

- *Formalising the informal sector* : Enabling business environment for enterprise formalisation- Incentives and constraints for the formalization of economic units drawing from examples from champions countries and discussing adaptability in Philippines;
- *Formalising of informal employment*: extending social protection to informal workers; labour formalisation through design and implementation of appropriate legal framework- Examples as well as applicability in Philippines,
- *Making social dialogue work for informal economy* and giving voice and representation to informal workers and enterprises: strategies from social partners
- *Action planning by participants*: brainstorming on concrete steps and elements of an operational roadmap to advance transition to formal economy

(local, national or institutional levels) as the result of the consultations process and knowledge sharing to take place during the workshop.



### Training methodologies

Participative methods including discussions, group exercises and case studies will be used and will alternate with subject matter presentations by international experts.

Participants will be sharing their experiences about emerging good practices and lessons learnt, and will be introduced to examples of international good practices. They will discuss and elaborate practical solutions to the specific challenges they are facing.

As experience sharing will be an important element of learning, participants are encouraged to bring with them any document they deem interesting to share.



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## Transition from informal to formal economy: Awareness raising on R204 towards designing an integrated policy framework in the Philippines

### *Targeting policymakers*

11<sup>th</sup> – 13<sup>th</sup> July 2018  
Philippines



International Labour Organization



International Training Centre

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## Background

The “informal economy” refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements”. It comprises more than half of the global labour force and constitutes the largest share of economy in most developing and emerging countries.

Informality poses serious challenges to workers (i.e. decent work deficits, poverty and vulnerability), economic units (i.e. low productivity and lack of access to finance and markets) and governments (i.e. issue of governance and rule of law, limited fiscal space). Formalization is a gradual process cutting across several policy areas and embedded within the Decent Work for All commitment. The adoption of R.204 constituted a historic landmark for the world of work, as it is the first international standard focusing exclusively on the informal economy in its entirety. R.204 is also an operational tool towards the achievement of the Sustainable Development Goals (SDGs). In fact, formalization of businesses is within the key indicators of Goal #8 (i.e. to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all).<sup>1</sup>

In Philippines, the informal economy plays a significant and crucial role in job and income generation and represents around 72.5 per cent of non-agricultural employment. However while the informal economy provides reasonable economic opportunities, workers and economic units face deeper decent work deficits that range from unsafe working conditions, lower incomes, lack of collective bargaining and representations rights, as well as lack of or insufficient coverage by social protection policies and programs.

In order to mitigate those effects, the Government of Philippines promoted several measures and mechanisms. The Constitution itself gives the right to decent work to all Filipinos. Several policies can be listed among which:

- the Social Reform and Poverty Alleviation Act (Republic Act 8425) which recognises the need to include the informal sector in policy making;
- the adoption of an official definition of informal sector by the National Statistical coordination Board (NSCB);
- the Magna Carta of Women (Republic Act 9710);
- the national PhilHealth Insurance Act that ensures health coverage to all Filipinos including those in the informal. Other measures at national level facilitate the transition of economic units to formal, sustainable enterprises in particular micro, small and medium enterprises;
- the Domestic Workers Act (Republic Act 10361), instituting policies for the Protection and Welfare of Domestic Workers.

Though each of the above measures is important and needed to facilitate the transition to formal economy, it is crucial, as per the guidance of Recommendation 204, to develop an integrated and holistic approach. An Integrated policy framework for the transition to formal economy in any context should combine strategies to extend social protection to informal workers and enterprises, with the advocate for a favourable regulatory framework; labour formalisation through the protection of labour rights, with the promotion of sustainable enterprises and the strengthening of social dialogue.

The ILO country office for Philippines in collaboration and guidance from the Government of Philippines (Department of Labor and Employment – DOLE; National Anti-Poverty Commission-Workers in the Informal Sector - NAPC-WIS) is organising a second workshop on R204, following the one organized in 2017. This three day awareness-raising workshop targets policy makers from Ministries and different government officials to discuss measures, promoting the transition to formal economy, paving the way for design of an integrated policy framework.



## Course Objectives

The workshop is an opportunity to take stock, raise awareness and strengthen the capacity of stakeholders' to discuss best practices on formalisation of enterprises and workers. The forum will foster and strengthen social dialogue between stakeholders and as well, as raise the capacity of the tripartite constituency and members of Congress in Philippines to discuss road maps to promote formalisation of workers and economic units.

During the course participants will:

- **LEARN** about the conceptual international framework on informal economy
- **UNDERSTAND** how the conceptual framework is or can be applied in the context of Philippines with reference to the operational as well a statistical definition of informal employment , informal sector in the country
- **ACQUIRE** practical knowledge through concrete examples of measures applied at the local, national and international levels, and the importance to promote an integrated policy framework for the transition to formal economy as per the guidelines of R204 concerning the transition from informal to formal economy.
- **APPLY** knowledge acquired by reviewing existing national policies, through problems solving and planning exercises. Experience has shown that in order to be effective policies have to be comprehensive and adapted to the individual national context and of the categories of workers and enterprises generally found in the informal economy

At the end of the workshop participants will:

- Have a better understanding of the key concepts, terminology and conceptual framework related to informality and the transition to formal economy and be able to identify the main patterns of informality and decent work deficits associated with it;

- Be acquainted with policies, strategies and measures to be applied in Philippines drawing examples carried forward and successfully implemented in champions countries around the world.



## Target Group

It targets policy makers from different ministries and government institutions in Philippines including local government officials.



## Programme

The workshop will provide an overview of the phenomenon of the informal economy, its impacts on fulfilling decent work for all workers and employers. It will also examine the need for an integrated policy framework, encompassing the ILO's four strategic objectives (fundamental principles and rights at work, employment, social protection and social dialogue) adapted to the national context of each member State for a progressive transition to the formal economy and decent work. While some innovative approaches to formalising businesses and employment adopted by member States or social will be presented, participants will explore how those examples can be adopted or adapted to the Philippines context.

Participants will discuss the following subjects:

- *Defining the problem:* Overview of the informal economy- concepts (informal sector, informal employment), definitions, categories of workers and economic units in the informal economy
- *What are the solutions:* R204 and the need for an integrated policy framework for the transition to formal economy and efficient coordination mechanism among the various stakeholders.

1. ILO, women and men in the informal economy – A statistical Picture, second edition, (Geneva : ILO, 2013), 158