

Social Partnership Between the Civil Society, Government and the Private Sector in Improving Working Conditions in the Informal Sector*

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Introduction

The Philippines has a segmented economy and an industrial relations system with a shrinking formal sector. In spite of these, however, only the wage and salaried employees (just around 18% of employed labor force in 2003) are covered fully by laws on labor standards intended to protect workers.¹ By contrast, workers in the informal sector (unpaid family workers, self-employed or own-account workers, piece rate and other local and overseas contractual workers) are typically not within the scope of these formal sector labor statutes. Workers in the informal sector (65% of the total employed labor force) increased by almost 2 million in 2003 (Table 1). Clearly, there is a need to help improve working conditions in the informal sector through social partnership between the civil society, government and the private sector.

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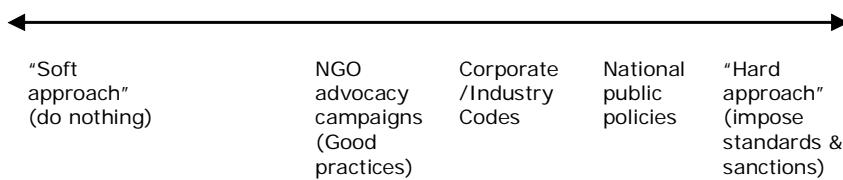
¹ In the private sector, the labor protection schemes are mostly stipulated in the Labor Code of the Philippines, the Social Security System, PhilHealth, Pag-ibig Fund, and Employees Compensation Commission. In the government sector, the labor standards are governed by the Civil Service Laws and the Government Service Insurance System.

Approaches in Improving Working Conditions in the Informal Sector

Verma (2005) formulated a framework in improving working conditions in the workplace. In the extreme poles are the "soft approach" (or do nothing) and the "hard approach" (or impose standards and sanctions).

The "hard approach" forces compliance. This is not advisable in the informal sector since it may cause the massive closures of establishments. It should instead be initiated through laws and ordinances, corporate or industry codes and NGO advocacy campaigns. These recommendations actually represent milder forms of the "hard approach" as shown below.

Approaches in Promoting Labor Standards Compliance



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 standard 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 Law,² Cooperative Code, Local Government Code,

² 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."

Comprehensive Agrarian Reform Law, Agriculture and Fisheries Modernization Act, Magna Carta for Small Farmers, Social Reform and Poverty Alleviation Act, etc. (Tolentino, Sibal, & 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 conditions.³ 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 social partners at the LGU 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 misinterpreted 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 and 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 fear that these organizations might meddle into the affairs and transactions of local government officials which are often done in a non-transparent manner.

³ 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.

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

The level of awareness of labor standards compliance among informal sector enterprises is low. However, strict or forced enforcement of labor standards could only lead to more closures, if not more unemployment and underemployment. Improving the working conditions in the informal sector should be done through advocacy, good practices approach, and continuous improvement through the private sector, NGOs, P0s, associations and cooperatives.

Big enterprises should be encouraged to require labor standards compliance to their suppliers and their suppliers' supplier which would ultimately reach the informal sector. Small and micro-enterprises comprise more than 99% of all enterprises in the country and are linked up with bigger enterprises. Various inputs such as the goods to be sold, tools and equipment used by informal sector operators come from the formal sector. Likewise, some goods and raw materials are purchased by large enterprises for marketing and further processing.

Around 54% of informal sector enterprises are registered with a government agency, mostly through the municipal business permit office. They do so not only to secure status and protection but also to establish their place of operation. Among these enterprises are sari-sari (variety) stores; bus, taxi, jeepney and tricycle transport operators; and finance enterprises.

4. Presence or absence of workers organizations in informal workplaces like trade unions, cooperatives, crafts unions/guilds, and peoples' organizations (P0s)

The presence of trade unions in the workplace 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 (P0s) 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.

Filipino workers and consumers, especially the poor, are typically more price-conscious than quality-conscious. As such, local products are easily undervalued by cheap imported but low quality products. Sometimes local producers scrimp on labor standards just to lower their costs of production and their prices.

In 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 the products they sell.

In the Philippines, the Buy Philippine-Made Products Movement and the Fair Trade Alliance (FTA)⁴ are among the consumer advocates campaigning for patronage of locally produced products and services along with social compliance and product quality standards. High quality consciousness in the informal workplace will surely raise the level of labor protection.

Philippine retailers do not impose compliance to local quality standards despite the presence of local standards such as the Philippine Quality Awards (PQA)⁵ and the Philippine Products Standards under the supervision of the Bureau of Product Standards (BPS) of the Department of Trade and Industry (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 criterion for the BFAD awards.

⁴ 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 an organized reaction by Filipino producers and intellectuals during the free trade period imposed by the United States in the early 30s.

