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EXAMINING THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO (BARMM) PROPOSED BUDGET FOR FY 2022

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ACCESSBANGSAMORO
NAVIGATING THE TRANSITION, WEAVING SOLUTIONS



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Access Bangsamoro is an online and social media portal that promotes the free flow of information, analysis, and discussions for the effective implementation of the Bangsamoro Organic Law (BOL) and the successful transition to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

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I. INTRODUCTION

For fiscal year 2022 (FY 2022) the Bangsamoro Transition Authority (BTA) proposed a total budget of Php 79.86 billion: 83.95% is allocated to fund twenty-eight (28) ministries and offices of the Bangsamoro, and 16.05% is allocated for five (5) programs under the special purpose fund. Included in the proposed budget for FY 2022 is funding for five (5) newly created offices namely: the Bangsamoro Sports Commission, the Bangsamoro Pilgrimage Authority, the Bangsamoro Commission for the Preservation of Cultural Heritage, the Cooperatives and Social Enterprise Authority, and the Development Academy of the Bangsamoro. Furthermore, one (1) newly created fund - the Local Government Support Fund - and the Special Development Fund are included under the Special Purpose Fund.

This paper provides a quick and general review of the Bangsamoro Expenditure Program (BEP) for FY 2022. A complete review of the BARMM budget, dissecting the issues and concerns of its expenditure program will be the subject of a further study once the BTA has released its approved budget. In the meantime, the succeeding sections present the sources of financing available to the Bangsamoro Government, the changes in allocation per ministry vis-a-vis the region's budget for FY 2021, and the key program expenditures for FY 2022. Lastly, the paper ends by providing some recommendations to make the region's budget responsive to the needs of the Bangsamoro people and its budget processes more transparent and participatory, based on the annual monitoring of BARMM budget by the Access Bangsamoro.

II. SOURCES OF FINANCING

For FY 2022, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) proposed a total budget of Php 79.86 billion. The said amount is composed of a) Php 5 billion for the region's Special Development Fund, and the remaining b) Php 74.86 billion from the region's block grant from the national government, and BARMM's share in national taxes, fees, and charges collected in the region. The total proposed new appropriations of BARMM for FY 2022 is Php 4.26 billion; this is 5% higher than the appropriated budget of the region for FY 2021.

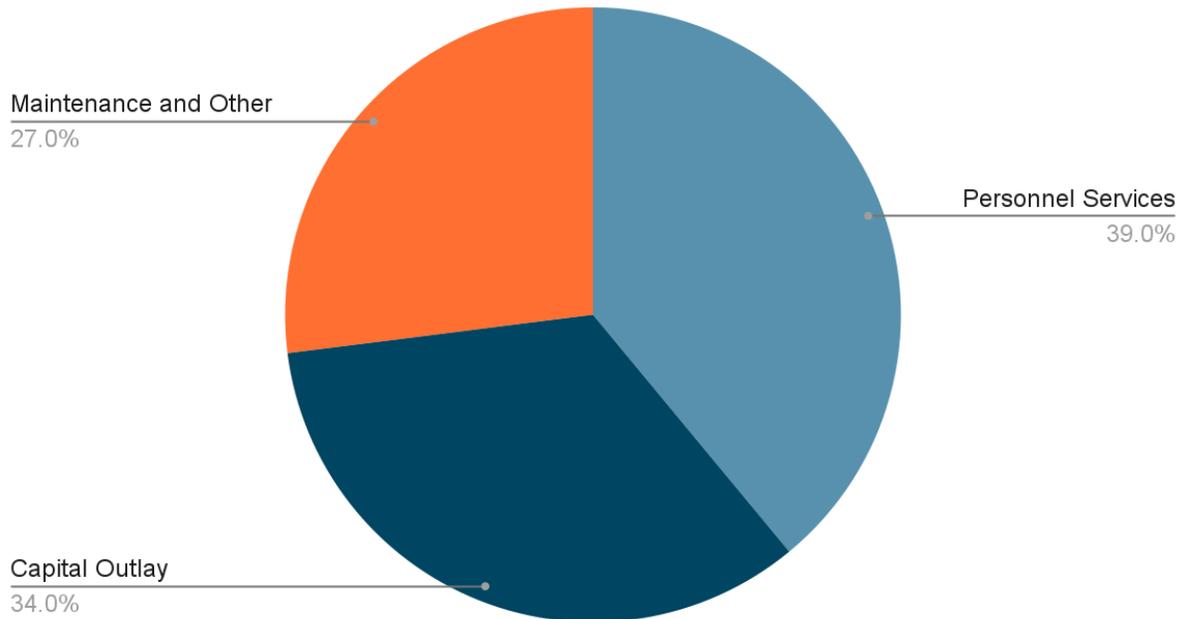


III. THE STRUCTURE OF THE 2022 BARMM BUDGET

BARMM Budget By Major Expense Class

From the Php 79.86 billion proposed budget for FY 2022, the highest percentage is allocated for Personnel Services (PS) which comprise 39% or Php 26.44 billion, while the Capital Outlay (CO) of the region entails the 34% or Php 17.96 billion of the budget. Lastly, the Maintenance and Other Operating Expenses (MOOE) comprises the remaining 27% or Php 22.65 billion. Figure 1 below shows a breakdown of BARMM’s proposed budget by major expense class.

