

Survey and Assessment of Laws on the Informal Sector

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ABSTRACT

This study classifies the laws affecting the informal sector (IS) and assesses the extent of empowerment of the sector based on the provisions in the laws that allow for organization, decisionmaking mechanisms, and transfer of power from the traditional center to another. Results indicate that, to some extent, four groups within the sector are accorded empowerment through Philippine laws: the agricultural sector, small and medium enterprises, industrial homeworkers and cooperatives. These groups are allowed to form organizations and (except for the industrial homeworkers) to participate in decisionmaking bodies. Decisionmaking is accorded to certain groups among the IS but this process is shared with government representatives and the formal sector which, in *some* cases, comprise the majority members in decisionmaking bodies. Nowhere among the laws is a shift of power provided from the traditional or government decisionmakers to the IS. However, certain groups within the IS have participated in the institution of some policies, and the realization of programs for their own advantage.

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INTRODUCTION

The informal sector (IS) is increasingly becoming a strong force in Philippine economy. While this sector generally uses low technology and exists in substandard physical environment, the system of informal labor provides substantial employment to a large population. Statistics reflecting the employment contribution of IS varies—from 50 to 90 percent of the total number of workers in the Philippines. In the Asian region, the IS comprises an estimated 50 to 60 percent of the workforce. What is definite however is that the IS is a major source of jobs.

Informal sector is a concept of the International Labor Organization (ILO) defined as small-scale self-employed activities (with or without hired workers) at a low level of organization and technology, with the primary objective of generating employment and incomes. The activities are usually conducted without proper recognition from the authorities and thus escape the attention of the administrative machinery responsible for enforcing laws and regulations. Despite such conditions, informal work has grown and groups sympathetic to the IS would like to see the development of this sector through strong legislation such as the drafting of a magna carta. This study is a survey of existing Philippine laws pertinent to this sector. The laws are assessed with regard to the extent that they empower the Philippine informal labor group. This study may serve as a reference for policymakers concerned with the welfare of informal workers.

ANALYTICAL FRAMEWORK

Empowerment is defined by Scott and Jaffe (1991) as the capability to make decisions, to provide solutions to problems, take initiatives and be accountable for the results. Morales (1986) elucidates empowerment as a process, a long-term strategic mode of transferring economic and social power from one center to another and/or the creation of new centers of socioeconomic power complementary to or in competition with the traditional centers. "Empowerment is the dynamic process of shifting the balance of

social power from one center to another and/or creation of one social class or group of classes, which may also imply the transfer in the economic or political importance of one area or region to another, resulting in a different configuration.” (Luna 1998, p. 6-7)

This study framed the concept of empowerment using the variables of organization, decisionmaking processes and transfer of power from the traditional center to another. Organization is the first stage of empowerment. When individuals are banded together and follow a set of rules and structure, they are better able to obtain power and act with force. Participation of the IS in decision- or policymaking bodies and the authority to make policies or decisions is the second stage of empowerment. Finally, allowing the transfer of power (by the State) from the traditional center to the IS is the third stage of empowerment. Traditional center refers to policymaking bodies consisting of government individuals or institutions

Informal sector refers to small farmers and agricultural laborers, workers in micro to medium enterprises (collectively called SMEs), own-account workers, househelpers, industrial homeworkers, child workers, women in the informal sector, and members of cooperatives. Workers in this sector lack social protection; some are unpaid or receive wages below the legal minimum rate. Micro enterprises, in particular, often do not possess legitimacy. Despite these conditions, this sector generates employment and incomes.

Laws refer to republic acts, labor code provisions, executive orders and presidential proclamations. The major laws were selected and analyzed on the extent that they empower the IS based on the provisions in the laws that allow the informal sector to organize, make decisions or participate in decisionmaking bodies, and to assume power diverted from the traditional center.

METHODOLOGY

This is a descriptive study of the laws affecting the IS. Philippine laws pertinent to the IS enacted from 1975 to 1999 were collected to establish baseline data. The major laws were classified according to the following:

1. Agricultural sector laws
2. Small and medium enterprises laws
3. Laws affecting the special group of employees (industrial homeworkers, househelpers, child workers and women in the IS)
4. The cooperatives sector laws
5. Other related laws

To provide background information on each specific sector, secondary data were culled from books, technical reports and periodicals.

THE AGRICULTURAL SECTOR LAWS

The agricultural sector used to dominate the entire employment force in the country over all nonagricultural workers combined. From mid-1940s to mid-1970s, the agricultural sector was the dominant employer. In those times, more than half of the employed labor force chose to remain in agriculture. By 1984, the predominance of nonagriculture began to emerge and since then reigned supreme in the employment field (Aganon and Aganon 1990).

In 1991, the share of agricultural sector (this category also includes the fishery and forestry groups) in the total workforce, by industry group, was at 44.4 percent (Table 1). From 1995 to 1999, the agricultural employment went on a decline dipping to 39.85 percent in 1999. As of January 1999, the agricultural sector (by major industry groups) accounted for 11,306,000 workers. Categorized by major occupation groups, this sector (which covers agriculture, animal husbandry, forestry, fishing and hunting) is also along the 11 million figure (Table 2). Informal workers in this sector are seasonally employed by landlords. Small landowners are also quite often the tillers of their lands together with their family members.

