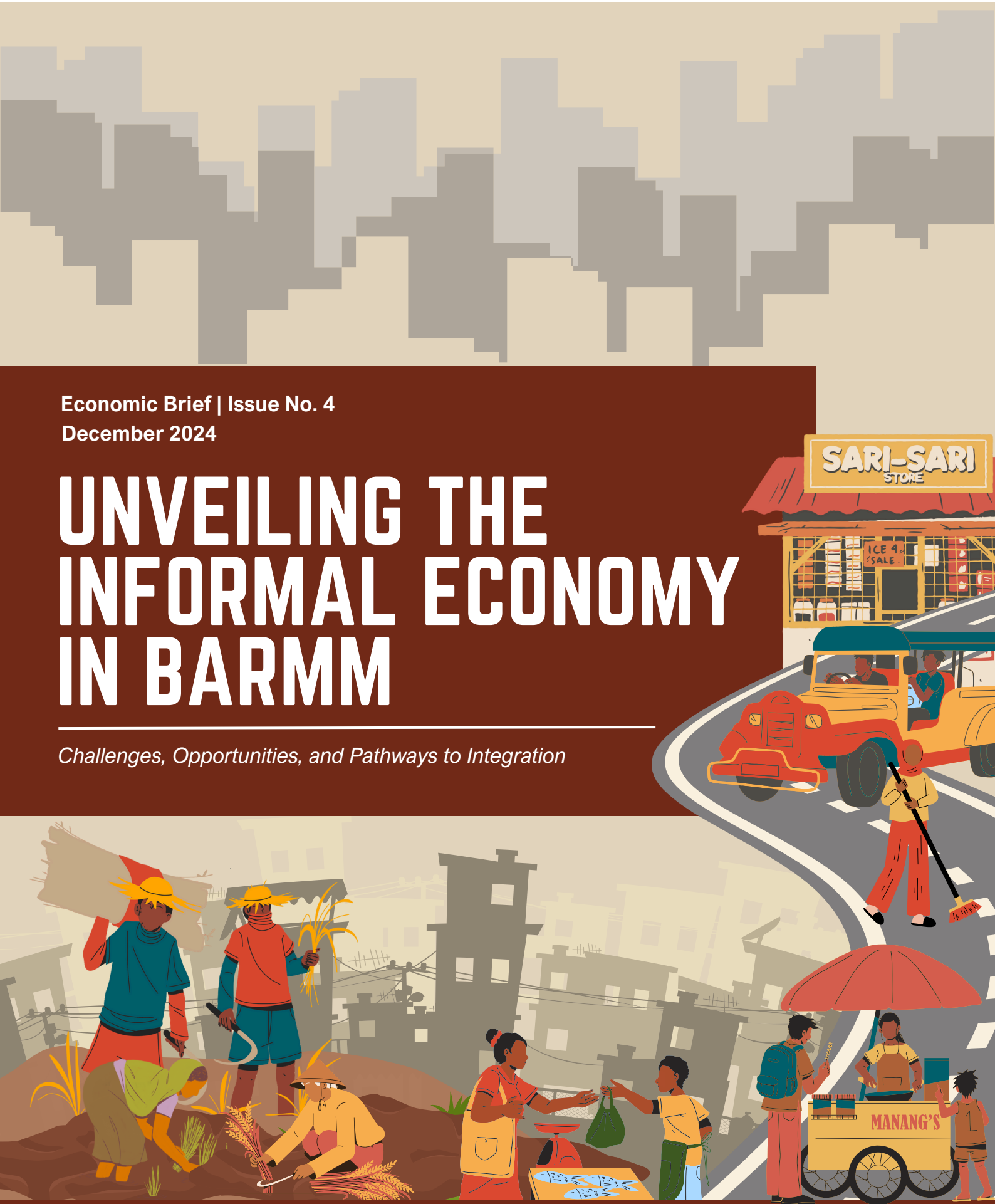




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UNVEILING THE INFORMAL ECONOMY IN BARMM

Challenges, Opportunities, and Pathways to Integration



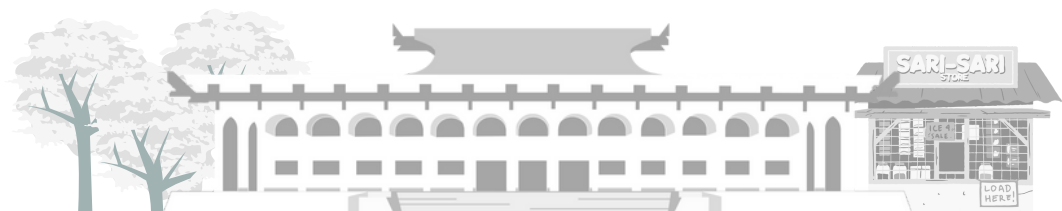
Acknowledgement

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Our heartfelt appreciation also goes to the Ministry of Labor and Employment (MOLE), Ministry of Agriculture, Fisheries, and Agrarian Reform (MAFAR), Ministry of Basic, Higher, and Technical Education (MBHTE), Bangsamoro Women Commission (BWC), Ministry of Trade, Industry, and Tourism (MTIT), Bangsamoro Planning and Development Authority (BPDA), and Cooperative and Social Enterprise Authority (CSEA) for their invaluable contributions. Their insights significantly enriched the depth and scope of this material.

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Finally, we acknowledge and commend the dedication of all contributors who supported this endeavor in various capacities. We remain resolute in our commitment to delivering relevant and timely information to aid evidence-based decision-making and foster informed policy development.



About this Briefer

This briefer provides a comprehensive exploration of the status of informal workers in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), focusing on the various activities that characterize the informal economy in the region.

The data used in this publication primarily comes from the latest annual labor statistics released by the Philippine Statistics Authority (PSA) based on the Labor Force Survey (LFS). It offers detailed insights into employment trends, comparing regional figures with national estimates. This briefer highlights key labor statistics, including the industries, occupations, worker classifications, and educational attainment levels where informal workers are predominantly engaged.

In addition to statistical data, the briefer incorporates valuable perspectives and insights from key regional stakeholders and policy-making bodies involved with the informal economy and its workforce in BARMM. These contributions ensure a well-rounded understanding of the issues at hand. The material has been thoroughly reviewed and validated by the Ministry of Labor and Employment (MOLE) to guarantee the accuracy, relevance, and comprehensiveness of the information presented. This collaborative approach ensures that the content reflects the latest policy discussions and addresses the needs and realities of the informal sector in the region.