Figure 1. BARMM Budget by Major Expense Item



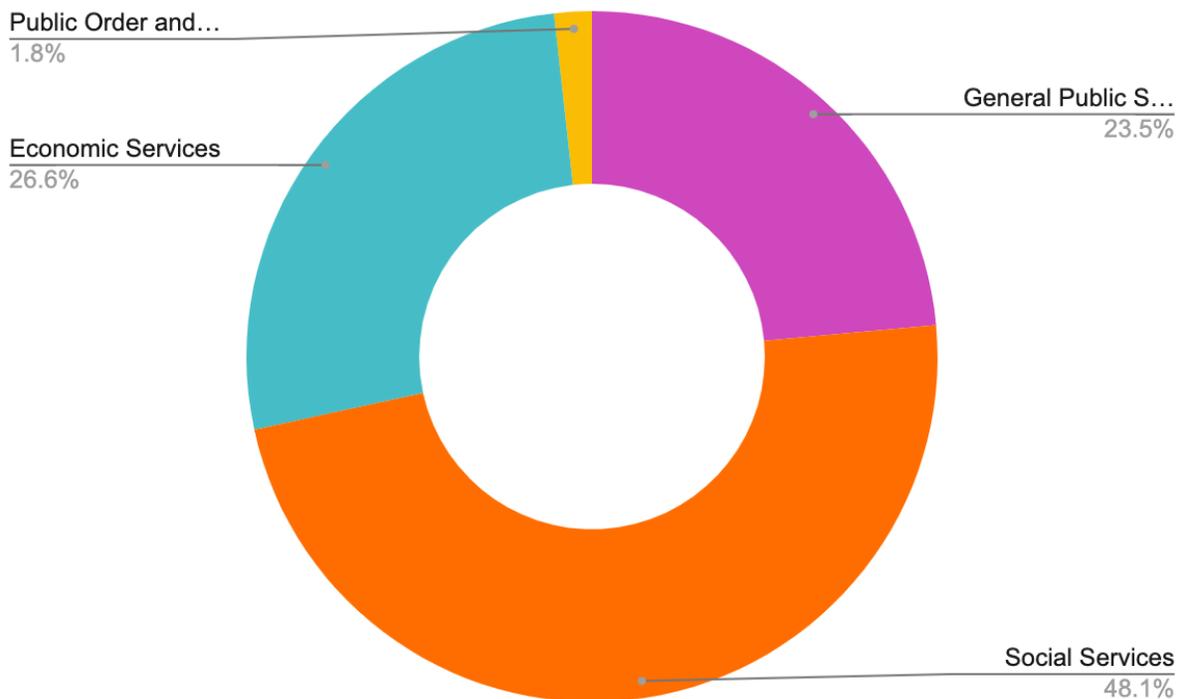
BARMM Budget by Sector

As mandated by the BOL, the highest budget allocation shall be provided to education, health, and social services. The 2022 BEP fully complied with this provision, as the budget for **social services comprises the highest sectoral budgetary allocation at 48.1% or Php 38.38 billion**. This includes the budgets of the following ministries and offices tasked to deliver related services within the Bangsamoro Region: Ministry of Basic, Higher, and Technical Education (MBHTE), Ministry of Health (MOH), Ministry of Social Services and Development (MSSD),

Ministry of Human Settlement and Development (MHSD), Ministry of Indigenous Peoples’ Affairs (MIPA), Bangsamoro Youth Commission (BYC), Bangsamoro Women Commission (BWC), Bangsamoro Sports Commission, Bangsamoro Commission for the Preservation of Cultural Heritage, Bangsamoro Pilgrimage Authority, Development Academy of the Bangsamoro (DAP), and the Special Development Fund.

The remaining 5.9% of the fiscal space is allocated to general public services at 23.5%, economic services at 26.6%, and public order and safety at 1.8%. Figure 2 below shows a sectoral breakdown of the 2021 BARMM Budget by sector.

