social Progress (PBSP), a private non-profit, non-stock corporate-funded foundation, promotes business sector commitment to social development and corporate social responsibility (CSR). PBSP's concerns include social investments, corporate-community partnership, environmental stewardship, and human resource development (Amante 2005).

Church-based NGOs have been active in promoting and defending the rights of workers under the Vatican II preferential option for the poor apostolate. The Catholic Bishops Conference of the Philippines (CBCP) undertakes projects and activities through the National Secretariat for Social Action (NASSA), mission partners Urban Missionaries Foundation and Rural Missionaries and various parish based workers desks and assistance programs.

With the Rural Missionaries providing services to the farmers, the Urban Missionaries mobilize various religious congregations and lay workers for workers' assistance and advocacy focused on the contractual workers. Protestant churches in the country are likewise active in the promotion of workers' welfare through the National Council of Churches in the Philippines (NCCP) and the United Church of Christ in the Philippines (UCCP).

The church has also been active in promoting and organizing cooperatives. The Roman Catholic Church issued a resolution in 1957 calling for the organization of credit cooperatives in parishes all over the country as part of their social action projects. This was in compliance with the Second Vatican Council. Aside from the Catholics, Protestants and Aglipayans continued to be active in coops organizing. The different churches saw in coops the chance to help their constituencies, as well as to gain followers and spread their teachings.

Examples of successful parish-based cooperatives are: the San Dionisio Credit Cooperative, Inc. (SDCCI) in Paranaque; the Saint Martin of Tours Credit Cooperative in Bulacan; the Project 4 Development Cooperative in Quezon City; and the Sta. Ana Multipurpose Cooperative in Davao City.

In Mindanao, the strong cooperative federation MASS-SPECC (or Mindanao Alliance of Self-help Societies - Southern Philippines Educational Cooperative Center)

⁸ Center for Research and Communications (CRC) computed these estimated losses by comparing import figures with exports by other countries from 1989-2001. It added that one out of 3 items imported in the country is smuggled.

was organized in 1966 at Cagayan de Oro City by leaders of successful parish-based and institutional coops like those in National Steel Corporation in Lanao and the Paper Industries Corporation in the Philippines (PICOP) in the Surigao area.

In the Visayas, the Visayas Cooperative Development Center (VICTO) was instrumental to the growth of 250 coops in Regions 6, 7 and 8. As the largest cooperative federation in the Visayas, VICTO was organized 26 years ago by the Scarboro fathers in Hinundayan, Southern Leyte thru a parish social action program called “Saving Souls the Credit Union Way” (Sibal 2001).

The success of any advocacy campaign is dependent on research, education and training. This is the traditional role of the academe as a vital component of the civil society.

Three academic institutions have made significant contributions to the promotion of labor protection in the informal sector. On top of the list is the University of the Philippines School of Labor and Industrial Relations (SOLAIR) in Diliman, Quezon City and the Agricultural Credit Cooperative Institute (ACCI) in Los Banos, Laguna. These institutions were instrumental in the introduction and propagation of the theories and technologies of trade unions and cooperatives as mechanisms for labor empowerment and social justice.

Ateneo de Manila University whose vision of “man for others” has spawned numerous NGOs, trade unions, farmers’ associations, and other workers’ organizations that helped alleviate the living and working conditions in the informal sector. The Polytechnic University of the Philippines Institute of Cooperatives has trained young students for the professional and efficient management of cooperative enterprises in the country

LGU Good Practices that Promote Labor Protection in the Informal Sector

Elena Roaring (2003) documented several good LGU practices and innovations that enhance labor protection in the informal sector. Accompanied by information campaign, the programs were successful because of the support of the local business community. The administration of the services was not bureaucratic and the beneficiaries were mostly small firms.