This Economic Briefer is an initiative of the Economics Division of the Ministry of Finance, Budget, and Management (MFBM). Designed to support evidence-based decision-making, it provides reliable analysis to serve policymakers, stakeholders, and the public. The publication is available both online and in print, ensuring its accessibility as a valuable resource.

DISCLAIMER: While every effort has been made to ensure the accuracy of the information presented, certain data may be preliminary and subject to revision. The views expressed herein are those of the authors and do not necessarily reflect the official position of the Ministry or the Bangsamoro Government.



Executive Summary

The informal economy plays a vital role in the labor market of the BARMM. A significant portion of the workforce is engaged in informal work arrangements. The International Labour Organization (ILO) estimated that 80 percent of employed individuals in the region are engaged informally. Moreover, recent labor statistics from PSA reveal that approximately 46.8 percent of employed individuals are involved in sectors such as agriculture, hunting, and forestry, while 58.6 percent are classified as self-employed without paid employees. This reliance on informal employment indicates both the economic necessity for many workers and the vulnerabilities associated with such arrangements.

Despite a high employment rate in the region, challenges still persist, particularly concerning unemployment, underemployment and low educational attainment. A considerable number of workers are underemployed, seeking additional hours or better job opportunities, while a significant portion of the workforce has only completed elementary education (29.2 percent), with only 8.49 percent holding college degrees. This lack of formal education further limits access to stable and secure employment opportunities.

To address the challenges faced by informal workers, various stakeholders, including the government, NGOs, and the private sector, must collaborate to enhance training programs, develop market linkages, and promote corporate social responsibility initiatives. Such efforts are essential for recognizing the rights of informal workers and providing them with the necessary tools to transition into formal employment conditions.

Addressing the needs of informal workers in BARMM requires a comprehensive approach that includes rights recognition, skill development, and access to economic opportunities. This will ultimately contribute to fostering a more inclusive and sustainable economic environment for all residents of the region.



BARMM LABOR MARKET AT GLANCE



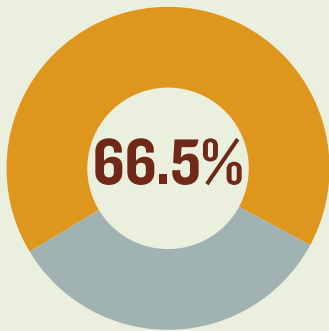
2022 Annual Labor Statistics (Preliminary)

Working-Age Population

2.626 Million
15 years old and over

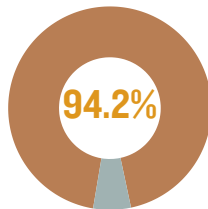


Labor Force Participation Rate



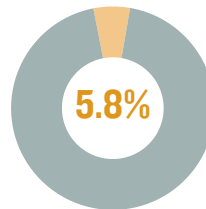
More than half of the working-age population are economically active.

Employment Rate



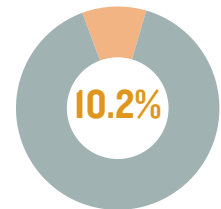
Majority of the workforce are employed.

Unemployment Rate



A minimal portion of the workforce has no job.

Underemployment Rate

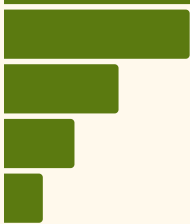


Some of the employed individuals desire to have additional working hours.

HIGHLIGHTS

Major Industry Group

Agriculture, Hunting and Forestry



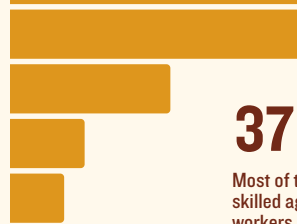
46.8%

Almost half of the employed individuals are engaged in agriculture, hunting and forestry.



Major Occupation Group

Skilled Agricultural Forestry and Fishery Workers



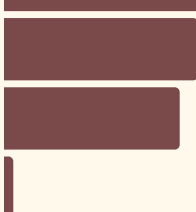
37.5%

Most of the employed individuals are skilled agricultural, forestry and fishery workers.



Class of Worker

Self-Employed without any paid employee



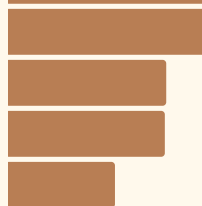
58.6%

Majority of the employed individuals are self-employed without any paid employee.



Highest Grade Completed

Elementary Undergraduate



29.2%

A significant portion of the employed individuals are elementary graduates only.



Note: Estimates are preliminary and may be changed by PSA
Source: Labor Force Survey by Philippine Statistics Authority

Introduction

Informal employment includes work arrangements that are either legally or practically excluded from national labor laws, income taxes, or access to social protection and other job benefits. This means informal workers may lack safeguards like advance notice of termination, severance payments, or paid leave for sickness or vacation [1].

The informal sector in the BARMM is a significant component of the region's economy, providing essential livelihood opportunities for a large portion of the population. Given BARMM's unique socio economic conditions, marked by a history of conflict, limited formal employment, and widespread poverty, the informal economy serves as a primary source of income for many residents. Informal work in BARMM spans a wide range of activities, including small-scale retail (sari-sari stores), street vending, service-oriented jobs (such as tricycle and habal-habal drivers), and smallholder farming and fishing, especially in rural areas. It also includes home-based workers, employees holding informal jobs in the formal sector (e.g. contract of service workers), and non-regular domestic workers [2].

The flexibility and accessibility of informal employment in the region is particularly important in rural and conflict-affected areas where formal employment opportunities are limited. Many people engaged in informal work lack formal education or vocational training, making the informal economy more accessible due to its low entry barriers and flexibility [3]. Women, youth, and other marginalized groups are especially reliant on informal work for income [4]. This sector is largely community-oriented, with people relying on local networks to sustain their businesses, making the informal economy both culturally significant and socially integrated.

This sector also plays a crucial role in the poverty alleviation, providing essential income that supports household needs. For many, informal work acts as a buffer against economic hardships, allowing families to meet basic needs despite limited formal job opportunities. The sector also fosters resilience by providing income in times of economic downturn or displacement, as it is often the only available option for those impacted by conflict [5].

