



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



**BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO
MINISTRY OF FINANCE, AND BUDGET AND MANAGEMENT
BANGSAMORO GOVERNMENT CENTER, COTABATO CITY**

BANGSAMORO BUDGET MEMORANDUM

No. 2022-01

F O R : All Heads of Ministries, BTA Parliament, and Offices of the Bangsamoro Government, Budget Officers, Accountants; and all Others Concerned

SUBJECT : **BANGSAMORO BUDGET CALL FOR FY 2023**

DATE : **25 March 2022 | 22 Sha'ban 1443 AH**

1.0 EXTENSION OF THE TRANSITION PERIOD

The Bangsamoro budget process for the Fiscal Year 2023 shall continue to be responsive to the systems, mechanisms, and strategic implementation of identified priority programs for the extended transition period.

The enactment of Republic Act (RA) No. 11593¹ effectively extends the transition period of the Bangsamoro Transition Authority as the interim government in the Bangsamoro Autonomous Region in Muslim Mindanao until June 30, 2025.

With the support from the development partners, the Bangsamoro Government aims to sustain the momentum and to make the development be felt by every Bangsamoro.

2.0 CONTINUED INSTITUTIONALIZATION OF BUDGET REFORMS

2.1 The Bangsamoro Government adheres to and recognizes the modernization of the budget process to improve the efficiency of the underlying processes like planning, procurement, cash management,

¹ AN ACT RESETTING THE FIRST REGULAR ELECTIONS IN THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO, AMENDING FOR THE PURPOSE, SECTION 13, ARTICLE XVI OF REPUBLIC ACT NO. 11054, OTHERWISE KNOWN AS THE "ORGANIC LAW FOR THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO" approved on October 28, 2021.

and payment systems. These improvements in our public financial management systems are aimed towards enhancing the volume and the quality of public services as well as ensuring the thrust towards moral governance. As such, the Bangsamoro Government is adopting the Cash Budgeting System (CBS), as well as the consolidation of autonomous regional government funds to the Single Treasury Account (STA).

2.2 In the allocation of the block grant and all other sources of revenue, the laws and the budgeting rules and regulations implemented by the Ministry of Finance, and Budget and Management, guided by generally accepted principles in budgeting in the national government, shall apply.

2.3 The FY 2023 Bangsamoro budget shall continue to focus on ensuring the implementation-readiness of proposals through better procurement planning, programming of projects and activities, and coordination among agencies. Budget proposals are expected to be anchored on more concrete program plans and designs that outline key procurement and implementation milestones, including specific project locations and beneficiaries. Ministries and Offices are likewise expected to improve their monitoring of priority outputs and results, factoring the "new normal" setting.

2.4 Cash Budgeting System

The FY 2023 budget will be an annual cash-based budget which will put more emphasis on accelerating program delivery. Ministries and Offices are thus required to reassess their existing programs, activities, and projects to ensure that these are adequately planned and coordinated, limiting budget proposals to the goods and services that will actually be delivered for the year and computing the cash requirements therefor.

2.4.1 The budget as planned and legislated is fully executed within the year. Also, it helps Ministries and Offices to focus on the implementation of the current year's budget instead of implementing projects appropriated and obligated in the previous year.

2.4.2 In addition, this strengthens the focus and accountability of government. An annual cash-based budget clearly links the target outputs of government programs to the appropriated budget. Comparisons between appropriations and disbursements reported can be made faster and clearer without the need to deal with the prior year appropriations.

Thus, Ministries and Offices shall ensure that their operations are on schedule and that their appropriated budgets can be fully disbursed within the fiscal year.

- 2.5 To ensure that the Bangsamoro budgeting process works for the people across the different provinces, the vertical linkage (between the Bangsamoro and national plans) and horizontal linkages (between various ministries and offices) are being strengthened. Ministries and Offices should undertake consultations and coordination with the Local Government Units (LGUs) to ensure that the Bangsamoro priorities are responsive to the local needs in a manner that gaps are identified and addressed.