Available data from the Bureau of Agricultural Statistics show that in 1980 and 1991, small farms (from 1 to 2.99 hectares) comprise

Table 1. Total employment by major industry group (1991-1999)

Year	Agricultural sector*	% of total employed	Nonagricultural sector*	% of total employed
1991	9,999,000	44.37	12,534,000	55.63
1992	10,297,000	44.7	12,735,000	55.3
1993	10,919,000	45.54	13,053,000	54.46
1994	11,153,000	45.2	13,520,000	54.8
1995	10,854,000	43.08	14,340,000	56.92
1996	11,486,000	43.29	15,041,000	56.71
1997	11,407,000	41.73	15,928,000	58.27
1998	11,020,000	39.79	16,669,000	60.21
1999	11,306,000	39.85	17,062,000	60.15

Source: 2000 Philippine Statistical Yearbook, National Statistical Coordination Board

*Figures per year reflect the January data.

Table 2. Total employment by major occupation group (1992-1999)

Year	Agricultural sector*	% of total employed	Nonagricultural sector*	% of total employed
1991	no data		No Data	
1992	10,200,000	44.28	12,832,000	55.72
1993	10,808,000	45.08	13,164,000	54.92
1994	11,071,000	44.87	13,602,000	55.13
1995	10,716,000	42.53	14,478,000	57.47
1996	11,387,000	42.92	15,140,000	57.08
1997	11,275,000	41.92	16,060,000	58.08
1998	10,907,000	39.39	16,782,000	60.61
1999	11,213,000	39.53	17,155,000	60.47

Source: 2000 Philippine Statistical Yearbook, National Statistical Coordination Board

*Figures per year reflect the January data.

the biggest number of farms registered in the country, followed by farms of 1 hectare and less. Large farms (10 hectares and over) comprise the least number.

In 1995, the recorded average monthly compensation of workers in the agricultural (including forestry) sector is the lowest at P4,032 compared with all sectors by major industry groups.¹

The overall assessment is that farm yield since the 1980s until the 1990s has grown at a snail's pace. Moreover, in the 1970s, the Philippines ranked second to Malaysia in the rate of growth of agriculture gross value added (GVA) among Asian countries. In the 1980s, the Philippines was in the last place, even below Bangladesh. The Philippines has also barely reached the world average rate of agriculture GVA growth (Belena 1999).

¹ Figures were culled from the 1997 Yearbook of Labor Statistics. Compensation includes all receipts of wages and salaries in cash and in kind, i.e., plus value of benefits.

With the intent of uplifting the conditions of farmers, four pieces of legislation were enacted:

- a) RA 8435 or the Agriculture and Fisheries Modernization Act
- b) RA 7607 or the Magna Carta for Small Farmers
- c) RA 6982 or Social Amelioration Program in the Sugar Industry
- d) PD 717 or the Agrarian Reform Credit and Financing System

Farmers are accorded the right to organize as embodied in Chapter II, Section 5 of the Magna Carta for Small Farmers “to promote their welfare and advance or safeguard their interests.” Toward this end, the government aims to assist small farmers in establishing self-help organizations such as cooperatives and associations. Enacted in 1992, this magna carta refers to small farmers as persons dependent on small-scale subsistence farming as their main source of income and whose sale, barter or exchange of farm products do not exceed a gross value of P180,000 per annum (based on 1992 constant prices).

In Section 6 of the same law, farmers may be represented in government. After organizing themselves, the farmers who have been elected through all levels (barangay, municipal, provincial and regional) will elect from among themselves their national officials who will occupy seats in the boards of government agencies such as the Philippine Coconut Authority, National Food Authority, Philippine Crop Insurance Corporation, National Irrigation Administration and others (sic). On all other levels, the farmer representatives will serve as members of planning and implementing units of the local governments. These farmer representatives, however, should be members of primary farmers’ organizations preferably cooperatives and have been elected in all preceding levels.

RA 8435, or the Agriculture and Fisheries Modernization Act, is the most Comprehensive and the most recent law approved on December 22, 1997. Under the Declaration of Policy, the State shall enable farmers and fisherfolk, through direct participation or

through their duly elected, chosen or designated representatives the opportunity to participate in policy formulation and decision-making by establishing the appropriate mechanism and by giving them access to information. To achieve this, people's organizations, cooperatives and nongovernment organizations (NGOs) will be strengthened by establishing and improving mechanisms and processes for their participation in government decisionmaking and implementation.

In Chapter 5, Section 38, the law further provides that it is the policy of the State to empower Filipino farmers and fisherfolk, particularly the women involved in agriculture and fisheries through the provision of information and trading services to market their products. The law provides protection to small farmers and fisherfolk from unfair competition. The Department of Agriculture (DA) is tasked to establish a National Marketing Assistance Program that will lead to the creation of a national marketing umbrella.

This particular law maps out a modernization plan for the agriculture and fisheries sectors to prepare them for "global competitiveness." It focuses on food security, poverty alleviation and social equity, income enhancement and sustainability. The law has provisions for giving credit, infrastructure, irrigation facilities, research and development, information and marketing support service, and human resource development. The Congressional Oversight Committee on Agricultural and Fisheries Modernization was created to prescribe guidelines and perform adjudication tasks, administrative and technical works to fulfill its mandate. In short, it aspires to modernize agriculture through technology, alongside the protection of ecosystems.

The DA is the primary government agency tasked to implement the plan, in consultation with the farmers and fisherfolk, the private sector, NGOs, people's organizations and concerned government agencies and offices. These groups will formulate and implement a medium- and long-term comprehensive Agriculture and Fisheries Modernization Plan.