Among the successful LGU innovations and practices include the utilization of computer software and work flow designs resulting to increased efficiency at lower cost. Specific recommendations for LGUs are as follows:

1. Simplify LGU Registration Procedures

Better LGU registration procedures encourage registration of establishments in the informal sector. Some licensing offices are designed in coffee shop style similar to the amenities provided by the private sector in dealing with their clients.

Computerization speeds up both local and national registration including DTI and SSS. These are practiced successfully in Las Piñas City, Muntinlupa City, and Pasig City where processing time has been reduced significantly. Computerization also systematizes the maintenance of a database of business registrants, and automated assessments and computation of fees.

Other service innovations in LGUs include online services, e-services, one-stop shops, and prompt business assistance. Some of these efforts have gone through tremendous birth pains and are designed to mainstream the informal sector into the registry systems and eventually facilitate labor protection.

For small LGUs where computerization is not very applicable, systems-sharing among clusters of LGUs could be devised. Data integration could also be done at the provincial level. The LGU registration of enterprises in the informal sector is needed for local planning and development purposes.

2. Simplify LGU Tax Structure and Collection System

Another good practice is simplifying LGU tax structure by charging fixed fees for small taxpayers. Fixed fees are charged per business size category- micro, small, medium, and large. Another way is by using more visible and measurable indicators such as floor area. This is in contrast to the usual practice of using gross sales, which is more difficult to verify and is subject to negotiation and corruption. Some LGUs have increased revenue collections by promoting and conducting orderly but firm adherence to regulations.

In Marikina City, the informal market vendors are provided with stalls, promotions, and firm regulatory campaigns. Manila rationalized sidewalk vending activities and produced millions in daily collections for the city's coffers. The Tagaytay City government actively launched a campaign against the patronage of illegal sidewalk vendors.

3. Promotional and Inspection Strategies of LGUs

Some of the strategies used by LGUs in inspection or compliance monitoring are as follows:

- ✚ Area-by-area, door-to-door inspection campaigns, oftentimes as part of education and friendly information blitzes
- ✚ Directed surveys for databank maintenance, which facilitates enterprise visits and information gathering about the enterprises
- ✚ Random monitoring and inspection
- ✚ Information programs using print and mass media
- ✚ Encouraging the business sector to promote compliance among their ranks

- ✚ Assistance to community-initiated efforts, including voluntary, self-regulation programs within the informal sector
- ✚ Provision of incentives and assistance
- ✚ Raids, penalties and closure blitzes, although this may not be perceived favorably by those in the informal sector and by the public.

Roaring also reported that compliance with regulations by enterprises including the very small ones, is higher when:

- ✚ promotion and inspection staff are perceived to be credible and having integrity
- ✚ information campaigns are well organized
- ✚ there is an appreciation by the public of the value of taxation and regulations

4. Providing Economic Incentives to Encourage Registration

Through collective responsibility, informal sector enterprises could regulate their own ranks while LGUs provide appropriate policies and support services. Voluntary and self-regulation principles could be applied by the informal sector themselves and this represents a more viable solution to the problem of their invisibility and lack of regulation.

One approach is to use the government's vast resources and purchasing power to encourage informal sector enterprises to register and at the same time enhance their development. The schemes include:

- ✚ Patronizing and promoting goods and services of the informal sector enterprises
- ✚ Removing bias against the informal sector enterprises in government procurement rules and practices
- ✚ Organizing associations of informal sector enterprises
- ✚ Adopting concessions and flexibilities to the informal sector enterprises
- ✚ Using the informal sector enterprises in delivering public services

The advantages of LGUs' patronage of informal sector enterprises are:

- ✚ Substantial savings by purchasing from smaller companies
- ✚ Informal sector enterprises are encouraged to register in order to access bigger markets
- ✚ Mistrust between informal sector enterprises and the LGU is minimized
- ✚ Helps LGU to assess the informal sector needs for future assistance like financing and training
- ✚ Big enterprises are encouraged to purchase from the informal sector enterprises thus helping them grow and develop into more formal operations.