3.0 EXPENDITURE MANAGEMENT FRAMEWORK

- 3.1 The FY 2023 budget proposal shall be anchored to the approved **Priority Agenda of the Chief Minister.**

- 3.2 The adoption of the CBS beginning FY 2019 by the National Government, by virtue of Executive Order (E.O.) No. 91 s. 2019, emphasizes the limiting to "within the fiscal year" timeframe for program/activity/project (P/A/P) obligation and implementation. Meanwhile, the payments for the said obligations shall be made until the end of the Extended Payment Period (EPP), as provided under the same EO.

- 3.3 The FY 2023 Bangsamoro Budget will reflect continued adoption of the following administrative reforms for greater budget transparency and reliability:

- Annual Cash-Based Budgeting (ACBB) or Cash Budgeting System (CBS),
- Two-Tier Budgeting Approach (2TBA),
- Unified Accounts Code Structure (UACS),
- Program-based budgeting structure through the Program Expenditure Classification (PREXC) approach,
- Disaggregation of lump-sum amounts within the Ministry/Office specific budgets to reflect the P/A/P, implementing Ministry/Office and/or lower-level operating units,
- A well-functioning, results-based and credible monitoring and evaluation system that will provide evidence-based information,
- Streamlining the harmonization and synchronization of

priority program interventions of Ministries and Offices through submission of program convergence plans and budget strategy, and

- Fostering collaboration and inclusive participation in budgeting with the stakeholders for greater openness, transparency, and accountability.

3.4 To strengthen the vertical and horizontal linkages, Ministries and Offices shall ensure that strategic local needs are considered in the Bangsamoro plans while ensuring that local plans are aligned with Bangsamoro priorities.

3.4.1 Ministries and Offices shall coordinate their priorities with their respective attached office and, provincial and field offices. Ministries and Offices shall provide guidance on the following:

- a. The Ministry's/Office's priorities in the different provinces;
- b. The assessment of implementation-readiness of the priority P/A/Ps in the provinces; and
- c. The consideration of the likely resource constraints for the provincial planning and budgeting.

3.5 With the "new normal", the "Bangsamoro Response and Recovery Plan" shall continue to serve as a baseline in sustaining development efforts suitable to the needs of the Bangsamoro populace by creating inclusive and productive programs, providing socioeconomic opportunities, adapting to technological advancement and innovation, strengthening education initiatives, building resilient communities and responsive to medical healthcare especially in times of crises, such as COVID-19 pandemic, and human-induced and environmental disasters.

3.6 The proposed Personnel Services (PS) budget for the entire Bangsamoro Government shall not exceed 45% of the total revenue source.

3.7 The Bangsamoro government shall appropriate in its annual budget no less than twenty percent (20%) of the total annual appropriation for development projects.

3.8 All the development projects shall contribute to the attainment of desirable social, economic, and environmental management that are directly supportive of the approved Priority Agenda.

3.9 Not less than five (5%) of the total annual appropriation shall be appropriated for disaster risk reduction and management.

4.0 MINISTRY/OFFICE BUDGET LEVELS

4.1 The total budget of Ministries and Offices shall be based on the total cash requirements of (a) Tier 1 Components, and (b) new and Tier 2 Components.

4.1.1 For this purpose, Tier 1 Component is defined as the budget level of the Ministry/Office composed of Personnel Services requirements of authorized positions and the cost of recurring programs and activities based on the Ministry/Office 2022 minimum cash requirement level.

4.1.2 Tier 2 Component is defined as the budget level of the Ministry/Office composed of total new or expanded spending based on the government's priorities.

4.1.3 Under the two-tier budgeting approach, Tier 1 shall be the hard budget ceiling which may be increased from the fiscal space to fund the major expansion and new development programs/projects (Tier 2) in accordance with the Bangsamoro Budget Priorities Framework.

4.1.4 The hard budget ceiling for Tier 1 shall be issued to the Ministries and Offices by the MFBM.

4.2 The amount available for Tier 2 proposals corresponds to the fiscal space, or the difference between the projected expenditure program (after considering projected revenues and deficit targets) and Tier 1.

4.2.1 With the continued implementation of cash budgeting, the Tier 2 proposals shall be limited to the P/A/Ps or goods and services that are to be delivered and paid within the year. Accordingly, the intended appropriations for these proposals shall only pertain to the cash requirements to be fully disbursed within the fiscal year. Furthermore, Tier 2 proposals will be evaluated based on its viability in adherence to the approved Priority Agenda.