RA 7607 further empowers the farmers by giving them the right to participate in a market free from monopoly, cartel or any other situation that may suppress prices to their disadvantage. The law spells out provisions for physical and technical support to the farmers' activities. Agricultural credit and wage incentives, price support and research and development services are included.

Beneficiaries of the agrarian reform (tillers, tenant-farmers, settlers, agricultural lessees, amortizing owners, owner-cultivators, farmers cooperatives and compact farms) will be given credit through government and private banking institutions as contained in PD 717.

RA 6982, or the Social Amelioration Program in the Sugar Industry, is concerned with strengthening the rights and improving the living conditions of the sugar workers. To augment the income and finance social and economic programs of sugar workers in particular, a lien of P5.00 per picul of sugar was imposed on the gross production of sugar. The amount is borne by the sugar planters and millers. The lien collections will be distributed to the workers as incentives and for social amelioration benefits such as death and maternity benefits as well as opportunities for livelihood and income generating projects; part of it will be remitted to the Department of Labor and Employment (DOLE).

As shown in Tables 3 and 4, sugar planters may participate in policymaking through the National Tripartite Council in the Sugar Industry, which serves as the advisory body to the DOLE. A district level council called the District Tripartite Council may also be created by the State to involve this sector in policymaking at the lower level.

It is evident that the agricultural sector is accorded the right to organize and the government intends to assist farmers establish self-help organizations. The farmers are authorized to be involved in decisionmaking mechanisms in tandem with government decision-makers and the formal sector. In certain cases, however, the decisionmaking bodies are chaired by the heads of principal government agencies who could gain control over these bodies.

Table 3. Composition of the National Sugar Tripartite Council

Appointee	No. of persons	Position
A. Government sector		
Secretary of DOLE	1	Ex-officio chair
Representative from the Sugar Regulation Administration	1	Ex-officio member
Subtotal	2	
B. Formal Sector		
Representatives from the planters sector	2	Member
Representatives from the millers sector	2	Member
Subtotal	4	
C. Informal sector		
Representative from the mill workers sector	2	Member
Representative from the field workers sector	2	Member
Subtotal	4	

Source: RA 6982

Table 4. Composition of the District Sugar Tripartite Council

Appointee	No. of persons	Position
A. Government sector		
Regional Director of DOLE	1	Ex-officio chair
Subtotal	1	
B. Formal Sector		
Representatives from the planters sector	2	Member
Representatives from the millers sector	1	Member
Subtotal	3	
C. Informal sector		
Representatives from the field workers sector	2	Member
Representative from the mill workers sector	1	Member
Subtotal	3	

Source: RA 6982

LAWS PERTAINING TO SMALL AND MEDIUM ENTERPRISES

Small and medium enterprises (SMEs) are business activities or enterprises engaged in industry, agribusiness and/or services whether single proprietorship, cooperative, partnership or corporation. Based on total assets, the SMEs² are categorized as:

Micro	less than P50,000
Cottage	P50,001 – P500,000
Small	P500,001 – P5,000,000
Medium	P5,000,001 – P20,000,000

Based on a study conducted by Alonzo and Mangahas (1990), microenterprises in the Philippines in many cases were operated by a single person or by family members. These enterprises also lacked legitimacy. Most of the hired workers were paid on a fixed salary basis; others were paid in piece rate. A considerable number were not paid but provided with free board and lodging.

A study made on the underground employment and own-account labor in four major cities of Metro Manila—Caloocan, Manila, Quezon City and Pasay—revealed that workers in this sector belonged to the economically productive age group (Gatchalian et al. 1986). But with their low level of education and skills, they resorted to informal work because it was the easier job or the only job that they could do. Vending was the predominant work performed. They lived in substandard conditions and worked longer hours than their formal counterparts. They were mostly unregistered and untaxed.

Under Section 5 of RA 6977, all SMEs (from micro to medium enterprises) are encouraged to form industry groups at the local and regional levels preferably unified under a national federation or

² As of 1991 only, the figures are subject to review and adjustment. Assets include those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated. Data were obtained from RA 6977.

association. Through this legislation, the Small and Medium Enterprises Development Council (SMED) was created and designated as the main agency responsible for the promotion and growth of SMEs. It is tasked to formulate plans and make recommendations to the President and to the Congress. Such plans will be integrated into the National Economic and Development Authority Development (NEDA) plans. Table 5 reveals that SMED's membership is composed mostly of officials from government agencies such as the Department of Trade and Industry (DTI), NEDA, DA, DOLE and Department of Environment and Natural Resources (DENR), among others. Only three members come from the IS.

Table 5. Composition of the Small and Medium Enterprises Development Council

Appointee	No. of persons	Position
A. Government sector		
Secretary of DTI	1	Chair
Director General of NEDA	1	Member
Secretary of DA	1	Member
Secretary of DOLE	1	Member
Secretary of DENR	1	Member
Secretary of DOST	1	Member
Chairperson of the Small Business Finance and Guarantee Corporation	1	Member
Chairperson of the small and medium enterprises promotion body (which the President will establish under this Act)	1	Member
Subtotal	8	
B. Private/Workers' sector		
Representative from Luzon	1	Member
Representative from Visayas	1	Member
Representative from Mindanao	1	Member
Subtotal	3	

Source: RA 6977

RA 6977 likewise provides for measures that will generate employment from the ranks of SMEs, develop entrepreneurial skills, facilitate access to sources of funds, supplement financing programs, etc. Likewise through this law, the Small Business Guarantee and Finance Corporation (SBGFC) was created to provide various forms of financing for the enterprises.