The Ministry of Labor and Employment (MOLE) highlighted the critical need for precise data to inform policy development aimed at improving conditions for informal workers, emphasizing the informal sector's significant role in BARMM's economy [6]. The Ministry of Agriculture, Fisheries, and Agrarian Reform (MAFAR) raised concerns about informal agricultural workers facing limited access to credit, technology, and markets, advocating for increased support to improve their livelihoods [7]. Furthermore, the Bangsamoro Women Commission (BWC) underscored gender-specific challenges for women in the informal sector, advocating for policies addressing issues like unsafe working conditions and the need for gender-responsive social protections [8].

Despite their economic contributions, informal workers in BARMM face a range of challenges, including lack of access to social protection, financial services, and legal recognition. Most workers in the informal sector do not benefit from health insurance, pensions, or other labor protections, leaving them vulnerable to economic and health shocks. Financial exclusion is also a significant issue, as many informal workers lack the documentation or credit history needed to secure loans, which restricts their ability to expand or formalize their businesses. Additionally, limited infrastructure, market access, and educational opportunities further hinder the sector's growth and potential to improve workers' quality of life [9].

Addressing the needs of the informal sector is essential for fostering inclusive growth and reducing poverty. Government and policy interventions that could benefit the informal sector include expanding access to microfinance, offering vocational training, and creating targeted social protection schemes for informal workers. By supporting informal workers and exploring ways to bring some activities into the formal economy, the BARMM government can create pathways to economic stability, peace, and development in the region.

Overview of the Informal Sector in BARMM

The informal workers play a crucial role in the overall economic activities in BARMM, such as in improving labor market conditions, boosting entrepreneurship, and alleviating poverty in the region. However, this sector faces challenges on lack of job security, absence of social benefits and vulnerability to economic shocks. The policy-makers should investigate the characteristics of the informal workers to create effective, inclusive, and sustainable economic policies and programs. By recognizing and addressing the unique circumstances of informal workers, stakeholders can promote economic resilience, social equity, and overall development in the region.

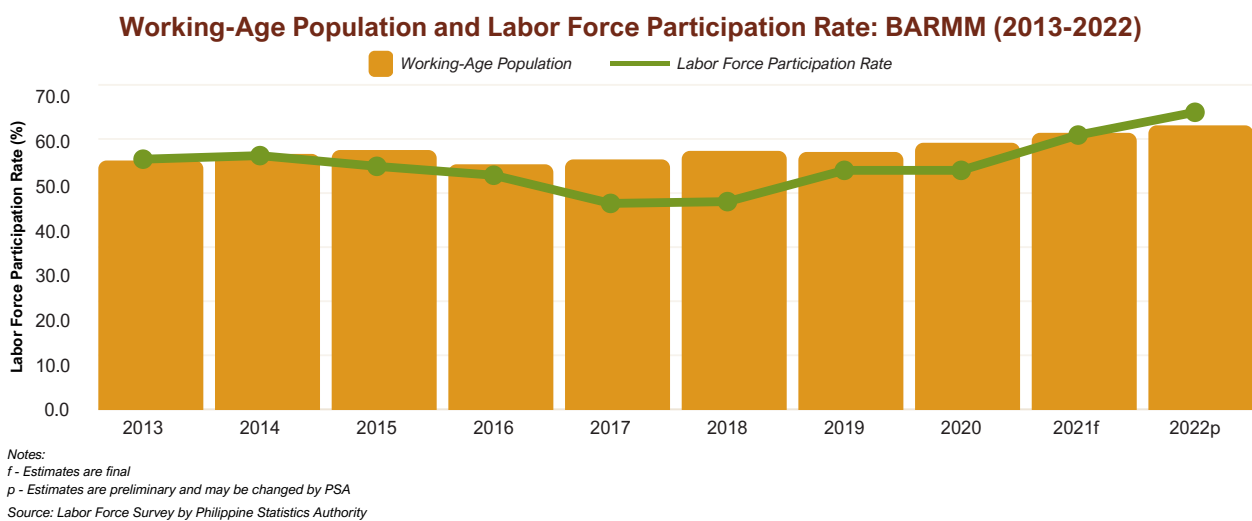
This sector operates outside formal regulatory frameworks, therefore precise measurements can be challenging due to its unregistered nature [5]. While there are no official statistics specifying the trends for the informal sector, the labor and employment data released by PSA also includes major occupation and industry groups that satisfy the characteristics of informal workers [10].



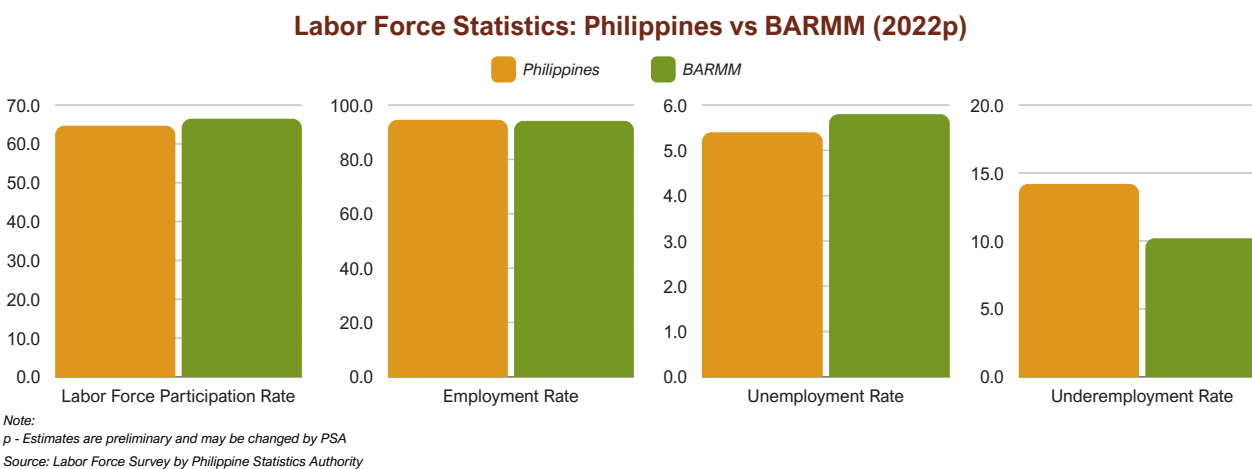
Size and Scale

The working-age population, defined as individuals aged 15 years and above, serves as a key component in shaping the region's economic landscape and labor market dynamics. Based on the preliminary annual labor statistics released by PSA [11], the working-age population in BARMM in 2022 was estimated at 2.626 million individuals. This comprises more than half of the region's entire population, reflecting a youthful demographic profile, along with a growing population.