4.2.2 To properly allocate the limited fiscal space, Tier 2 proposals shall be evaluated based on the following considerations:

- Relevance with the approved Priority Agenda
- Implementation Readiness
- Ministry/Office Absorptive Capacity
- Budget Utilization Rate
- Indicative Annual Procurement Plan (APP)

5.0 SUBMISSION REQUIREMENTS

GENERAL PROCEDURES

5.1 All concerned shall submit the complete set of Bangsamoro Budget Preparation (BBP) Forms per **Annex B** (BBP Guidelines, Forms and Instructions) and other forms required on 5.4.1, if applicable, through manual submission and transmit to Ministry of Finance, and Budget and Management three (3) hard copies of the required BBP Forms duly endorsed by the Ministry/Office Head.

Furthermore, an electronic copy contained in a flash drive is required to be submitted at the MFBM. Submission through email shall not be recognized as official document, unless ratified by manual submission thereof.

5.2 Ministries and Offices are directed to strictly adhere to the submission deadlines specified in the Calendar of Activities per **Annex C** of this Bangsamoro Budget Memorandum.

5.3 For proposed special or general provisions, Ministries and Offices are required to completely fill-out BBP Form 900, particularly the justification for the inclusion of such provisions. Incomplete forms will not be considered in the evaluation of proposed special and general provisions.

5.4 Tier 2 Proposals' P/A/Ps must be implementation-ready, and to be delivered and executed within the year.

5.4.1 Proposals must include clear, comprehensive, and complete submission of relevant supporting documents such as:

- Feasibility Studies;
- Detailed Engineering Designs;
- Annual Procurement Plans;
- Relocation Action Plan;
- Right of Way Acquisitions;
- Ministry/Office Operational Plans;
- Ministry/Office Sector Roadmaps;
- Network Plans;
- Inter-office Clearances and Permits; and,
- Proofs of consultation with stakeholders.

5.4.2 Other necessary information like monitoring and evaluation plans and risk management plans indicating efforts done to ensure P/A/Ps implementation or execution are encouraged.

5.5 All Ministries and Offices shall submit the pertinent BBP Forms and supporting documents cited in items 5.1 to 5.4 of this Memorandum

directly to the Ministry of Finance, and Budget and Management, Bangsamoro Government Center, Cotabato City.

SPECIFIC PROCEDURES

- 5.6 The Ministry of Basic, Higher and Technical Education shall submit budget proposals covering only those activities to be implemented within the Calendar Year (CY) 2023 (January to December 2023 only), i.e., not the requirements for the whole Academic Year (June 2023 to March 2024).
- 5.7 Ministries and Offices shall likewise prepare the indicative 2023 Annual Procurement Plan (APP) to support their budget proposals. The APP shall be a consolidation of the different Procurement Projects as contained in their respective PPMPs. The indicative APPs shall be submitted to the MFBM as part of the budget proposals.
- 5.8 Relative to the FY 2023 Gender and Development (GAD) Plan and Budget (GPB), the Bangsamoro Women Commission (BWC) shall issue separate guidelines on the specific details of its submission pursuant to Republic Act 9710, or the Magna Carta of Women.
- 5.9 In addition, the budget proposals of Ministries and Offices involving specific concerns shall require Ministry/Office endorsement as follows:

| Endorsing Entity | Subject of Endorsement |
|------------------|--|
| MPW | Buildings and Infrastructure Related Proposals |
| MENRE | Environment Related Proposals |
| ICO | Information and Communication Technology Related Proposals |

- 5.10 Similarly, budget proposals of participating Ministries and Offices for projects linked to or part of convergence programs and projects shall require endorsements of the lead Ministry/Office.
- 5.11 All endorsed projects by the above Ministry/Office shall still be subject to MFBM evaluation.

6.0 For strict compliance.

MINISTRY OF FINANCE, AND
BUDGET AND MANAGEMENT-BARMM

RELEASED

BY:  DATE: 3/25/2022 TIME: 4:15

ATTY. UBAIDA C. PACASEM, CPA
MINISTER