While the SMED is cloaked with the authority to formulate plans and recommend these to the highest offices of the land, officials from the government agencies dominate the membership of SMED. There will be only three members from the IS: one representative each from Luzon, Visayas and Mindanao. With a minority representation from the informal group, it is predictably difficult for the sector to assert its position in policymaking. And with the lack of capability to formulate policies and programs for their benefit, these entrepreneurs could stagnate with no hope for future growth.

LAWS AFFECTING SPECIAL GROUPS OF EMPLOYEES

A chapter in the Philippine Labor Code has provisions for “special groups of employees.” These include industrial homeworkers, househelpers, child workers and women.

Industrial homeworkers

Homework is a decentralized form of production where there is minimum supervision or regulation of the methods of work. Homework is done in the house of the workers; materials may or may not be furnished by the employer. As provided in the Labor Code, Chapter IV, Articles 153-155, the law authorizes the Secretary of DOLE to regulate the employment of industrial homeworkers and field personnel for the protection of the workers and their employers. The regulations to be issued are aimed at ensuring that minimum terms and conditions of employment are met. *Homeworkers are assured the right to form organizations.*

Immediate compensation for homeworkers is required upon delivery of the finished products. Social Security System (SSS), Medicare and Employees Compensation Commission premiums are

deducted from the homeworkers' salaries and these should be remitted by the employer to the SSS with the employer's share.

Incidents involving damaged materials is often blamed on the workers and the knee-jerk reaction is for the employer to deduct from the compensation of the worker. The law prohibits the employer or contractor from abusively deducting from the salary of the workers. Only in the following conditions is the employer allowed to make any deductions:

- a) the homeworker concerned is clearly shown to be responsible for the loss or damage
- b) the homeworker is given reasonable opportunity to show cause why deductions should not be made
- c) the amount of deduction is fair and reasonable and shall not exceed the actual loss or damage
- d) the deduction is made at such rate that the amount deducted does not exceed 20 percent of the homeworkers' earnings in a week.

Househelpers

Chapter III Articles 141-152 of the Labor Code give protection to persons, including family drivers, rendering services in households for a salary. The provisions likewise delineate the appropriate working conditions for the employment of this sector. According to the Labor Code, a contract may be entered into between the employer and the househelper but the original contract shall not last for more than two years and may be renewed. A minimum wage was set whose amount depended on the geographic area of employment. An SSS benefit will be required for those receiving a minimum salary of P1,000 per month. Other benefits househelpers should be granted are opportunities for education, free board, lodging and medical attention. Proper treatment of helpers and just termination of services should be accorded to them.³

³ Also based on RA 7655, an act increasing the minimum wage of househelpers, amending article 143 of PD No. 442: Circular No. 21-V: Implementing guidelines on the social security coverage of househelpers.

Child workers

There are over three million child workers in the Philippines. These children are recruited mostly from Bicol, Visayas and Mindanao and brought to employment agencies in Metro Manila.⁴ Child workers are mostly found in the manufacture of sardines, cooking oil, garments, firecrackers; in assembling and repacking and transporting goods; in farms, plantation and the seas, as well as in the prostitution business. Child labor is abhorrent because it affects the physical, mental, emotional, moral and spiritual development of a child. In many cases, the working children are subjected to violence (Apit 1998).

The existence of over three million child laborers is deplorable and must be continually and vigilantly minimized if not eradicated. Child labor is getting worse due to the fact that the children being employed are getting younger. Even newborn babies are already being used by the parents themselves or by syndicates in the business of street begging.

Available statistics indicate that working children aged between 15 and 17 years number 1.2 million while those between 1 and 15 years number 815,000 (Apit 1998).

Figures from DOLE show that the workforce aged 15-19 has declined from 1997 to 1999 but jumped by 22.6 percent in 2000 as shown in Table 6.

Table 6. No. of child workers in the Philippines (aged 15-19)

Year	Total number* of child workers	% difference from previous year
1997	2,716,000	
1998	2,603,000	-4.2%
1999	2,508,000	-3.6%
2000	3,244,000	+22.6%

Average for January, April, July and October figures

Source: BLES, DOLE

⁴ The Philippine Labor Code refers to a child as a person below 18 years of age or over but is unable to fully take care of himself or protect himself from abuse, neglect, cruelty, exploitation or discrimination because of a physical or mental disability or condition.

Child labor and poverty are closely linked as confirmed by several studies done by researchers from the University of the Philippines. Poor families allow or even push their children to work believing that the latter are potential income providers, apart from the parents and legitimate breadwinners. Further, an increase in unemployment and underemployment rates among the adult members of the labor force in 2000 contributed to the sudden rise in children joining the ranks of workers to augment family incomes. From 1999 to 2000, underemployment rate rose from 22.3 to 22.56 percent while unemployment rate leapt from 9.7 to 11.43 percent.

Because child labor is difficult to arrest, social protective measures have been legislated, at the very least, to regulate the activities of working children. Section 12 of RA 7610 and Articles 139 and 140 of the Labor Code contain provisions against employment of minors for the protection of child workers. Children below 15 years of age are prohibited from being employed except when he or she works directly under the sole responsibility of the parents or guardian. The child's education is a parent or a guardian's primary duty to the child, which is why child employment is prohibited. However, in cases when the family badly needs an additional source of income, those between 15 and 18 years old may be employed for a certain number of hours but this should be regulated by the DOLE.

