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MEMORANDUM

TO : All Bureau Directors

The Directors
Legal Affairs Service
Policy and Planning Service

FROM : The Assistant Secretary
Field Operations-Mindanao and Legislative Affairs

SUBJECT : REQUEST TO CONSIDER JOINT PAPER OF ALLWIES & NAPC-WIS ON SOCIAL ENTERPRISE BILLS

DATE : 18 February 2021

Respectfully forwarding the position paper and the attached documents with respect to the subject previously mentioned for your information and appropriate action per email request of Susanita "Babes" G. Tesiorna, President Alliance of Workers in the Informal Economy Sector/ and Council member, NAPC-Workers in the Informal Sector.

For your information and appropriate action


JOAN A. LAGUNDA, D.M., D.P.A.

Encls: As Stated.
/stv

MEMO NO. 2021 - 153



Office of the President of the Philippines
NATIONAL ANTI-POVERTY COMMISSION
WORKERS IN THE INFORMAL SECTOR



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POSITION PAPER
(Senate Social Enterprise Bills No. 105, 829 and 1496)
PRESENT ACT OF 2012

The NAPC-Workers in the Informal Sector Council has been advocating to the National Government Agencies who are members of the NAPC-WIS 5-Thematic Clusters to develop roadmap for enterprise development, ¹list of members are attached hereto. Such formation was the output of the ILO South-south Expert Knowledge Sharing Forum held in July, 2019 organized by the International Labour Organization in her mandate of providing technical assistance to social partners. That activity was a high policy level, with ILO bringing in here to our country experts from other countries on enterprise formalization to share experiences in reducing poverty from their respective countries. Ways forward workshops were conducted after by the participating agencies towards enterprise formalization, as the most due diligent way to alleviate poverty. The clustered issues addressed are as follows:

- 1) Cluster 1: business entry reforms (high cost of business permits for the transitioning informal economic units), taxation, incentives and property titling
- 2) Cluster 2: social security, social health insurance, occupational safety and health, safety of/ and at workplaces
- 3) Cluster 3: procurement and market
- 4) Cluster 4: financial inclusion, access to credit
- 5) Cluster 5: skills training, capacity building trainings and technology

The process has been undergoing disruptions due to the pandemic-caused inconveniences. The NAPC-WISC Clusters managed to convene 1 and 4 last January 26. Cluster 4 had another meeting last Feb 4. One of the agenda is the result of last meeting before the lockdown, of which one of the agreement was to conduct SSE summit last June, in coordination with ILO towards an updated common position on Social Enterprise Bills. The related ²power points from Feb 4 meeting are hereto attached, as one of the references of This position paper. One of the most pressing issue to help address the ill-effects of COVID19 is to advocate the mainstream of Social and Solidarity Economy (SSE) concept of enterprise development in related bills such as Social Enterprise Act. Our advocacy on this is based on ILO SSE academies (2002 and 2019) participated, researches, case studies, the ³UN Task Force on SSE position paper for the SDG, the ⁴UN General Secretary's report published on Jan. 21, 2021 on ILO Social Justice, for the forthcoming UN General Assembly.

The Honorable Chairs of Senate Committees on Trade, Commerce and Entrepreneurship, Ways and Means, Finance; and, Social Justice, Welfare and Development, the honorable members of the respective committees, the NAPC WISC express the appreciation for this laudable objectives of alleviating the poor, however, ¹List of members of NAPC-WIS 5-Thematic Clusters, ²Feb. 4, 2021 ppt, ³UN TFSSE position paper, ⁴UN General Assembly Report flier for the forthcoming UN General Assembly published on Jan 21, 2021, ⁵sse review PPT of Feb 4Thematic Cluster 4 meeting



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such measures should bear the most updated facts of how Social and Solidarity Economy concept can effectively respond to the most pressing needs this time following the standards and aspirations of the Sustainable Development Goals, the Decent Work Country Program, the revised Philippine Development Goal, our deliverables to the UN on climate justice, the revised Social Protection Framework, after all they are our steps to the Ambisyon 2040 . The following are our observations and proposals:

1. The informal sector is not included as economic sector when these SE bills are intended for income generating projects. It is only mentioned as one of the basic sectors of NAPC, yes, if it means the workers in the informal sector. This bill is about enterprise building, and the informal sector as defined is an economic sector.

Proposal:

- 1) It is more responsive if the proposed measure include the **informal sector** (informal economic units) as an economic sector, based on our official definition, NSCB Reso. No. 15, series of 2002 which has been one among those adopted of the first PSA Resolution.
- 2) The informal sector must be represented in the Council as economic sector and with that definition, it cuts across all the Basic Sectors of RA 8425, all those having informal economic activities for a living whether IP, farmers, fisherfolks, women, etc.