Subcontracting public services works through LGU partnership with cooperatives, people's organizations and other community associations is allowed under the Local Government Code. These include garbage collection, street cleaning, and park

maintenance, exploitation of natural resources, business activities with significant ecological impact (recycling, gathering of fish spawns, sustenance fishing and similar activities), etc.

5. Facilitating Membership in the SSS, PhilHealth, etc.

According to Eufemia Yap (2003), LGUs can facilitate informal sectors workers to become self-employed members of SSS and PhilHealth. Through SSS membership, a member can be entitled to sickness benefit, maternity benefit, disability benefit, retirement benefit, death benefit, service loans (salary, calamity, stock investments, special educational loan). PhilHealth has two programs that are relevant to the informal sector. These are the Individually Paying Program (IPP) and the Indigent Program.

The IPP focuses on self-employed and the informally employed. Persons who earn incomes below P3,500 are required to pay a monthly contribution of P75. This amount will entitle members and their dependents to a limited coverage for room and board, laboratory tests, medicines and doctor's fees when confined in a hospital. Benefits depend on certain conditions such as type of illness (classified as "ordinary", "intensive", "catastrophic"); type of hospital, ("primary", "secondary", "tertiary"), and the type of medical services received (e.g. with surgery or simple confinement).

The Indigent Program focuses on enrolling the poorest 25 percent of the population. Eligible members are the poorest 20 percent of each province or municipality. This program is done with the consent and partnership of the various LGUs which provide counterpart contribution, together with the national government. The benefits are similar to the IPP.

The SSS, Philhealth, ECC, Pag-ibig and other components of the State-owned pension systems were designed for regular employment and not for self-employed and non-regular employees. This has caused problems to the informal sector workers in terms of remittances of payments, continuity of payments, etc. Many informal sector workers have limited capacities to make regular contributions due to low and unstable incomes.

6. Assistance to Informal Social Protection Schemes

Yap (2003) identified some NGO-operated traditional social protection mechanisms in low-income communities because of the inadequacy of formal social protection institutions. These are based on *bayanihan*⁹ and *damayan*¹⁰, the traditional

⁹ Bayanihan is traditional Filipino practice wherein community members come together to assist one in need. This is usually exemplified by a group of rural folks lifting and transferring a traditional house.

¹⁰ Damayan is a Filipino custom of extending financial and emotional support to a bereaved family. This usually comes in the form of monetary contributions solicited from community members which are then pooled together and given to the family of the deceased.

forms of family and community support system in times calamities, illnesses, and death or major social events such as marriage, birth and religious celebrations.

Many of these schemes begin as savings and loans enterprises. Some have grown big and successful. Some examples of these community-based schemes are:

Health care- This offers free outpatient consultations and check-ups. In some cooperatives, free medicines are given and partial reimbursements are also provided to help defray hospitalization, laboratory and surgical costs. Some big cooperatives are able to maintain a small clinic with medical staff for preventive and curative care, and dental care for tooth extraction, oral prophylaxis and tooth filling. Under these schemes, more formal means of collecting premiums are established for a specific set of benefits. Examples of these schemes are the Bukidnon and Guimaras Health Insurance Programs and Organizing Resources for Education and Training (ORT) Health Plus Scheme (OHPS).¹¹

Death benefit or mortuary assistance- This benefit is usually provided as a grant and is often limited to members of a cooperative or organization. Some cooperatives however include family members and even non-members in the benefits, subject to certain terms and conditions. Mortuary assistance funds come mainly from members' contributions. These contributions are usually deducted from members' existing accounts or from funds that are due the members such as dividends, patronage refunds and loans. An example of a coop that provides this service is Novaliches Development Cooperative (Novadeci) in Quezon City.