Figure 2. BARMM Budget by Sector



The budget for **general public services stands at Php 18.80 billion**. This generally pertains to the cost of running the Bangsamoro Government and includes the budgets of the Office of the Chief Minister (OCM), the BTA, the Office of the Wali, the Ministry of Finance, and Budget and Management (MFBM) and other offices and commissions, and the special purpose funds for Miscellaneous and Personnel Benefit, Pension and Gratuity, and Contingency. Meanwhile, **economic services, which received an allocation of Php 21.27 billion**, includes the budget for infrastructure development and other ministries directly involved in promoting growth and

development in the region such as agriculture, fisheries, and agrarian reform, transportation and communications, trade, investments and tourism, labor and employment, environment, natural resources, and energy, and science and technology. The bulk of the economic services budget is allocated by the BARMM Government to infrastructure development. Lastly, the **public order and safety sector received an allocation of Php 1.40 billion**. This consists of the budgets for the interior and local government, and public order and safety ministries.

The sectoral budget allocations show that the BARMM remains committed to achieve the medium-term goals which were set forth in the Bangsamoro Development Plan. The proposed BARMM budget for FY 2022 clearly reflects financial support for the social services and the socio-economic development priorities of the region. Nevertheless, the realization of the BDP's medium-term goals greatly depends on efficient budget execution and program implementation on the part of its ministries. The budget allocation for social services and economic services, which when combined take up almost three quarters of the fiscal space, need to translate into tangible public goods and services for the Bangsamoro people.

Budget of Key Ministries and Offices

The BTA has again fulfilled its mandate of assigning the highest budgetary priority to education, health, and social services, as seen in its proposed budget for FY 2022. There are no changes with the ranking of the five (5) BARMM ministries and offices with the highest budget priority for FY 2021 and FY 2022. The **Ministry of Basic, Higher and Technical Education (MBHTE)** received the highest allocation amounting to **Php 24.71 billion**, followed by the **Ministry of Public Works (MPW)** with a budget of **Php 16.38 billion**, the **Office of the Chief Minister (OCM)** with **Php 8.07 billion**, the **Ministry of Health (MOH)** with **Php 4.68 billion**, and the **Bangsamoro Transition Authority (BTA)** with **Php 3.56 billion**.

Ministry of Basic, Higher, and Technical Education

Following the BEP for FY 2022, the MBTHE remains the highest budget recipient with a proposed budget of **Php 24.71 billion**. This is **5% higher** than its appropriation last year. To reiterate, MBTHE's budget is allocated primarily for the operations and programs of various educational institutions in the Bangsamoro region.

By expense class, the majority of the education budget went into PS: Php 19.56 billion of its budget which is allocated among the different districts in BARMM. On the other hand, Php 4.34 billion is allocated in MOOE for funding of different programs and operations and the remaining Php 815.98 million for CO.

Taking into consideration FY 2021, this year saw the same trend in terms of program level allocation. The ministry allocated Php 19.1 billion for its School Based Management Operations. As for the Higher Education Services, there is a decrease from last year's Php 340.6 million to this year's Php 183.6 million.

Ministry of Public Works

The MPW garnered the second highest budget allocation again for FY 2022 with **Php 16.38 billion** in proposed funding. This is equivalent to an increase of **4%** in its budget.

By expense class for the ministry, the budget is heavily allocated in CO, especially for the strengthening of various projects under the road facility and other public infrastructure facilities programs. These include: road development, bridge construction, flood management and water supply and port rehabilitation as well as other infrastructure programs. A detailed breakdown of the infrastructure programs is shown in the table below.

Table 1. Infrastructure Programs of BARMM

| Program / Activity / Project | Appropriations (in Php) |
|-------------------------------------|--------------------------------|
| Road Network Development Program | 11,282,920,000.00 |
| Bridge Program | 928,270,000.00 |
| Flood Management Program | 1,974,250,000.00 |
| Water Supply Program | 732,560,000.00 |
| Port Rehabilitation Program | 630,800,000.00 |
| Other Infrastructure Program | 10,000,000.00 |

Office of the Chief Minister

The OCM remained in the third highest budget allocation with **Php 8.07 billion**. Currently, an additional program is added to the three existing key programs under the OCM. The four key programs of the OCM are thus as follows: 1) Ayudang Medikal mula sa Bangsamoro Government (**AMBaG**) with a budget of Php 207.30 million; 2) Tulong Alay sa Bangsamorong Nangangailangan (**TABANG**) with Php 1.44 billion; 3) Kapayapaan sa Pamayanan (**KAPYANAN**) with Php 2.50 billion; and 4) Quick Response Fund (**QRF**) with Php 1.10 billion



Ministry of Health

The fourth highest budget allocation is received by the MOH with **Php 4.68 billion**. A quick comparison shows a decrease of Php 44 million from last year's Php 5.12 billion budget to this year's budget.

Bangsamoro Transition Authority

The BTA with its allocation of **Php 3.56 billion** ranked fifth in the highest budget allocation for FY 2022. By expense class, the majority of the budget is allocated to MOOE, amounting to Php 2.22 billion and the remaining Php 1.41 billion is allocated to PS. No amount is allocated for CO.