One bill filed in the House of Congress, HB 07233 attempts to grant additional safeguards to the young workers while another, HB 07167, aims to modify RA 7610 by authorizing the Labor Secretary to file a complaint against persons exploiting child workers.

Women in the informal sector

In a study made in 1985, it was found out that women in the IS worked as *sari-sari* store operators, vendors, hawkers, dumpsite scavengers, service workers and domestic or shop helpers. They were also seen in small manufacturing enterprises. Those who receive wages were paid less than the daily minimum rate although

the working hours were long (i.e., 11-16 hours per day). Most stores and shops were also open on Sundays and public holidays (Samonte 1985).

In the agricultural employment, women's labor was hardly recognized because farm work was associated with the men. However, related tasks such as weeding, harvesting, grains processing were tasks in which women were extensively involved. In fishing, women do the net making and preparation, catch preservation and marketing.

According to the 1995 Philippine Plan for Gender Responsiveness Development, big loans earmarked for the farmers were given out to male farmers. This had been the case with some bank-managed credit programs, mainstream farming and fishing credit programs. Small loans disbursed under a social or microenterprise credit scheme, which tend to characterize many NGO credit projects, were given to women. Women's limited availment of credit may be due to the complicated loan application procedures or a result of existing government policies that give credit preference to cooperatives whose membership is predominantly male.

Labor Code Articles 130-140 contain provisions for the welfare of the women focusing on their health and safety. Acts of discrimination on the basis of sex and civil status—payment of lesser compensation for equal value of work, favoring a male employee with regards to promotion or training—are prohibited as contained in Articles 135-137.

THE COOPERATIVES SECTOR LAWS

Cooperativism as an economic vehicle aims to provide an alternative production system to the people, outside of the State and private enterprise systems. The mission of the cooperative movement is to “provide quality products and services to members and consumers in particular, and to uplift the economic, social and political conditions of the masses in general” (Sibal 1998).

Because cooperativism is compatible with the Filipino culture and concept of “bayanihan,” cooperativism was quickly adopted

by the Filipinos. Rural agricultural cooperatives were organized by the Irish-American missionaries and Thomasite teachers with the help of Filipinos. The first agricultural cooperatives were set up in Los Baños, Laguna, in 1908. The number of coops quickly grew and by 1939, there were already a total of 570 agricultural credit cooperatives with 105,084 members, based on the figures cited in the report “The Philippine Cooperative Movement: History, Problems, and Perspectives” (Sibal 1998).

Privately initiated cooperatives, while they steadily grew in number since the American regime, were criticized by the Cooperative Foundation of the Philippines (CFPI) and the Local Initiatives in Science and Technology (LIST) in two studies done in 1988. According to CFPI, the private cooperatives suffered from poor technology and management and were fragmented. LIST described these cooperatives as having poor monitoring, evaluation and audit systems.

State-initiated cooperatives organized and controlled by the government were introduced in 1927 by the American administrators. These cooperatives became active in the 1950s. They were described as politicized organizations and were considered failures because they were afflicted with corruption and incompetent management. The CFPI regarded too much government intervention as detrimental to the cooperatives. Moreover, some national federations are described as paper organizations with overlapping functions and members.

In 1969, there was a declining membership in both state and private cooperatives. But in some privately initiated nonagricultural cooperatives (especially those managed by the middle class and professionals), the assets and capitalization increased. From 1969 to 1977, membership was reduced by 95,000 or 17 percent. The assets, however, increased by P98.6 million or 323 percent.

The Martial Law period saw the growth of state cooperatives. PD 175 was issued by then President Ferdinand Marcos that led to the organization of the Kilusang Bayan (KB) and Samahang Nasyon (SN) tied up to the Marcos Land Reform Program (PD 27). These

were again highly politicized. The successful ones during the Marcos regime were the electric cooperatives that were instrumental in the implementation of the rural electrification program (Sibal 1998).

In terms of number, the cooperatives have indeed increased tremendously through the years, despite problems and what analysts judged as failed systems. As of February 1999, the total number of registered cooperatives in the country is 46,410. The agricultural cluster comprises the biggest number among the different types of cooperatives (credit, consumers, marketing, producers, service, etc.) By region, the Southern Tagalog, Central Luzon and Southern Mindanao regions have the biggest number of registered cooperatives.⁵

The Aquino administration continued to strengthen cooperativism. Two laws were enacted in support of the cooperative movement: Republic Act 6938 and RA 6939 both signed by former President Corazon Aquino. The two laws operationalized Art. XII, Section 15 of the 1987 Constitution that mandates the promotion of growth and viability of cooperatives as instruments of equity, social justice and economic development under the principles of subsidiarity and self-help.

A cooperative by its nature is in itself an organization. Under the law, a cooperative may be organized and registered by at least 15 persons. Cooperatives may also join federations or unions at the provincial, city, regional and national levels. The Cooperative Development Authority (CDA) formulates and implements plans and programs related to the development of cooperatives. It is empowered to mediate and conciliate disputes within or between cooperatives.