Scholarship and other risk protection benefit- Scholarship grants are provided to children of regular members of cooperatives. Other forms of risk protection services are designed to protect members against certain losses. These include crop insurance, loan protection, life insurance and deposit guarantee. The crop insurance and the loan protection are the most patronized. Loan protection and deposit guarantee services are provided for affiliates of the National Confederation of Cooperatives through the Coop-Life Mutual Benefits Services Association (CLIMBS). The Philippine Crop Insurance Commission, on the other hand, provides crop insurance as facilitated by the cooperatives.

7. Establishing LGU-based Tripartite Councils

The DOLE Institute for Labor Studies (2006) reported practices of LGU-based tripartite councils in Metro Manila cities- Marikina, Mandaluyong, Makati, Valenzuela, Pasig, Las Pinas and Pasay. These councils were created either through social accord/MOA or LGU ordinance with the objective of serving as a forum for tripartite partnership and consultation among labor, employer and government sectors in the formulation and implementation of labor and social policies.

¹¹ ORT is an international NGO that operates mainly in La Union Province. In the early 1990s, the organization was heavily involved in the setting up of Mother-Child Care Centers in villages in the different municipalities in the province. In 1994, recognizing the potential of a collective effort to access health care, the OHPS was implemented.

The expected roles of the DOLE in these councils are:

- ✚ provide secretariat/administrative and technical support only, 5 of 8 responses;
- ✚ advisory, labor education, advocacy, 4 responses;
- ✚ facilitating role only, 3 responses;
- ✚ leading and direct role, 1 response; and
- ✚ actively and directly manage the affairs and activities of the council, 0 response.

Among the facilitating and hindering factors for the development of the tripartite councils were:

Facilitating	Hindering
Open communication line	Lack of funds
Sectoral cooperation	Vested interests
Institutional support	Lack of sectoral trust
Labor education	Lack of advocacy

Present Challenges

Labor protection in the informal sector should not be imposed drastically. Instead of having jobs with high labor standards, the poor informal sector workers might end up with no jobs at all.

The labor standards should be placed at the end line of the process and not at the starting line. Instead, indigenous practices in improving working conditions in informal sector enterprises should be researched and documented. These should then be promoted for adoption or replication. Thereafter, continuous improvement has to be practiced which will be guided by the labor standards.

Labor standards based on good practices should be industry or sector specific. For example, the good practices of the Olongapo drivers transport cooperatives feature drivers wearing uniforms, policing and disciplining their own ranks, courteous and safe driving, color coding, clean and hygienic vehicles, mandatory membership with the SSS and operating their own housing cooperative and gasoline stations. These good practices may be propagated to all other transport workers and operators nationwide.

Another example are the clean public markets in Marikina City and Puerto Princesa City which feature clean and clear vending areas and comfort rooms. The market vendors not only retained their customers who are now being attracted by the modern malls and supermarkets. These market vendors are now working in a healthy, safe, environment-friendly and odor-free workplace.

Verite (2003) posed the following challenges to change agents promoting improved working conditions in the informal sector:

1. The awareness and advocacy campaigns should focus on labor standards and human rights issues.
2. It should also put emphasis on consumer awareness and protection program which are important drivers of corporate social responsibility (CSR) and social compliance.
3. It should make available consultancy and training at socialized rates to those who want to practice CSR and social compliance.
4. It should disseminate labor standards based on good practices.

The gaps that need to be filled in order to promote compliance to labor standards in the informal sector are as follows:

1. The need to improve corporate or business values, policy formulation, practices and management systems.
2. Lack of mechanisms that will monitor and record compliance to good practices in labor standards.
3. The need to change the mindset of the informal sector enterprises who are averse to bureaucracy and paper works (recording).
4. The lack of time or interest of the informal sector business operators, owners and workers in attending forums on best practices and compliance to labor standards.
5. The lack of research and publicity on good practices on labor standards compliance in the informal sector.
6. The general lack of appreciation of the informal sector enterprises on quality production as additional expenses rather than an investment.
7. The lack of affordable consultancy, training and remediation services. (Verite 2003)

The priority tasks at present are to fill in these identified gaps that will help improve working conditions in the informal sector. The social partnership among government, employer organizations, labor and civil society groups, along with the emerging actors like the academe, church-based NGOs, corporate foundations and party list groups should be fully mobilized.

