



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. 2023-03

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

**SUBJECT** : **BUDGET PRIORITIES FRAMEWORK FOR THE PREPARATION OF THE FY 2024 BANGSAMORO BUDGET PROPOSALS**

**DATE** : **8 Ramadhan 1444 AH | 30 March 2023**

**1.0 RATIONALE**

The Bangsamoro Budget Priorities for FY 2024 is aligned with the 2<sup>nd</sup> Bangsamoro Development Plan (BDP) 2023-2028 containing 6-Overall Development Goals with 8 Development Strategies. It reiterates that the budgetary allocations for FY 2024 should reflect specific investments directed towards the 12 Priority Areas of the BARMM for the transition period. The Budget Priorities also supports the Philippine Development Plan (PDP) 2023-2028.

The FY 2024 Budget shall serve as a key instrument for translating strategic priorities to concrete programs, activities, and projects. This is to ensure that the allocation of resources leads toward the realization of inclusive, efficient, and productive development outcomes.

The FY 2024 Budget will be crafted under the guiding principles of *fiscal discipline*, *allocative efficiency*, and *operational efficiency* so that it continues to be strategic, responsive, and responsible, in line with the Bangsamoro Government's thrust on moral governance and in pursuit of a genuine and meaningful autonomy.

**2.0 PURPOSE**

The issuance of this FY 2024 Budget Priorities Framework (BPF) aims to guide the Ministries, Offices, and Agencies in the crafting of their budget proposals through the identification of the following:



- 2.1 Macroeconomic targets and assumptions;
- 2.2 A benchmark for ensuring a healthy fiscal position in prioritizing programs, activities, and projects linked to the 6-Overall Development Goals with 8 Development Strategies; and,
- 2.3 Specific guidelines and procedures in the formulation of the FY 2024 budget.

### 3.0 MACROECONOMIC TARGETS, ASSUMPTIONS, AND OPPORTUNITIES

For FY 2024, as provided by the Bangsamoro Planning and Development Authority (BPDA), the BARMM Macroeconomic Targets, Assumptions, and Opportunities are as follows:

Figure 1. Macroeconomic Targets, 2023-2028

MACROECONOMIC INDICATOR	BASELINE	TARGETS <sup>1</sup>					
		2023	2024	2025	2026	2027	2028
Gross Regional Domestic Product Growth Rate	7.5 (2020-21)	6.0- 6.5	6.5- 7.5	6.5- 7.5	7.5- 8.0	8.0- 8.5	8.0- 9.0
GRDP Per Capita – Growth Rate	6.40% (2020-21)	5.8- 8.0	5.0- 8.0	5.0- 8.0	6.0- 9.0	6.0- 9.0	6.0- 9.0
Annual Real Growth Rate of the Industry Sector	7.90% (2020-21)	8.0- 10.0	8.0- 10.0	9.0- 11.0	9.0- 11.0	10.0- 12.0	10.0- 12.0
Annual Real Growth Rate of the Services Sector	6.60% (2020-21)	8.0- 10.0	8.0- 10.0	9.0- 11.0	9.0- 11.0	10.0- 12.0	10.0- 12.0
Gross Capital Formation (GCF) as Percentage of GRDE/GRDP	16.91% (2020-21)	18.0- 20.0	18.0- 20.0	18.0- 20.0	18.0- 20.0	18.0- 20.0	18.0- 20.0
Inflation Rate	2.40%	2.0- 4.0	2.0- 4.0	2.0- 4.0	2.0- 4.0	2.0- 4.0	2.0- 4.0
Unemployment Rate	3.80%	3.0- 4.0	3.0- 5.0	3.0- 5.0	3.0- 5.0	3.0- 5.0	3.0- 5.0
Underemployment Rate	9.00%	5.0- 7.0	4.0- 7.0	4.0- 7.0	4.0- 7.0	4.0- 7.0	4.0- 7.0
Poverty Incidence (among families)	29.80% (2021)	-	25-28	-	22-26	-	20-25

Source: 2<sup>nd</sup> Bangsamoro Development Plan 2023-2028

<sup>1</sup> These targets are meant to be revisited and assessed every year depending on the actual performance of the economy and other contextual changes.