A board of administrators governs cooperatives consisting of a chairperson and six members to be appointed by the President who will serve on a full-time basis. The terms of the chair and members vary: among those first appointed, the chair serves for six years, the members for four years, three members for two years. All of them

⁵ Data were obtained from the *Philippine Statistical Yearbook*, 1999.

will be chosen from among the nominees of the cooperative sector. Besides the representatives from the cooperatives sector, there will be ex-officio members, one each from the DA, Department of Transportation and Communication (DOTC), National Electrification Administration (NEA) and Sugar Regulatory Administration (SRA). The ex-officio members are on a nonvoting basis.

Table 7. Composition of the Small and Medium Enterprises Development Council

Appointee	No. of persons	Position
A. Government sector		
Representative from DA	1	Ex-officio member
Representative from DOTC	1	Ex-officio member
Representative from NEA	1	Ex-officio member
Representative from SRA	1	Ex-officio member
Subtotal	4	
B. Cooperatives sector/informal		
National representative	1	Chair
Representative from Luzon	2	Member
Representative from Visayas	2	Member
Representatives from Mindanao	2	Member
Subtotal	7	

Source: RA 6939

The CDA, which is under the Office of the President, took over the functions of the Bureau of Cooperative Development of the DA. The CDA's main task is to coordinate the efforts of other government branches, subdivisions, instrumentalities and agencies in providing technical guidance, financial assistance and other services to cooperatives. RA 6938 delineates the mechanisms for operating a cooperative: from its establishment to dissolution in case of ineffectiveness. An entire chapter is devoted to identifying sources of capital, terms of share capital holdings, distribution of shares, fines and investment of capital. Mechanisms for auditing, allocating and distributing net surplus are also spelled out.

Ramos encouraged the establishment of cooperative development councils in national, regional, city or municipal levels

to ease coordination of efforts (among all government agencies including the local government units) aimed at developing cooperatives by virtue of EO 95 and 96 of 1993.

OTHER RELATED LAWS

The Social Reform Agenda (SRA) was launched by then President Fidel V. Ramos on June 17, 1994 to institute social and political reforms. Nine flagship programs were initiated addressing the basic needs of various sectors: agricultural development, fisheries and aquatic resources conservation, socialized housing for the urban poor, protection of ancestral domain, integrated delivery of social services, expansion of credit, livelihood programs, participation in governance, and protection of the IS. Each program is headed by a government agency (Lauzon 1996).

Proclamation No. 548 was signed on March 6, 1995 approving a policy to focus resources, services and interventions by the SRA Flagship programs through coordination by the concerned agencies and communities. Despite this, however, it has been an observation that “SRA reform initiatives have been slow and bureaucratic. Government officials have not always prioritized SRA commitments because of poor coordination between government agencies and lack of awareness of the SRA programs. Basic sectors’ participation although a required feature of the SRA, have been nominally observed. Budgetary constraints have affected asset fund redistribution crucial to a successful SRA implementation” (Dela Cruz 1998).

With regards to the IS Flagship program, government’s concern is focused on the worker’s welfare and protection. Included in the program are the following minimum demands:

- a) Security in the workplace, specifically of vendors, peddlers and those with similar occupations, and the prevention and protection of the sector from demolition and harassment;
- b) Institutionalize representation of workers in the IS in decision- and policymaking bodies of government;

- c) Social and legal protection for workers in the IS through coverage in the Social Security Program; and
- d) Guaranteed access to credit and market facilities through lines with financial institutions and livelihood programs.

According to a report on the Workers in the Informal Sector (WIS) Flagship program, the minimum demands of the flagship have been met except for the social protection for the IS. Recognizing this, Ramos issued EO 452 to prevent the demolition and eviction of registered vendors. With regards to WIS representation in decision and policymaking bodies of the government, the DOLE has directed local government units (LGUs) to include IS representatives in local council organizations. However, issues regarding effective and equal participation of the poor sector, “particularly in terms of formal representation in government and the lack of government personnel awareness of the SRA program still need to be addressed” (Dela Cruz 1998).

A related law, the Social Reform and Poverty Alleviation Act or RA 8425, was signed before Ramos left Malacañang. An extension of the SRA, this law addresses all the marginalized sectors of society and attempts to address all problems related to poverty. Its programs are parallel to the SRA flagship programs. The effectivity of RA 8425 took place under the Estrada administration; the National Anti-Poverty Commission (NAPC) became the coordinating and advisory body in the implementation of the “Erap Para sa Mahirap” Program. The president of the Philippines himself is the chair of the NAPC. The NAPC has a vice-chair for the government sector and another vice-chair for the basic sectors. Members from the government are 13 heads of the national government agencies and four presidents of leagues of LGUs. From the IS (farmers, fisherfolk, workers, cooperatives), there will be four members and from the other basic sectors (urban poor, disabled, senior citizens, etc.), 10 members.

Structural mechanisms were set up by the government to streamline and coordinate all existing committees. EO 369 created the social protection coordinating committee to harmonize and

coordinate social protection policies and programs for workers including those in the IS. The committee is tasked to examine the various social protection programs in the Philippines being implemented by government agencies (e.g., SSS, GSIS, PhilHealth, etc.) to reform and rationalize them. The committee is authorized to hire national and international experts and seek technical and financial assistance to evaluate the programs. An amendment to EO 369, EO 386 identifies the members of the committee to include the secretaries of the Department of Health and Department of Social Welfare, and labor representatives, one each from the private, public and informal sectors.

Through the Local Government Code, or RA 7160, LGUs are authorized to conduct joint ventures with people's organization and NGOs to engage in the "delivery of certain basic services, capability-building and livelihood projects and to develop local enterprises designed to improve productivity and income, diversify agriculture and spur rural industrialization." This gave rise to the new concept of partnership among the government, private sector and civil society in the development efforts in the country.