As the working-age population increases, the labor force participation rate also expands. This refers to the percentage of the working-age population that is either employed or actively seeking employment. In 2022, BARMM posted a 66.5 percent labor force participation rate, which is 5.10 percent points higher than in the previous year, and also the highest rate in the last ten years.



The employment rate in BARMM remained high at 94.2 percent in 2022, almost the same level as that of the national average which was estimated at 94.6 percent. On the other hand, unemployment and underemployment rates were posted at 5.8 percent and 10.2 percent, respectively.



While the overall employment rate may appear high, the absolute number of unemployed and underemployed individuals remains a concern. About 101,811 individuals were unemployed and 167,742 individuals were underemployed in BARMM. This suggests that even with many people engaged in work, there is still a substantial portion of the population that is unable to find employment and has no access to decent work opportunities.

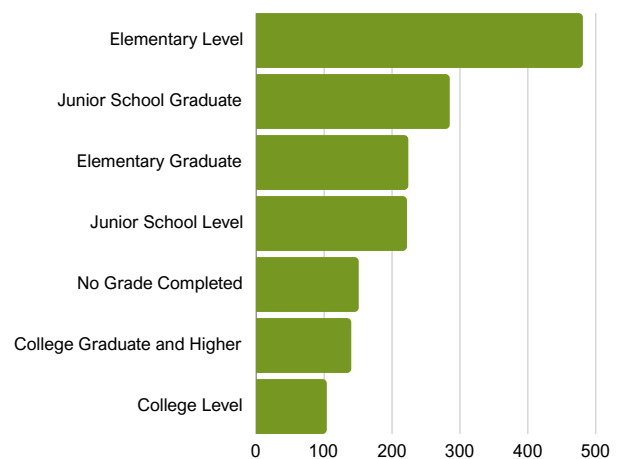
Underemployment and informal employment are closely linked due to their overlapping characteristics. Underemployment refers to individuals who are employed but either work less than 40 hours a week (visible underemployment) or have jobs that do not fully utilize their skills or qualifications (invisible underemployment). Underemployed workers are usually engaged in the informal sector, which includes jobs without formal contracts, job security, and access to benefits. Informal jobs are often part-time or seasonal, and do not always provide enough hours or income, leading workers to seek additional work to meet their financial needs [7]. This is why informal employment is frequently associated with underemployment.

Demographics

According to an International Labour Organization (ILO) assessment, nearly half of the workforce in the Philippines operates informally, with a significant concentration in agriculture and services. In BARMM, informal employment is even more prevalent, with an estimated 80 percent of workers engaged informally. This includes 80.2 percent of men and 80.6 percent of women, who are often in “vulnerable” employment, a category that combines self-employed individuals and unpaid family workers [9].

The informal sector in BARMM is notably characterized by low educational attainment among its workforce. As of 2022, 29.2 percent of employed individuals in the region were only elementary undergraduates, indicating a significant portion of the labor force lacks complete elementary education. Following this, 17.3 percent graduated from junior high school, and 13.6 percent completed elementary school. In contrast, only 8.49 percent of the workforce held college degrees, while 6.33 percent had some college education but did not graduate.

Employed Persons by Highest Grade Completed: BARMM (2022p) (in thousands)



Note:
p - Estimates are preliminary and may be changed by PSA
Source: Labor Force Survey by Philippine Statistics Authority



This educational profile suggests that many workers in the informal sector may face challenges in accessing better employment opportunities, which often require higher educational qualifications. The predominance of lower educational attainment can contribute to a cycle of poverty, limiting individuals' ability to secure stable, well-paying jobs and hindering overall economic development in the region.

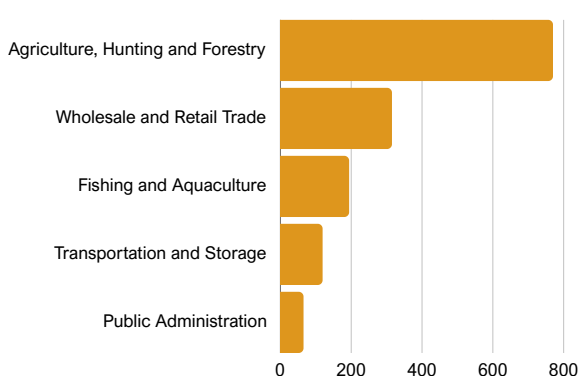
Efforts to improve educational access and quality in BARMM are essential to enhancing workforce skills and increasing the employability of individuals, thereby addressing the challenges posed by the high concentration of low-skilled labor in the informal economy. The **Ministry of Basic, Higher, and Technical Education (MBHTE)** has emphasized that limited access to formal skills training and educational programs further restricts opportunities for informal workers to transition to more secure, formal employment.

Sector Distribution

PSA's labor statistics also showed that nearly half or 46.8 percent of the employed population works in agriculture, hunting and forestry [11]. Employees under this industry group are workers directly or indirectly engaged in activities related to crop production, livestock raising, forestry, and associated support services. These employees can be classified into various categories based on their roles, employment status, and the nature of their work, such as farmers and farm laborers, animal caretakers, foresters, technicians and farm machine operators, farm managers and supervisors, among others [26].

Agriculture is one of the primary drivers of informality, especially in developing regions. The sector relies heavily on seasonal and flexible labor, much of which lacks formal contracts and social protections, thus falling outside the standard regulatory frameworks. This informality in agriculture is common in rural areas where enforcement of labor laws is minimal, and economic conditions limit job opportunities, pushing workers into informal, often precarious roles.

Employed Persons by Major Industry Group (Top 5 only): BARMM (2022p) (in thousands)



Note:

p - Estimates are preliminary and may be changed by PSA

Source: Labor Force Survey by Philippine Statistics Authority

Employment in BARMM shows a diversified pattern across several key industries. In 2022, apart from agriculture, significant employment sectors included trade (19.15 percent of employed individuals), fishing and aquaculture (11.80 percent), and transportation and storage (7.25 percent). This sectoral distribution reflects the region's reliance on its natural resources, geographical setting, and the demand for local goods and transport services.