### 3.1 Targets

A diversified and well-balanced economy is one of the key targets in the 2<sup>nd</sup> Bangsamoro Development Plan (BDP) 2023-2028. BARMM enjoys relative strength in agriculture, fishery, and forestry (AFF), but the sector should be supported with the industry and services sectors for the economy to be resilient to internal and external shocks. This is why in the 2<sup>nd</sup> BDP, a new set of targets pertaining to the annual real growth of the industry and services sectors have been identified. Double digit increments are needed for the industry and services sectors for BARMM to be at par or even outpace the neighbors in Mindanao.

BARMM is largely a consumption-driven economy. For BARMM to have sustained growth, investments should play a bigger role in the economy. This is why Gross Capital Formation has been identified as an indicator to register a double-digit growth rate so that investments will play a bigger role in job generation and wealth creation.

In the 1<sup>st</sup> BDP 2020-2023, labor force participation rate was a critical indicator. In the 2<sup>nd</sup> BDP 2023-2028, the focus shifted towards unemployment and underemployment rates as these are the ones in which the programs have direct contribution.

Inflation is needed to be at a manageable level since it is not necessarily bad. A manageable inflation rate implies a growing economy while at the same time protecting the purchasing power of the consumers.

### 3.2 Assumptions

The gains in the recovery from the ill-effects of the pandemic will be sustained in 2024. The region will continue its bullish position as among the fastest growing economies in the country. As overall regional security continues to improve, investments are expected to flow into the region, particularly in the areas of agriculture, construction, real estate, mining, retail trade, tourism, banking, and other service-oriented industries. A diversified economy in 2024 will make BARMM even more resilient and robust.

While agriculture remains to be the region's most important source of food, income and livelihood, services and industry sectors will continue to have an expanding role in the region's economy in 2024. The continuing growing role of the services and industry sectors are direct by-products of increased confidence in the region as an investment destination. This structural transformation provides a better platform for the agriculture sector to be supported in its modernization, improved efficiency, and competitiveness.



Improved competition in the markets as a result of an efficient, reliable, and integrated value chain and better infrastructure will ensure stability and better predictability in the prices of goods and services. Investments in the public infrastructure from previous years are expected to generate key results in 2024 in the areas of agri-fishery, labor and employment, trade, investments, among others. Better employment opportunities, improved connectivity, increased social protection, and influx of investments are expected to result in inclusive growth and continuing reduction of poverty.

### 3.3 Opportunities

BARMM's rich and diversified natural resources are yet to be explored. As the region continues to make significant headways in the peace process, these natural resources can be tapped to bolster production, trade, investments, and boost the economy of the region.

Several instruments, which include legislative and administrative issuances, are issued to create an enabling environment for the Ministries, Offices, and Agencies, to systematize processes and procedures. Roadmaps focusing on the region's comparative and competitive advantages will generate jobs and create wealth, pave the way for strategic investments, improve the usage of public funds for infrastructure support, and provide technologies and equipment for quality regional products.

The BARMM has a lot of potential in terms of human capital with rich culture and heritage. With various capacity development during the transition period, this human capital will eventually become a skilled and knowledgeable workforce that can adapt to changing circumstances and contribute to the growth and development of the Bangsamoro.

## 4.0 DEVELOPMENT GOALS AND STRATEGIES

- 4.1 The Ministries, Offices, and Agencies shall propose Programs, Activities, and Projects that are in line with the development goals as defined by the 2<sup>nd</sup> Bangsamoro Development Plan 2023-2028.

### 4.1.1 Stable, just, and accountable Bangsamoro Government.

Development administration assumes a level of stability in the face of external and internal shocks that does not imply disruption of service delivery. It represents the ability of ministries, government offices and authorities to carry out their duties effectively and efficiently, even during emergencies and political events such as elections.



A just government means that the government is the primary agent of economic and social justice. It also means that the government will exercise all powers prudently to advance the public interest and leaders use their powers to ensure inclusive and pervasive growth.

On the other hand, accountable government means that institutions, leaders, and staff are held accountable for the use of their resources and powers. It also means having accountability frameworks, mechanisms, systems and processes in place to recognize and reward good performance, learn lessons and avoid or stop bad practices.

#### 4.1.2 Equitable, competitive, and sustainable economy.

An equitable economy implies that economic gains are benefitted by all with special bias for the poor, marginalized, and disenfranchised. This also implies that remarkable improvements in key inequality indicators such as Gini coefficient, poverty gap and poverty severity have been observed.