⁵ PQA is the local equivalent of the Malcolm-Baldridge 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 between employers 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 (Employers Confederation of the Philippines), 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 such as 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).
- 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 the ILO and the UNDP which 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 the Alliance of Progressive Labor (APL), Congress of Labor Organizations (CLO), the Federation of Free Workers (FFW), the Trade Union Congress of the Philippines (TUCP), the National Labor Union (NLU), the Caucus of Independent Unions (CIU), the Philippine Government Employees Association (PGEA), the Public Services Labor Independent Confederation (PSLINK), the Labor Education and Research Network (LEARN), Labor Rights and Democracy (LARIDE), the Philippine Social Institute (PSI), and the 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 pressure group serves to induce IFIs to integrate decent work standards into their programs and activities. Generally, the ALNI/P opposes IFI policies on privatization, deregulation and liberalization on developing countries since these policies have minimal impact on employment, labor standards and working conditions (Amante, 2005).⁶

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

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

⁶ Paul Krugman's response in 1997 to such criticism against IFIs and developed nations was that "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."

- Transport drivers and operators bargaining for increased fares or oil price rollbacks against government regulating agencies and 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 statutory increase in wages.
- Urban poor settlers fighting illegal demolition and for subsidized on-site development and housing as well as 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), and NFSCFO (National Federation of Small Coconut Farmers Organization, among others.

4. Promoting 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), the 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 anti-smuggling campaigns 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 the height of its advocacy

when President Carlos P. Garcia adopted the "Filipino First Policy" as the main thrust 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 and the government loses as much as P140 Billion in revenues annually (Cabacungan, 2005).⁷ These revenues would have been 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, based on the experience of many 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 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).

⁷ 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 three items imported in the country is actually smuggled.

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 Catholics, Protestants and Aglipayans also continue to be active in organizing cooperatives. The different churches see in the coops a chance to help their constituencies as well as to gain followers and spread their teachings.

Some examples of successful parish-based cooperatives include 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) 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 in 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, however, depends heavily 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 theories and technologies related to 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 which have helped many in the informal sector to alleviate their living and working conditions. The Polytechnic University of the Philippines Institute of Cooperatives has trained many 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 campaigns, the programs were successful because of the support of the local business community. The administration of services was not bureaucratic and the beneficiaries were mostly small firms.

Among the successful LGU innovations and practices include the utilization of computer applications 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 requirements including those with DTI and SSS. This has been found to be successful 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 the LGUs include online services, e-services, one-stop shops, and prompt business assistance. Of course, many of these efforts have gone through tremendous

birth pains, but they are primarily designed to mainstream the informal sector into the registry systems and 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, often 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, although these may not be received favorably by those in the informal sector and 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. This represents a more viable solution to the problem of their purported 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 the 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
- Tapping informal sector enterprises in the delivery of 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 LGUs is minimized
- Helps LGUs 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 works through the collaboration of LGUs 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, and business activities with significant ecological impact (recycling, gathering of fish spawns, sustenance fishing, and similar activities), among others.

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

According to Eufemia Yap (2003), LGUs can facilitate informal sector 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, and 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. A person who earns an income below P3,500 is required to pay a monthly contribution of P75. This amount entitles a member and his 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 the type of illness (classified as ordinary, intensive, or catastrophic); type of hospital, (primary, secondary, or tertiary), and the type of medical services received (e.g. with surgery or simple confinement).

The Indigent Program focuses on enrolling the poorest 25% of the population. Eligible members are the poorest 20% 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 income.

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*⁸ and *damayan*⁹, the traditional forms of family and community support system in times of 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

⁸ *Bayanihan* is traditional Filipino practice where 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.

⁹ *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.

of these schemes are the Bukidnon and Guimaras Health Insurance Programs and Organizing Resources for Education and Training (ORT) Health Plus Scheme (OHPs).¹⁰

Death benefit or mortuary assistance- This benefit is usually provided as a grant and is often limited to members of a cooperative or an 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 the 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 accords/MOAs or LGU ordinances 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.

¹⁰ 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.

Labor standards should be placed at the end of the process and not at the beginning. 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 is the presence of clean public markets in Marikina City and Puerto Princesa City, complete with clean vending areas and comfort rooms. The market vendors are able not only to retain customers who are slowly being lured into modern malls and supermarkets, but also to enjoy 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 that are averse to bureaucracy and paper works (recording).
4. Lack of time or interest on the part of informal sector business operators, owners and workers to attend forums on best practices and compliance to labor standards.
5. 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 which they regard as an additional expense rather than an investment.
7. Lack of affordable consultancy, training and remediation services. (Verite 2003)

At present, the priority is to fill these identified gaps in order to improve working conditions in the informal sector. Social partnership between the 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.

**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, December 2). *Addressing the Roots of Decent Work Deficits: Issues and Priorities*. Paper presented during the 2nd High-Level National Policy Dialogue on the Social Dimension of Globalization, ILO Auditorium, Manila.

^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	<ul style="list-style-type: none"> >Production directly linked to TNCs¹² >Firms supplying TNC-linked firms >Local firms with operations abroad 	<ul style="list-style-type: none"> >Local firms supplying other firms linked with TNCs and local firms with operations abroad
	<ul style="list-style-type: none"> >Purely domestic, no linkage abroad 	<ul style="list-style-type: none"> >Purely domestic, no linkage abroad
Labor Standards Laws, Corporate Codes, etc.	<p>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 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)</p>	<p>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, 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)</p>
Extent of Coverage & Regulations	<ul style="list-style-type: none"> >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, party list 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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