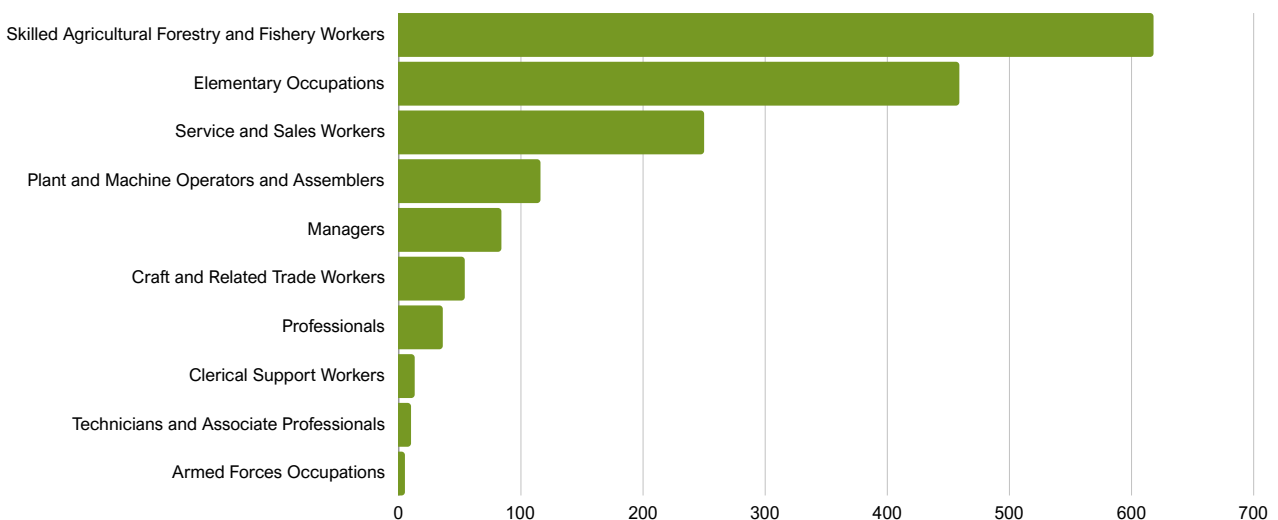
The trade sector, including wholesale and retail, is a major employer. This sector's high share in employment points to the vital role of small businesses, marketplaces, and informal vendors in BARMM, who often operate with minimal formal regulatory oversight. The **Ministry of Trade, Industry, and Tourism of BARMM (MTIT-BARMM)** noted that informal workers significantly contribute to the tourism industry, filling essential roles such as guides, drivers, and vendors, which enhances the overall tourism experience in BARMM by meeting local and visitor demands [12].

With BARMM's extensive coastlines and rich marine resources, fishing and aquaculture have become substantial employment sources. These jobs, often informal, contribute to local food security and are integral to the economy of coastal communities in the region. The transportation and storage industry includes roles in logistics and mobility, essential for connecting communities across the region's islands. Given the challenging geography, the transport sector supports both trade and daily commutes, often through informal transportation services.

BARMM's workforce is indeed significantly rooted in the informal sector, with a substantial percentage of 37.5 percent classified as skilled agricultural, forestry, and fishery workers [11]. These workers focus on performing essential tasks at the production level such as preparation of soil, planting, fertilizing and harvesting, among others [13]. A significant portion of the region's workforce are engaged in elementary occupations. This category which comprises 27.9 percent of the employed individuals encompasses various low-skilled jobs that often involve manual labor and routine tasks, such as cleaning, simple service work, and unskilled agricultural tasks [13].

The **Bangsamoro Planning and Development Authority (BPDA)** highlighted that a large number of informal sector workers in BARMM are involved in agriculture and small trading activities. These workers face limited access to financial services and social protection, with many relying on seasonal income, making them vulnerable to economic fluctuations and other risks [14].

Employed Persons by Major Occupation Group: BARMM (2022p) (in thousands)



Note:

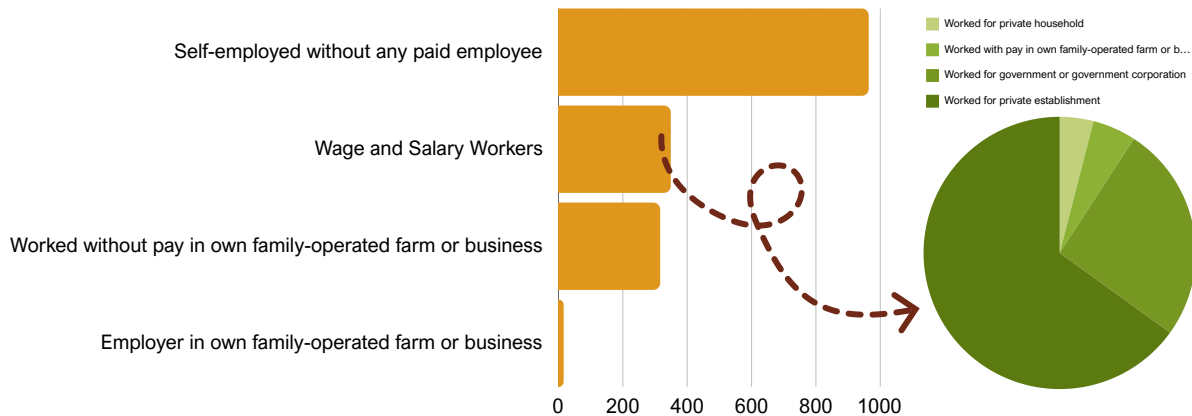
p - Estimates are preliminary and may be changed by PSA

Source: Labor Force Survey by Philippine Statistics Authority



A notable segment of the labor force is identified as self-employed individuals who do not have any paid employees. They comprise 58.6 percent of the employed persons in the region. This indicates a strong reliance on informal work arrangements, where individuals engage in entrepreneurial activities without formal employment structures.