Key Features of the 2022 Bangsamoro Expenditure Program

Funding for Newly Created Offices

This year's budget for FY 2022, BARMM proposed to fund five (5) newly created offices with a total funding of **Php 245.97 million**. Table 2 below shows each of the newly created offices and their corresponding proposed budget.

Table 2. Budget Allocation for the Newly Created Offices in BARMM

| Newly Created Offices | Appropriations (in Php) |
|---|----------------------------|
| Bangsamoro Sports Commission | 63,142,883.75 |
| Bangsamoro Pilgrimage Authority | 36,544,868.33 |
| Bangsamoro Commission for the Preservation of Cultural Heritage | 65,254,000.80 |
| Cooperatives and Social Enterprise Authority | 40,663,074.64 |
| Development Academy of the Bangsamoro | 40,361,868.88 |
| TOTAL | 245,966,696.40 |

Local Government Support Fund and Special Development Fund

For FY 2022, BARMM included a **Local Government Support Fund** amounting to **Php 1.39 billion** under its Special Purpose Funds. Furthermore, the **Special Development Fund** - an allocation for the specific use of rebuilding, rehabilitation, and development of the conflict-affected communities in the region - amounting to **Php 5.00 billion** is also added to BARMM's Special Purpose Funds.



IV. RECOMMENDATIONS

Per the previous budget review of the Access Bangsamoro, it is commendable that for FY 2022, the Bangsamoro Government incorporated a budget priorities framework that will serve as a guide for planning the types of programs or projects that need to be implemented. However, there is still much room to strengthen budget processes and public financial management mechanisms as the Bangsamoro Government continues to gain better footing in its administrative functions. To this end, the authors lay the following recommendations to help improve the regional government's fiscal operations in a way that is transparent, accountable and inclusive.

1. Continuously improve budget transparency and strengthen citizen participation in the budget process by:

a. Expand the existing budget portal

The Bangsamoro Government through the Ministry of Finance and Budget Management has started releasing in their website budget forums, budgets circulars, and issuances. This is a good start to engage citizens in the budget process, yet this can be further improved by publishing it through the Bangsamoro Government website and social media channels. It can be noted that the main website of the Bangsamoro Government has not been updated with the latest publications of forms and issuances dated 2020. As of writing, current information for the year 2021 is unavailable. By ensuring that data and downloadables are continuously updated, citizens can easily access the information for their perusal.

b. Expand the spaces for citizen engagement in the budget process

Last April 2021, the Ministry of Finance and Budget Management successfully held the 3rd Bangsamoro Budget Forum, which was attended and participated by key ministers, heads of offices, and civil society organizations (CSOs) as well as BARMM's partner agencies. To garner a wider reach of the citizens, the Bangsamoro Government should expand the forums to lay citizens and initiate dialogues and public consultations to better assess the needs of the community, and make the BARMM budget more responsive to these concerns. Tapping of CSOs should also be expanded to cover all areas of BARMM, especially the island provinces of Basilan, Sulu, and Tawi-Tawi to ensure the inclusivity of the BARMM budget.

2. Tighten intergovernmental coordination within BARMM and with national government

Systemic intergovernmental coordination within BARMM and the national government is necessary to ensure the proper utilization of the BARMM budget and the timely delivery of



services to the Bangsamoro people. To this end, the BARMM Government and the national government should maximize the activated Intergovernmental Relations mechanisms mandated by the BOL, especially the Intergovernmental Fiscal Policy Board to ensure the efficient and transparent fiscal processes. BTA may also set up a system and hire additional personnel that would closely bridge the gaps within BARMM offices so that execution and implementation of programs and projects would not be further delayed.

3. Establish and capacitate the Budget Research and Monitoring Office for stronger budget oversight

Given the technical knowledge and expertise required in analyzing the multifold programs and budget items in the BEP, the authors recommend the establishment of a budget research and monitoring office for BARMM, which can provide assistance to the Members of the Parliament. This office can also assist the parliament in monitoring the implementation of the budget as part of its inherent “power of the purse”. The presence of a budget research and monitoring office will enable parliament to perform its oversight functions over the entire BARMM budget and push for greater budget transparency and accountability. The budget research and monitoring office will also be able to assist Parliament in tracking the target, expenditure commitments, and accomplishment of the different ministries.

4. Accelerate enactment of the BARMM Revenue Code

While the Bangsamoro Government has expressed that the priority codes of the Bangsamoro are underway, as of writing, the BARMM Revenue Code has not been filed and enacted. This is the third budget season where the BARMM budget was crafted without the region’s Revenue Code. The Bangsamoro Government must set firm schedules and a timeline on the passage and approval of their Revenue Code as this affects the fiscal position of the region and therefore, also its annual budgets. The process of enacting these policies should also be anchored on consultation and participation of Moro leaders and constituencies and other regional stakeholders.