SUMMARY

The foregoing is a discussion of the extent of IS empowerment based on the provisions in the laws that allow for organization, decisionmaking mechanisms, and transfer of power from the traditional center to another.

The agricultural sector is accorded the right to organize and the government promises to assist small farmers in establishing farmers' cooperatives and associations. They may also be represented in government. Farmer leaders are allowed to occupy seats in the boards of concerned government agencies and may serve as members of planning and implementing units of the local governments.

The farmers are allowed to participate in decisionmaking processes along with government decisionmakers and the formal sector. For example, the DA (which is the primary government

agency tasked to implement the Agriculture and Fisheries Modernization Plan) should consult the farmers and fisherfolk, the private sector, NGOs, people's organizations and appropriate government agencies and offices.

The State's concept of empowerment includes the promotion of economic welfare of the farmers and fisherfolk. The provision of information and trading services to market products is a pronounced policy of the State to empower Filipino farmers and fisherfolk. They will be given support toward the generation of income through assistance in marketing. To further modernize the agriculture and fisheries sectors, RA 8435, in particular, has provisions for giving credit, infrastructure, irrigation facilities, research and development, information and marketing support service and human resource development to workers in the farming and fisheries sectors.

SMEs are encouraged to form industry association at the local and regional levels. The Small and Medium Enterprises Development Council (SMED) is assigned as the main agency responsible to develop SMEs. It is tasked to formulate plans and make recommendations to the President and to the Congress. The SMED membership is composed mostly of officials from pertinent government agencies. Only three representatives from the private/workers' sector were designated as members.

While a cooperative is in itself an organization, cooperatives may also join federations or unions. The CDA formulates and implements plans and programs related to the development of cooperatives. The CDA is empowered to mediate and conciliate disputes within or between cooperatives. The CDA's Board of Administrators is composed mainly of representatives from the cooperatives sector but its power is shared with members from government agencies. The cooperatives representatives have more power because they serve full-time and have voting powers while the government agencies do not.

To the special groups of employees (industrial homeworkers, child workers, househelpers, etc.), what the law accords to them is social protection such as appropriate working conditions, proper treatment, social security benefits and just termination of services.

Empowerment of industrial homeworkers is guaranteed only to the extent that the homeworkers are assured the right to form organizations.

The Labor Code is clearly biased against employment of minors. Children below 15 years of age are prohibited from being employed. Minimal employment is allowed under strict conditions.

The Labor Code contains provisions for the welfare of the women focusing on their health and safety. Acts of discrimination on the basis of sex and civil status such as payment of lesser compensation for equal value of work, favoring a male employee with regards to promotion or training are prohibited.

Related laws such as the SRA aim to institutionalize representation of workers in the IS along with other sectors and government agencies in decision and policymaking bodies of government. The Local Government Code allows/encourages LGUs to conduct joint activities with people's organization and NGOs to develop local enterprises, improve agriculture and spur rural industrialization.

CONCLUSION

To a certain extent, four groups within the IS are accorded empowerment through Philippine laws: agricultural sector, SMEs, industrial homeworkers and cooperatives. These groups are allowed to form organizations and (except for the industrial homeworkers) to participate in policymaking bodies. Decisionmaking is accorded to these groups among the IS but this process is shared with government representatives and the formal sector.

Nowhere among the laws is a shift of power provided from the traditional or government decisionmakers to the IS. However, certain groups within the IS have participated in the formulation of policies, and the realization of programs for their own advantage, as provided

for in the laws. A case in point is the Small and Medium Enterprises Development Council, the agency tasked to formulate plans and make recommendations to the President and to the Congress. The drawback is that this council is composed mostly of officials from government agencies with only three representatives from the private/workers' sector designated as members. Nevertheless, the organization of the informal workers, which has already made a definite and substantive headway, is a good initial step toward the empowerment of the IS .

Taking the IS as a whole, the formation of cooperatives, workers' association and craft unions are concrete manifestations of the implementation of the laws as a means for this sector to organize.

There are some trade unions that have been helping members of the IS to form themselves into association or cooperatives. Through these groups, members help one another by way of loans, post-production services, cheap consumer goods, insurance and other benefits. The Trade Union Congress of the Philippines and the Federation of Free Workers, in particular, have been providing social credit and supporting livelihood endeavors. These two workers' groups are supported by the Workers' Fund, a nonprofit organization established to service three labor centers in their socioeconomic projects and to create workers' cooperatives (Yu 1999). In particular, a cooperative set up in Pasig was able to construct a Livelihood Center building that also serves as a venue for meetings and discussions. Efficient management was the key to the success of the program.

Self-help associations are community- and trade-based associations often informally organized with voluntary membership. They provide credit to members from their own contributions, share expertise with each other and pool funds for emergencies. Some of these associations are the Paluwagan and Damayan of the homeworkers of Bulacan under the PATAMABA and the Coop-Life Mutual Benefit Services Association, Inc. (Farolan 1998).

On the other hand, the formation of craft unions is a means by which IS workers air issues and problems related to specific industries, including policies on labor standards related to small-scale employment and subcontracting (Yu 1999).

The abovementioned laws provide the foundations to empower the sector. The past administrations (Aquino, Ramos and Estrada administrations) have invoked people empowerment to institute changes. It is unfortunate, however, that many laws, including the ones cited, were watered down by some traditional politicians or are not, to this day, fully enforced. Hence, we see today some inadequacies in the laws, i.e., the laws have not given the IS ample opportunities to reach the highest level of empowerment.