Employed Persons by Class of Worker: BARMM (2022p) (in thousands)



Note:

p - Estimates are preliminary and may be changed by PSA

Source: Labor Force Survey by Philippine Statistics Authority

According to the **Cooperative and Social Enterprise Authority (CSEA)**, community-based support networks play a critical role in sustaining these informal workers, especially those in self-employment. CSEA emphasized the importance of cooperatives and local partnerships that help provide a safety net and resources for informal entrepreneurs, even in the absence of formal institutional support [15].

Self-employment in BARMM is often characterized by small-scale businesses, street vending, and agricultural activities, which are critical for local economies. The high percentage of self-employed workers suggests an entrepreneurial spirit within the community, yet it also highlights the need for better support systems, such as access to training, resources, and financial assistance, to help these workers transition into more secure employment.

Economic Impact of Informal Workers in BARMM

Contribution to the Economy

For Job creation, the Informal Sector provides jobs and livelihood opportunities for a significant portion of the population in BARMM. According to a partnership of the International Labour Organization (ILO) and the Ministry of Labor and Employment (MOLE) in BARMM, the Community Emergency Employment Program aims to provide emergency employment and social protection to informal sectors in various provinces. This program helps to address the high unemployment rate in the region which reached 29.8 % during the Covid-19 pandemic [16].

The informal sector has a profound impact on community stability, as it offers income-generating opportunities for individuals excluded from the formal sector. It serves as a safety net for vulnerable populations including rural migrants and urban unemployed people. By offering employment and livelihood options, the informal sector contributes to poverty reduction and societal stability.

Challenges Faced by Informal Workers

One of the descriptions that people think about informal workers is that they don't have a proper place to work on whatever they are doing to earn money for their everyday essentials. This could be one of the reasons why they lack job security. Informal workers which could mostly be seen as vendors could prove the lack of job security as they don't have their own store, nor permanent area to sell their goods, and offered services. The competition also exists in informal workers such as on vendors as they offer the same products and services that result in low income.

Furthermore, one major reason for the informal workers encountering challenges that concerns job security, is the low level of foundation skills mainly because of not having a good educational background. Having the educational requirements adds a percentage for the informal workers to be in the formal economy where they could secure a job that grants them not just a salary but also benefits such as social protection.

One of the main reasons why informal workers lack social protections is because typically they do not have access to services such as health insurance, retirement, and unemployment benefits. This will lead to vulnerable financial hardships during times of illness, disability, or unemployment. Informal workers are more susceptible to economic shifts and fluctuations. The chances are that they often work in sectors that are heavily influenced by market conditions, which makes their income unstable and uncertain. Economic downturns can significantly impact their livelihoods.

Opportunities for Growth

Despite facing numerous challenges, informal workers also benefit from income opportunities and serve as a vital safety net for vulnerable populations. A comprehensive policy framework must be devised to incrementally reduced informality by mitigating its determinants. Specifically, enhancing educational and financial accessibility , alongside fostering a conducive business environment, is crucial.

Notwithstanding a promising labor market condition, the proportion of unemployed and underemployed persons in BARMM remains a pressing issue. In 2022, the unemployment rate in BARMM was 5.8 percent, while the underemployment rate was 10.2 percent. Underemployment reflects the number of employed individuals who seek additional hours or better job opportunities, often indicating limited access to sufficient or high-quality work.

Policy Environment

Current Policies

The Bangsamoro Government is actively working to address the needs and challenges faced by informal workers. While specific regulations and support mechanisms are still evolving, several key initiatives and legislative efforts are underway to improve the working conditions and social protection of this vulnerable sector.

- **Bangsamoro Labor Code**

This foundational piece of proposed legislation provides protections for all workers, including those in the informal economy. It sets out provisions for fair wages, safe working conditions, and social security access, emphasizing the rights of informal workers and aiming to improve their livelihoods [17]. Initially filed in September 2022, it has since progressed to the second reading at the committee stage as of January 2023, marking a significant step toward its enactment.

- **Bangsamoro Magna Carta for Workers in the Informal Economy**

Proposed in 2022 to specifically address the challenges faced by informal workers, this Magna Carta outlines rights and protections, including access to social benefits and opportunities for skill development. It aims to empower informal workers through collective bargaining and organization [18].

- **Skills Training and Capacity Building**

Organizations like the Technical Education and Skills Development Authority (TESDA) offer training programs to improve the skills of informal workers. This enhances their employability and supports their transition into formal employment [19].

- **Collaboration with NGOs and International Organizations**

Partnerships with NGOs and international organizations, such as the International Labour Organization (ILO), help implement programs that improve the conditions of informal workers [5]. These collaborations often focus on research, capacity building, and the development of best practices for supporting informal workers.

Overall, these policies aim to create a more inclusive labor market in BARMM, recognizing the vital role that informal workers play in the economy and ensuring they receive the necessary support and protections.



Policy Gaps

While BARMM has made strides in creating policies for informal workers, several gaps still exist that hinder the effectiveness of these policies.

- **Limited Coverage and Access**

Many informal workers remain outside the scope of existing policies and programs due to inadequate outreach and awareness efforts. A significant portion of informal workers may not be aware of their rights or the available support mechanisms. This lack of information can prevent them from accessing benefits and protections that are designed for them.

- **Insufficient Social Protection**

While the Bangsamoro Labor Code and Magna Carta for Workers in the Informal Economy aim to provide social protection, implementation remains a challenge. Informal workers often lack access to health insurance, pensions, and other social security benefits. The informal nature of their work makes it difficult to integrate them into formal social protection systems.

- **Fragmented Policy Implementation**

There is a lack of coordinated efforts among various government agencies and stakeholders in implementing policies for informal workers. This fragmentation can lead to overlapping programs or gaps in service delivery, making it difficult for informal workers to navigate the available resources effectively.

- **Inadequate Data and Research**

The absence of comprehensive data on the informal workforce in BARMM limits the ability of policymakers to understand the full scope of the informal economy and the specific needs of informal workers. This lack of data hampers the development of targeted policies and interventions.

- **Limited Training and Capacity Building**

Although there are initiatives for skills training, they may not be sufficiently tailored to meet the specific needs of informal workers. Programs may lack flexibility in terms of timing, location, and content, making it challenging for informal workers to participate.

- **Challenges in Legal Enforcement**

While there are legal frameworks in place to protect informal workers, enforcement of these laws can be weak. Informal workers often fear retaliation or lack the means to seek legal recourse when their rights are violated, leading to a culture of impunity for exploitative practices.