Competitive economy implies that the BARMM economy enjoys comparative and competitive advantage in selected products, and these advantages have been optimized through improved local and international market linkages. It also implies the use of technology by key players in the development and promotion of local products. At the macroeconomic level, this implies a sustained double-digit growth in GDP, and that industry and services sectors account a significant share in the overall economy.

Sustainable economy implies that the Bangsamoro economy exemplifies a circular economy wherein the interests of the economy and the environment are preserved and promoted.

#### 4.1.3 Peaceful, safe, and resilient Bangsamoro communities.

The Bangsamoro aims to achieve lasting peace through ensuring security and intensifying peacebuilding effort; it also aims to have a safe community for the Bangsamoro by protecting the Bangsamoro people as well as creating communities that able to withstand from natural calamities, and human-induced disaster.

#### 4.1.4 Inclusive, responsive, and quality social services.

The Bangsamoro government aims to have quality social services that are inclusive of all sectors regardless of colors, tribes, and political affiliations to ensure that it will leave no one behind. The Bangsamoro government also ensures that services respond to the needs of the people of all kinds and the Bangsamoro as a whole.



#### 4.1.5 Rich and diverse Bangsamoro Cultures and identity preserved and recognized.

The Bangsamoro is heading to maintain and promote its rich, diverse culture and identity. Its recognition and promotion are mandated under the Sec. 24, Art. IX of the BOL as it is the primary cause of the Bangsamoro struggle.

#### 4.1.6 Strategic, adequate, and climate-resilient infrastructure.

It is mainly focused on achieving scale-up capacity, strategic, appropriate, climate resilient and high-quality infrastructure to support sustainable socio-economic development of Bangsamoro. Strategic refers to the type of infrastructure that has broad-based and inclusive effects to the industries and communities. Adequate refers on the ability to meet infrastructure demands of the industries and communities, and climate-resilient refers to the type of infrastructure that can withstand calamities induced by climate change.

#### 4.2 The goals and strategies as viewed per sector<sup>2</sup> are as follows:

##### 4.2.1 Economic Development Sector

The sectoral goal is to have an equitable, competitive, and robust economy. This can be achieved by the following overarching sectoral strategies:

- Create an enabling environment towards equitable, competitive, and robust economy;
- Harness technology and innovations to increase socioeconomic opportunities and improve government services; and
- Improve ecological integrity, resilience of communities, and ensure a healthy and clean environment.

##### 4.2.2 Social Development Sector

The sectoral goals are: (1) Inclusive, responsive, and quality social services; and (2) Rich and diverse Bangsamoro cultures and identity preserved and recognized. This can be achieved by the following overarching sectoral strategy:

- Ensure inclusive and equitable access to quality services for social justice and human capital development;

<sup>2</sup> Based on the 2<sup>nd</sup> Bangsamoro Development Plan as identified by the Bangsamoro Planning and Development Authority.



- Mainstream Bangsamoro identity, cultural diversity, beliefs, and heritage; and
- Gender-responsiveness

#### 4.2.3 Infrastructure Development Sector

The sectoral goal is to have strategic, adequate, and climate-resilient infrastructure. This can be achieved by the following overarching sectoral strategy:

- Scale-up strategic, adequate, and climate-resilient infrastructure to support sustainable socioeconomic development in the Bangsamoro.

#### 4.2.4 Peace, Public Order and Safety, and Security Sector

The sectoral goal is to have peaceful, safe, and resilient Bangsamoro communities. This can be achieved by the following overarching sectoral strategy:

- Enhance and strengthen peace, public order, safety, and security, and uphold human rights for peaceful, safe and resilient Bangsamoro communities.
- Improve ecological integrity, resilience of communities, and ensure a healthy and clean environment.

#### 4.2.5 Development Administration Sector

The sectoral goal is to have a stable, just, and accountable Bangsamoro government. The overarching strategy is:

- Improve and strengthen governance mechanisms for stable, just, and accountable Bangsamoro government.

## 5.0 BARMM REVENUE SOURCE AND SPENDING PROGRAM

The sources of funds for the operations of the Bangsamoro Government are the annual block grant<sup>3</sup>, other subsidies from the National Government, share in the National Government taxes, fees and charges collected in the Bangsamoro territorial jurisdiction, collections on regional taxes, fees and charges, and other sources.