2. Social Justice is highlighted in all bills, however, provisions on social protection are in broad strokes that we see big problem in the implementation. If in one of the bills, Micro and small enterprises are considered also as Social Enterprise, based on the current, social security/insurance, many were not compliant as observed in the implementation of COVID 19 DOF-SSS Emergency Cash Subsidy. It is worst in the sub-contracting arrangements. How much more with the value chain? While we understand other laws are taking charge for SSS, health insurance, OSH, protection at workplaces, etc....they were acting on piece meal strategies/approaches and universal coverage remain a challenge.

Proposal: The proposed measure should have strong provisions to address decent work deficits in the informal economy, and, to do it is to mainstream Social and Solidarity Economy concept, otherwise, an opposite scenario of widespread social injustice prevails resulting to increased income gap between the rich and the poor. It is further proposed that the whole of society and whole of government approach must be strictly followed with the right representations in the Council.

3. Research materials used in these bills are outdated, although issues remains such as those about PDTF, TLRC and PCFC. They were all dissolved by EO's during the later Aquino administration. Also, the mention of more than 164,000 Social Enterprises in the Phils, do not prove that Social Justice in a holistic approach have been practiced, otherwise, the COVID19 interventions/implementations would have been less problematic. So do, with the other natural and man made disasters.

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Proposal: The proposed measure should be reviewed to align with current situation, facts, digital technologies, and updated data especially on labor market, poverty rise, vulnerabilities with provisions of high cost of penalties for non implementation.

4. The proposed measure mentions of preferential treatment to credit for SE's, but it does not mention how is this translated to the CHANGE from the implementations of other laws like BMBE, Magna Carta of MSME's, RA 7882, RA 7883, etc if this proposed measure will not address such driver to informality. Social or solidarity enterprises should be distinct from MSME since they are for social mission and for social justice as defined by ILO.
5. The mentioned incentives? Who will directly benefit? With our sad experience from the PDTF, if this measure is intended for the basic sectors, then.

Proposal : the accreditation policy on providing services should be in favor of community-based people's organizations and training institutions.

6. Regional industrialization especially in agriculture, tourism, services and local manufacturing is highly appreciated, however, in the value chain, again how will it be operationalized so that workers social protection are included?

Proposal: Social protection must be ensured for each worker. Therefore, Economy 1 and Economy 2 should be clearly established as seen in the ⁵ppt presented during Cluster 4 Inter-agency Meeting.

7. No new Council has to be created instead, the SMEDCO is restructured to incorporate representations from the SE practitioners specifically from the informal sector organizations.
8. MSME's should not be given incentives, instead as part of their Corporate Social Responsibility, should contribute funds to the NAPC capacity Building and formalization of informal economic units or the micro-enterprise as defined under RA 8425. Social/Solidarity enterprise has to be a separate entity to be added to the business category as follows: SE, Micro, Small, Medium and Large.
9. This law will incentivize only SE.

GENERAL PROPOSAL:

The NAPC WISC strongly propose the revision of the SE bills to align with the following using new sets of data, researches and UN recommendations to meet objectives, such as:

1. UN Inter-Agency TFSSE position paper for the SDG
Social Enterprise is defined as follows:

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SSE refers to the production of goods and services by a broad range of organizations and enterprises that have explicit social and often environmental objectives, and are guided by principles and practices of cooperation, solidarity, ethics and democratic self-management. The field of SSE includes cooperatives and other forms of social enterprise, self-help groups, community-based organizations, associations of informal economy workers, service-provisioning NGOs, solidarity finance schemes, among others

2. ⁶ ILO Recommendation 204 concerning the Transition of the Informal Economy to Formal, ⁷ ILO Social Justice declaration, ⁸ ILO Centenary Declaration, 2019 of which the objective is to comply Social Justice For All
3. UN Director Generals Pronouncement that Social and Solidarity Economy transitions the informal sector who is the most hurt in this pandemic is very important also to Just Transition and was emphasized by the speech of Sec. de Guzman and Sec. Dominguez in the two succeeding consultations of the Climate Change Commission on the Nationally Determined Contribution
4. Align with the Balik Probinsiya, Balik Pag-asa on the regional industrialization
5. Align with the new Social Protection Framework and revised Phil Devt Plan 2017-2022

Prepared by:

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Approved by the Members of NAPC WIS Thematic Cluster No. 4 (refer to attachment for the list of Agency members)

Submitted by:  ROSALINA FUNATANARES
Sectoral Representative

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