IMPLICATIONS AND RECOMMENDATIONS

Given some support mechanisms already in place as mandated by the government, all concerned sectors are expected to exercise their political will in taking full advantage of the opportunities open to them to uplift the lot of the informal sector. The government agencies, the employers/management's groups, the trade unions and their association, the LGUs and the civil society organizations should concretize their plans in helping the IS. But above all, the IS members should help themselves.

The role of the government officials cannot be overemphasized. The political power in their hands assures them of making the vital decisions that do matter and can go a long way in giving true empowerment to the IS. In tandem with the LGU centers of power, the government representatives can clearly see what plans are realistically achievable. Their vantage point provides them a broad view of the sources of funding as well as of workforce to give flesh to the support structures and institutions geared to uplift the IS. Their decisions and active personal involvement in pursuing the implementation of programs should redound to the benefit of the IS. Of paramount importance is the determination of the LGUs and other government representatives. Without this element in the established framework of laws, related legislations and institutions

or implementing agencies, the IS will remain disadvantaged and will have to do their own lonely battle for emancipation from poverty.

In particular, the LGUs (through the Local Development Council) may provide facilities for the sector's use to organize themselves. A venue may be provided to serve as the headquarters for the barangay council staff where plans and programs can be discussed and formulated for implementation by NGO leaders representing their informal sector constituents. Related to this, a monitoring scheme at the local government level (starting from the barangay level) should be devised to ensure the proper implementation of policies and programs. Sanctions should be imposed on whatever failures that may arise.

Next to the government sector in terms of real influence in providing opportunities for empowerment, specifically economic empowerment, is the management or employer sector and their associations. Being the owners and/or stewards of capital, the business sector must recognize its responsibility to society. While it owns up to caring for its stakeholders particularly its employees by sustaining the viability of its endeavors, this sector can wield its respectable status vis-à-vis government to ensure the passage of relevant policies and programs that will truly empower the IS. This part of the private sector that creates employment and aims to expand its operations thereby multiplying livelihood opportunities know how best to realize down-to-earth solutions to the implementation of projects for the IS. In fact, it could go a step further by incorporating into their outreach programs (for example, community relations programs) efforts to form cooperatives or IS associations. Providing the support systems to collectivize the IS within the community can be a mutually gainful arrangement for both the employer/management and the IS. Replicating this social arrangement regionwide or nationwide will lead to increased benefits to the economy, not to mention the direct enhancement of the sector's real hope for decent livelihood. As in all endeavors

requiring strong cooperative efforts, genuine and honest leadership among the key decisionmakers is the call of the hour, to ensure a sustained holistic development and empowerment of the IS.

Furthermore, the role of the trade unions cannot be ignored. Their historical experience in the struggle for a better way of life for their constituents dating back to the late 1800s places them as "blood brothers," as it were, with the IS. When big companies downsize, the unions have to cope with the reduction of their numbers, if not their very existence, as in the past three years with the onset of globalization. In the face of a bleak economy, trade unions should find relevant and more creative ways of strengthening their ranks. And what more appropriate way than harnessing the potentials of the IS, with its teeming millions and their inherently enterprising spirit (no matter how insignificant or simple) by force of circumstances. What is important is that the trade unions or labor movement in general cannot ignore the informal workers who still have to find their niche in society. Whether the unions provide assistance in terms of training or funds, or in helping the sector in setting up their own organizations or fully integrating them as members, what is of consequence is the political will that the trade unions would seriously exert in their representation in government bodies as well as in their own programs for the benefit of the IS.

Another sector whose influence has been making quantum leaps in making its presence felt is the civil society groups or, more popularly known as people's organizations. The unique nature of their organization and growth has made an impact, and in no small measure, on the economic, political and social environment. Civic clubs, religious organizations, community associations, peasant and fishers groups, and various other groups have made strong inroads into the open market of ideas, particularly in the media. With the national issues the government faces daily, the government has no choice but to consider the perspective of these people's organizations. Most remarkable about the numbers of these civil society is that their advocacies concentrate on how to uplift the marginalized sectors. With their boundless energies, especially on moral grounds,

and at times, their vast resources (especially among the so-called elite), these people's groups can exert their influence in the formulation of policies and programs by the concerned government bodies. Their integrity and credibility serve as a strong attraction to various international NGOs and even governments to provide all types of support for funding to more direct involvement. Indeed, these groups of various admirable causes should be tapped as partners of the government, the owners/managers of businesses, the trade unions and their representative organizations to enhance the lot of the IS. Better yet, these people's organizations should harness the sector's potentials into productive endeavors.

Help may be forthcoming from the various sectors of society, but the members of the IS themselves have to act on their own, first and foremost, to transform themselves to be more productive members of society. Organizing themselves into self-reliant centers of economic, social and political power will be their best participation yet in contributing their ideas and plans to the government agencies or private sector associations to which they are already a part, as officially mandated by government.

Still another important recommendation is to introduce amendments to the laws that will allow greater participation of the IS in decisionmaking bodies. Among the decisionmaking bodies cited, the CDA is the only one chaired and dominated by members of the IS with corresponding voting powers (as opposed to the government representatives with no voting powers). This should be the case with the agricultural sector and the small enterprises groups so that decisions would in real terms emanate from the IS.

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