<sup>3</sup> The amount of the Block Grant shall be equivalent to 5% of the net national internal revenue tax collections of the Bureau of Internal Revenue and the net collection of the Bureau of Customs from the third fiscal year immediately preceding the current fiscal year. For the FY 2024 Block Grant, the computation base shall be FY 2021 during the start of the recovery from the COVID-19 Pandemic.



Following a Balanced Fiscal Budget, the Bangsamoro Budget shall continue to include all fund sources as the basis of the FY 2024 Budget Expenditure Program. A balanced fiscal budget assures zero net borrowings (i.e., zero public debt), which is apt for the Bangsamoro Government that is pursuing fiscal prudence.

Moreover, the Bangsamoro Budget shall continue to abide to the considerations provided by the BOL, assigning the highest budgetary priority to Education, Health, and Social Services, as well as following a 45% Personnel Services Budget Ceiling based on total revenue source.

The FY 2024 budget shall strive to be an instrument in achieving the vision where the Bangsamoro is united, enlightened, self-governing, peaceful, just, morally upright, and progressive.

## 6.0 GUIDELINES FOR BUDGET PROPOSALS/SUBMISSIONS

### 6.1 Details of Tier 1 Budget Ceiling

6.1.1 Ministries, Offices, and Agencies shall program the details of the ceiling provided in the **Confirmation Letter** through the issuance of Bangsamoro Budget Memorandum 2023-02 dated March 15, 2023 in the corresponding Bangsamoro Budget Preparation (BBP) Forms. Ministries, Offices, and Agencies shall strictly comply with the specific instructions in accomplishing the BBP Forms, issued under the Bangsamoro Budget Memorandum 2023-01, dated March 1, 2023, otherwise known as the *Bangsamoro Budget Call for FY 2024*.

6.1.2 To streamline the assessment of the proposed expansion of Tier 1 P/A/Ps, Ministries, Offices, and Agencies shall accomplish the **BBP Form 310-a** to reflect adequate details of the Tier 1 P/A/Ps.

### 6.2 Requirements of Tier 2 Proposals

6.2.1 For the FY 2024 Budget Preparation, the BBP Form 310-b has been issued for Ministries, Offices, and Agencies to accomplish for each proposed new/expansion of program or project. The forms will explain the basic justifications of the Ministry/Office/Agency for the proposals and indicate the implementation readiness of the proposals.

6.2.2 The **BBP Form 310-b** shall be accomplished for every new program/project proposal and every expanded program/project. Failure to do so can lead to the non-consideration of the Tier 2 proposals. Hence, it is important that the Ministry/Office/Agency



accomplishes these clearly, comprehensively, and completely for every new and expanded P/A/P proposal<sup>4</sup>.

- 6.2.3 Ministries, Offices, and Agencies **shall rank** the Tier 2 proposals. The ranking of the Tier 2 proposals will facilitate the assessment of priority P/A/Ps within the Ministry/Office/Agency budget proposal.
- 6.2.4 Ministries, Offices, and Agencies shall guide and coordinate with their Provincial/Sub-Offices on the focus areas in each province/municipality, interventions required, and magnitude of resource allocation.
- 6.2.5 Consistent with the "no lump sum budget policy", budget proposals shall be disaggregated into detailed project components and geographic locations up to at least provincial level locations. Proposals without the said disaggregation (by province if city and municipality locations are not yet available) and required documentation will not be included in the Tier 2 deliberations.
- 6.2.6 Ministries, Offices, and Agencies are required to comply with the specific guidelines and instructions in accomplishing the other relevant BBP forms as provided in the Bangsamoro Budget Call for FY 2024.
- 6.2.7 In view of the above requirements, close coordination is important and necessary among the Budget Officers of the Ministries, Offices, and Agencies and their counterparts in the Planning and Operations Units in the crafting and formulation of the proposed program/project and its accompanying BBP 310-b and other forms.

## 7.0 CONSIDERATIONS FOR TIER 2 PROPOSALS

With the adoption of the annual cash-based budget, the Tier 2 proposals shall be limited to the P/A/Ps or goods and services that can be delivered or rendered within FY 2024.