Tables:

Table 1- COMPARATIVE SIZES OF FORMAL AND INFORMAL SECTORS 1999 and 2003^a

	1999		2003		Difference
	No. of workers	% to total employed	No. of workers	% of total employed	
Labor Force	30,758,000	90.19 (9.8) ^b	34,571,000	88.61(11.4) ^b	+3,813,100

Total employed	27,742,000		30,635,000		+2893,000
Formal sector	6,013,688	21.68	5,706,460	18.63	-307,228
Informal sector	18,069,322	65.13	20,013,540	65.32	+1,944,218
Wage & salary	3,932,312	14.17	4,868,540	15.89	
Self employed	8,864,000	31.95	9,912,000	32.35	
Domestic helpers	1,498,000	5.40	1,486,000	4.85	
Unpaid workers	3,775,000	13.61	3,765,000	12.28	

Source: Leogardo, V. J. (2004) "Addressing the Roots of Decent Work Deficits: Issues and Priorities," A paper presented during the 2nd High-Level National Policy Dialogue on the Social Dimension of Globalization, ILO Auditorium, ILO Manila, 2 December 2004

^aDetermined through residual methodology, using NSO Labor Force Surveys and Annual Survey of Philippine Business & Industry

^bPercent unemployed

Table 2- PHILIPPINE WEB OF LABOR STANDARDS REGULATIONS

SECTOR	FORMAL	INFORMAL
Workers Covered 2003	5,706,460	20,013,540
Percentage of Employed	18.62%	65.32%
Nature of Production	>Production directly linked to TNCs ¹² >Firms supplying TNC-linked firms >Local firms with operations abroad	>Local firms supplying other firms linked with TNCs and local firms with operations abroad
	>Purely domestic, no linkage abroad	>Purely domestic, no linkage abroad
Labor Standards Laws, Corporate Codes, etc.	Labor Code, DOLE Department Orders, Social Security System, PhilHealth, Pag-ibig Fund, Employees Compensation Commission, Civil Service Law, Government Service Insurance System, Collective Bargaining Agreements, Collective Negotiations Agreements, Philippine Quality Awards, Corporate Codes of Conduct, Corporate Social Responsibility, UN Global	Barangay Micro-Business Enterprise (BMBE) Law, Cooperative Code of the Philippines, Cooperative Development Authority Law, Local Government Code, Overseas Workers' Welfare Administration, Philippine Overseas Employment Administration, Comprehensive Agrarian Reform Law, Agriculture & Fisheries Modernization Act, Magna Carta for Small Farmers, Social Amelioration Program in the Sugar Industry, Small and Medium Enterprises Development Council,

¹² Transnational corporations

	Compact, Social Compliance, Social Accountability 8000, ILO, OECD Guidelines for MNCs, ISO 14000, AccountAbility 1000, Global Reporting Initiative, Global Sullivan Principles, best practices, etc. (Amante 2005, Macaraya 2005)	Social Reform and Poverty Alleviation Act, & certain provisions of the Labor Code, SSS, PhilHealth, Employees Compensation Commission Law, good practices, community acceptance, etc. (Tolentino, Sibal & Macaranas 2001)
Extent of Coverage & Regulations	>Wide coverage for TNCs, firms linked with TNCs and local firms with operations abroad >Moderate coverage for firms catering to local markets	Low coverage and ineffective regulations due to lack of awareness of laws and good practices
Workers' Organizations	Trade unions, cooperatives, NGOs, employees associations, consumer associations, partylist groups, corporate foundations, academe, etc.	Peoples' organizations, trade unions, cooperatives, crafts/guilds, NGOs, socio-civic organizations, church groups, corporate foundations, academe, party list groups, etc.

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