Addressing these gaps is crucial for improving the situation of informal workers in the region, ensuring they receive the protections and opportunities they need to thrive economically.

International Comparisons

Integrating informal workers into the formal economy has been successfully achieved in various regions and countries through innovative policies and approaches.

- **Comprehensive Registration and Legal Frameworks**

Countries like India have implemented comprehensive registration systems that simplify the process for informal workers to become registered. The National Food Security Act provides legal backing and entitlements to workers in the informal sector, encouraging them to formalize their employment status. This legal recognition not only enhances job security but also provides access to social benefits [20].

- **Access to Social Protection**

In Brazil, the Bolsa Família program provides conditional cash transfers to low-income families, including those in the informal sector. This social safety net encourages informal workers to formalize their employment to access broader social security benefits. The success of such programs illustrates the importance of integrating social protection systems that are accessible to informal workers [21].

- **Skills Development and Training**

South Africa has focused on skills development initiatives through its Sector Education and Training Authorities (SETAs). These programs are tailored to the needs of the informal sector, providing informal workers with training that enhances their skills and employability. This approach has proven effective in facilitating the transition from informal to formal employment [22].

- **Microfinance and Access to Credit**

Countries like Bangladesh have seen success with microfinance institutions that provide small loans to informal workers and entrepreneurs. The Grameen Bank model, which focuses on providing financial services to the poor, has helped many informal workers start businesses and eventually transition to more formal employment structures. Access to credit is a crucial factor in empowering informal workers [23].

- **Creating Cooperatives**

Promoting cooperatives is another effective strategy observed in countries like Italy, where the cooperative movement has helped informal workers organize and gain better negotiating power. By forming cooperatives, workers can access resources, training, and markets, thus facilitating their transition to formal employment. Cooperatives also allow workers to pool their resources and provide mutual support [24].

- **Public-Private Partnerships**

In Mexico, public-private partnerships have played a significant role in integrating informal workers into the formal economy. The government collaborates with businesses to develop training programs that meet labor market needs while providing informal workers with the skills required for formal employment. Such partnerships leverage resources and expertise from both sectors [25].

Recommendations

Policy Recommendations and Support Mechanisms

To improve the working conditions, legal recognition, and economic benefits for informal workers in BARMM, several proposals and support mechanisms can be implemented:

- **Strengthening Legal Frameworks**

The immediate passage of the Bangsamoro Labor Code is essential to improving the conditions of informal workers in BARMM. Once enacted, the Code will provide a legal framework to protect informal workers and address their unique challenges. Its approval would pave the way for initiatives such as regular audits and monitoring to identify informal workers, facilitate their registration, and help them access the benefits they deserve. Additionally, the Code can support the organization of workshops and awareness campaigns to educate informal workers about their rights and the legal protections they can expect, fostering a stronger understanding of labor laws tailored to their needs. These measures will empower informal workers and promote a culture of compliance with labor regulations.

Accompanying the passage of the Code, establishing a simplified registration process for informal workers will be critical to transitioning them into the formal economy. The development of streamlined, accessible procedures will allow informal workers to register their businesses and gain legal recognition, unlocking various benefits. Proposed measures could include creating user-friendly online platforms for registration and compliance information, as well as setting up local assistance points to offer guidance and support. By reducing barriers to registration, the Code can facilitate the integration of informal workers into the formal economy, leading to improved job security and access to social protection programs.

- **Access to Social Protection and Benefits**

Social protection schemes targeting informal workers could offer access to essential benefits such as health insurance, pensions, and unemployment support, which are typically unavailable in informal settings. Implementing a contributory scheme, where informal workers and their employers (if applicable) both contribute to a fund, could create a sustainable model for extending these benefits to those who traditionally lack access to them. Such a program could bridge the gap in social protection coverage for informal workers and bring long-term security.

Additionally, partnering with financial institutions to introduce microinsurance products tailored to the needs of informal workers can further enhance their financial security. Microinsurance products that provide affordable options for health, life, and property insurance can help mitigate the risks informal workers face and improve their economic resilience. To increase acceptability among Bangsamoros, these microinsurance initiatives should adhere to the principles of Islamic finance, aligning with cultural and religious values in BARMM. This alignment not only broadens the appeal of these financial products but also makes them accessible and relevant to a larger segment of the informal workforce.

- **Capacity Building and Skill Development**

Expanding vocational and technical training programs for informal workers in BARMM is essential to enhancing their employability and productivity. By collaborating with institutions such as the Technical Education and Skills Development Authority (TESDA), BARMM can offer targeted training that equips informal workers with relevant skills for sectors like agriculture, handicrafts, and services. TESDA's existing framework and resources provide a solid foundation for implementing programs tailored to the local economy, supporting informal workers in developing technical competencies that align with market demands. Such initiatives can help these workers transition into more secure and higher-paying jobs, which ultimately contributes to regional economic growth.

In addition to vocational training, providing business development support is crucial for informal workers who aspire to formalize and expand their enterprises. Offering entrepreneurship training, workshops on business management, and facilitating access to microfinance are essential components of this support. Through these resources, informal workers can learn how to manage finances, market their products, and establish strong business operations. Establishing market linkages is another critical element, helping these workers connect with broader markets and ensuring sustainable growth. This comprehensive approach to business development can empower informal workers to transition successfully to formal business models, fostering economic resilience and contributing to the formal economy.

- **Strengthening Cooperatives and Collective Bargaining**

Promoting worker cooperatives among informal workers in BARMM can significantly strengthen their economic resilience and market presence. Cooperatives offer a platform for informal workers to come together, increasing their bargaining power and facilitating mutual support. Through collective organization, workers can access larger markets, negotiate better prices for goods and services, and reduce individual financial risks. The government could play a supportive role by providing training on cooperative management and governance, helping informal workers build successful, sustainable cooperatives. Additionally, facilitating connections to essential resources, including financial services and market networks, can enhance cooperative growth and empower informal workers to compete more effectively in the formal economy.