Ministries, Offices, and Agencies are encouraged to submit program convergence plans to ensure that priority inter-Ministry/Office/Agency programs are planned, budgeted, and implemented in a coordinated manner. Likewise, Ministries, Offices, and Agencies must ensure that their proposed P/A/Ps are within their mandate and function avoiding duplication of similar P/A/Ps with other Ministries, Offices, and Agencies.

<sup>4</sup> Some project categories like farm-to-market roads, repair and construction of local and national roads or bridges, water supply, forestry replanting, health facilities enhancement projects which are presented as a P/A/P can be treated as one (1) project. They need to be justified by an explanation of their objectives, rationale, and prioritization criteria relative to this BPF, location, and the basic individual project design or specifications.



Accordingly, the intended appropriations for these proposals shall only pertain to the cash requirements that is to be fully disbursed within the fiscal year. In order to properly allocate the limited fiscal space, Tier 2 proposals will be evaluated based on the following considerations:

#### 7.1.1 Implementation-readiness

Programs/Activities/Projects (P/A/Ps) that will be included in the budget must be implementation-ready to be delivered and executed within the year. Proposals must include clear, comprehensive, and complete submission of relevant supporting documents consistent with Item 4.4 of Bangsamoro Budget Call for FY 2024, such as, but not limited to the following:

- Feasibility Studies,
- Detailed Engineering Design,
- Annual Procurement Plans,
- Resettlement Action Plans,
- Right of Way Acquisition Plans,
- Ministry/Office/Agency Operational Plans,
- Ministry/Office/Agency Sector Roadmaps,
- Network Plans,
- Inter-Ministry/Office/Agency Clearances and Permits, and
- Proofs of consultation with stakeholders.

If preparatory works are still needed before the proposed project's actual execution, the first phase of implementation shall only reflect the requirements for such preliminary activities.

#### 7.1.2 Indicative Annual Procurement Plan (APP)

Well-planned projects and proposals are the most effective and are most likely to be implemented on time. An indicative APP shall be prepared alongside the budget proposal to enable the Ministry/Office/Agency to conduct early procurement process once the Bangsamoro Expenditure Program (BEP) is submitted to the Parliament.

BBP Form 310-b, and relevant supporting documents will be the bases for the evaluations. As such, MFBM requires **clear, comprehensive, and complete submissions**. Ministries, Offices, and Agencies must remember to properly rank their proposals to determine the level of priority of the proposals that may be included in the final recommendation for funding.

## 8.0 PROCEDURE FOR PROCESSING OF PROPOSALS

- 8.1 To ensure objectivity, balance, and use of technical expertise in the review of the Ministry/Office/Agency proposals, the following evaluation process for the proposals will be implemented:



### 8.1.1 Endorsing Authorities

All information and communication technology-related, environment-related, and infrastructure-related P/A/Ps in the budget proposals shall be subject to the endorsement of the endorsing authorities stated under Item 4.10 of Bangsamoro Budget Call for FY 2024 and the respective guidelines presented during the Bangsamoro Budget Forum for FY 2024.

In addition, all environment-related P/A/Ps in the budget proposals shall be subject to the Climate Change Expenditure tagging of the endorsing authority stated under Item 4.10 of the Bangsamoro Budget Call for FY 2024.

### 8.1.2 Reviewing Entity

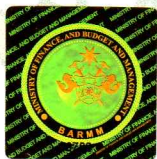
The Bangsamoro Planning and Development Authority (BPDA) shall certify all proposed P/A/Ps of the Ministry/Office/Agency Budget Proposals to ensure that these are aligned with the 2<sup>nd</sup> Bangsamoro Development Plan (BDP) 2023-2028.

The FY 2024 proposals on infrastructure shall be presented to and evaluated by the Bangsamoro Economic and Development Council (BEDC) and endorsed to the MFBM.

- 8.2 Certifications and endorsements **shall be attached** to the Ministry/Office/Agency budget proposal upon submission to the MFBM.
- 8.3 Only the proposals that pass the respective review process/es **will be considered** for funding and inclusion in the FY 2024 Bangsamoro Expenditure Program.
- 8.4 All endorsed/reviewed projects **shall still be subject** to MFBM evaluation for financial assessment.

### 9.0 For immediate compliance.

UBAIDA C. PASASEM  
Minister



MINISTRY OF FINANCE, AND  
BUDGET AND MANAGEMENT - BARMM

**RELEASED**

BY: Slk DATE: 03-31-23 TIME 8:00