Furthermore, ensuring that informal workers have access to collective bargaining rights is crucial for improving their working conditions. Recognizing the right to organize and participate in collective bargaining would enable informal workers to negotiate collectively over wages, hours, and workplace safety. Legislative adjustments may be necessary to support the formation of unions or worker associations specifically designed to represent informal workers, who often lack formal avenues to voice their concerns. By enabling collective bargaining, informal workers gain a stronger voice and greater leverage to advocate for fair treatment, improved wages, and safer work environments, fostering both social equity and economic stability.

- **Support for SMEs through Capital Assistance**

Providing targeted capital support to small and medium enterprises (SMEs) in the region's informal economy, aligning with Islamic finance principles by avoiding interest (riba). The government can use Shariah-compliant financing methods such as mudarabah (profit-sharing), musharakah (joint venture), and murabaha (cost-plus financing) to help informal workers and entrepreneurs expand their businesses and transition into the formal economy. These ethical financing models promote shared risk and reward, fostering sustainable growth and increased productivity for SMEs.

To ensure equitable access, capital can be channeled through local Islamic microfinance institutions or government-backed programs tailored to SME growth. By using these interest-free, partnership-based financial instruments, the government can support entrepreneurs in formalizing their businesses, reduce reliance on informal financial sources, and encourage broader economic participation. This approach will help stimulate economic growth, create jobs, and contribute to the overall development of BARMM's formal economy while adhering to the ethical guidelines of Islamic finance.

- **Public Awareness Campaigns**

Implementing education and outreach programs can be instrumental in raising awareness about the rights of informal workers in BARMM and encouraging the formalization of their employment. Such campaigns should target both informal workers and employers, highlighting the long-term benefits of legal recognition and compliance with labor standards. For workers, these programs can offer critical information about their rights, including access to social protections and improved working conditions that formal employment can provide. Additionally, these campaigns can inform employers of the economic and reputational benefits of employing workers within a legal framework, such as enhanced productivity, reduced turnover, and a stronger alignment with labor laws.

Stakeholders Engagement

Implementing effective support mechanisms for informal workers in BARMM requires the collaborative efforts of various stakeholders. Each group plays a crucial role in ensuring the success of the recommended policies and programs.

- **Government**

The government plays a central role in supporting informal workers by establishing a legal framework that ensures their protection and recognition. This includes enforcing the Bangsamoro Labor Code, simplifying business registration processes to make formalization more accessible, and designing social protection programs that include informal workers. Such initiatives enable these workers to gain legal recognition and access to benefits like health insurance and pensions.

To make these initiatives effective, government agencies must allocate funding for targeted programs, such as training, microfinance, and cooperative development. Partnerships with national government bodies and local government units (LGUs) are essential to mobilize resources and reach a wider number of informal workers.

Lastly, robust monitoring and evaluation systems are needed to track the progress of programs aimed at informal workers. Collecting data on employment trends and assessing the outcomes of these initiatives helps the government refine its approach, ensuring programs remain relevant and impactful in meeting workers' needs.

- **Non-Government Organizations (NGOs)**

NGOs spearhead in advocating for the rights and recognition of informal workers. They exert efforts to raise awareness about these workers' rights and the benefits of transitioning to formal employment, often campaigning for policy changes that ensure informal workers are included in social protection programs. Through advocacy and outreach, NGOs help build broader support for policies that secure labor rights and improve working conditions for informal workers.

NGOs also contribute by offering training and capacity-building programs. Leveraging their expertise, they implement community-based training tailored to local needs, which can enhance the skills and employability of informal workers. This targeted approach equips workers with skills relevant to their fields, increasing their economic opportunities and helping them to adapt to more formalized employment structures.

Additionally, NGOs provide critical support services that aid informal workers in navigating the transition to formal employment. These services may include legal assistance, financial literacy training, and business development resources. By offering these resources, NGOs help informal workers manage the complexities of formalization, promoting sustainable economic growth and increased job stability.

- **Business Leaders and the Private Sector**

Business leaders can play a significant role in supporting informal workers through targeted investments in training and development. By investing in training programs that enhance the skills of informal workers, businesses can improve the quality of their workforce and boost overall productivity. This upskilling not only benefits the workers by increasing their employability but also helps businesses meet the growing demand for skilled labor in a competitive market.

Moreover, the private sector can create market linkages and opportunities for informal workers by sourcing goods and services directly from them. Establishing partnerships with cooperatives and informal businesses fosters economic growth and inclusivity. Such collaborations can help integrate informal workers into supply chains, providing them with stable income sources and enhancing their participation in the formal economy.

Additionally, businesses can engage in Corporate Social Responsibility (CSR) initiatives focused on improving the livelihoods of informal workers. This could include sponsoring training programs, providing microloans, or supporting local cooperatives as part of their community engagement efforts. By addressing the needs of informal workers, businesses not only contribute to social welfare but also strengthen their brand reputation and customer loyalty within the communities they serve.

The successful implementation of support mechanisms for informal workers in BARMM hinges on the collaboration of the government, NGOs, and the private sector. By working together, these stakeholders can create a conducive environment for informal workers, enhancing their working conditions, legal recognition, and economic opportunities. This multi-faceted approach will contribute to the overall economic development of BARMM and improve the lives of its informal workforce.

Conclusion

In conclusion, the informal economy in BARMM is essential to the livelihoods of many individuals, yet it faces significant challenges that hinder the potential of informal workers. The discussions highlight the importance of creating supportive policies and frameworks that recognize and empower these workers, ensuring they have access to essential rights, training, and market opportunities. By fostering collaboration between government bodies, non-governmental organizations, and the private sector, BARMM can develop a more inclusive economy that integrates informal workers into the formal labor market.

Investments in training and development, market linkages, and corporate social responsibility initiatives are among the fundamental actions to enhance the skills and employability of informal workers, allowing them to contribute more effectively to the local economy. Moreover, robust monitoring and evaluation mechanisms will ensure that programs remain responsive to the needs of workers and adapt to changing economic conditions.

Overall, a coordinated approach that prioritizes the rights and welfare of informal workers can lead to sustainable economic growth and improved living standards in BARMM, ultimately benefiting the entire region. By learning from successful models in other regions and implementing tailored strategies, BARMM can pave the way for a more equitable and prosperous future for all its citizens.



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The **Economics Division** serves as the support arm to the Office of the Minister, tasked to undertake research, and examine economic data/trends for the continuing formulation of fiscal and other development policies and processes toward efficient and responsive fiscal management and resource utilization in the Bangsamoro region.




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