



Economic Brief | Issue No. 3
August 2024

BARMM ECONOMY IN BRIEF 2023-2025

*A snapshot of economic trends in the Bangsamoro Autonomous
Region in Muslim Mindanao*



Acknowledgement

We extend our sincerest gratitude to Honorable Minister Ubaida C. Pacasem for his unwavering support and guidance throughout the preparation and publication of this briefer. His encouragement was instrumental in making this briefer possible.

We also express profound gratitude to the Macroeconomics Research Division of the Asian Development Bank for their technical assistance and invaluable insights, which significantly enhanced the quality and reliability of the information presented. Special thanks to the Director of the Bangsamoro Finance Office, Atty. Sittie Amirah K. Pendatun, for facilitating the collaboration between the Economics Division and ADB, which greatly benefited this project.

Lastly, we acknowledge the efforts of all contributors who supported this project in various capacities. We remain committed to providing relevant and timely information to facilitate evidence-based decision-making and informed policy development.



About this Briefer

This briefer offers a comprehensive analysis of the economic performance of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) for 2023 and includes forecasts for 2024 and 2025. It presents detailed insights into the region's Gross Regional Domestic Product (GRDP), investment trends, sectoral performance, labor market conditions, inflation rates, and poverty incidence, providing a clear view of BARMM's economic trajectory.

The information presented in this briefer includes data sourced from the Philippine Statistics Authority (PSA) and forecasts generated using the Asian Development Bank's (ADB) Macroeconomic Monitoring Forecasting (MMF) tool.

This Economic Briefer is an initiative of the Economics Division of the Ministry of Finance, Budget, and Management (MFBM). It aims to support informed decision-making by providing reliable economic analysis and projections. It is intended to be a valuable resource for policymakers, stakeholders, and the public, and will be available both online and in print.

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

In 2023, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) demonstrated robust economic performance with a **Gross Regional Domestic Product (GRDP)** growth of 4.3%. This growth was primarily driven by household consumption and government expenditure. Projections for the upcoming years indicate a promising outlook, with GDP growth rates expected to reach 6.0% in 2024 and 7.5% in 2025. This optimistic forecast is fueled by strong household spending, stable government expenditure, and increased investments.

Private final consumption expenditure rose significantly by 7.5% in 2023, reaching PHP 333.40 billion, reflecting robust household spending and consumer confidence. The continued growth in household consumption is anticipated to be driven by the increasing disposable income levels, remittances, and government initiatives. Similarly, **government final consumption expenditure** increased by 3.4% in 2023, amounting to PHP 106.27 billion. Looking ahead, significant investments in infrastructure, public services, and effective public administration are expected to drive further economic growth, with projected increases of 4.7% in 2024 and 4.6% in 2025.

Investment activities, as indicated by **Gross Capital Formation**, saw a slight decline of -1.0% in 2023, totaling PHP 53.74 billion. Despite this, the construction sector experienced modest growth of 10.4%. Future projections highlight substantial growth in investments, particularly in the construction sector, which is crucial for enhancing the region's productive capacity and supporting sustained economic growth. Efforts to boost **exports** and reduce **import** dependency are essential for achieving a more balanced trade position and economic resilience. In 2023, net exports showed improvement, with exports at PHP 24.48 billion and imports at PHP 30.84 billion, reflecting a better trade balance than the previous year.

The sectoral performance of BARMM in 2023 was marked by a 2.7% growth in **agriculture**, contributing 34.84% to GRDP. Continued growth in this sector is expected through improvements in agricultural practices and investments in infrastructure. The agriculture sector is projected to grow by 4.0% in 2024 and 4.2% in 2025. The **industry sector** experienced a growth of 2.6%, with notable trends in construction and utilities, although the mining sector saw a significant decline, indicating a need for diversification and sustainable practices. The industry sector is forecasted to grow by 5.4% in 2024 and in 2025. The **services sector**, the largest in BARMM, grew by 6.7%, contributing 41.03% to GRDP. Key sub-sectors driving this growth include retail trade, transportation, financial services, and public administration. The services sector is expected to grow by 8.1% in 2024 and 11.3% in 2025.



The **labor** market in BARMM demonstrated resilience in 2023 with increasing labor force participation and employment rates. This positive trend is projected to continue through 2024 and 2025, driven by job creation initiatives, workforce development programs, and support for small and medium enterprises (SMEs). These measures are expected to strengthen labor market conditions, contributing to overall economic stability and growth.

Inflation rates in BARMM have fluctuated due to external economic factors and domestic challenges, but a gradual decline is projected by 2025. Effective inflation management will be crucial for maintaining economic stability and ensuring the purchasing power of consumers.

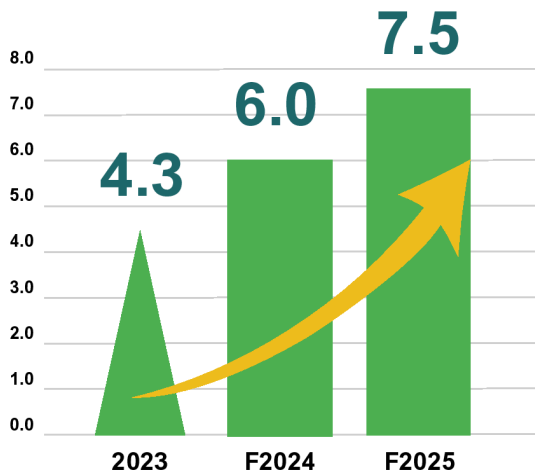
On the **poverty** front, the incidence in the region decreased to 23.5% in 2023, with mixed outcomes across the provinces. Projections for 2025 indicate a further reduction to 21.5%. This decline is driven by continued economic development programs and targeted interventions aimed at improving the economic well-being of families within the region.

Overall, **BARMM's economic outlook is optimistic**, with strong growth anticipated across various sectors supported by robust household consumption, stable government expenditure, and increased investments. Addressing the reliance on imports, enhancing local production, and improving the trade balance will be critical for ensuring sustainable long-term economic growth. With targeted policies, continued investment in infrastructure, and workforce development, BARMM is well-positioned for continued development and prosperity.



BARMM ECONOMY

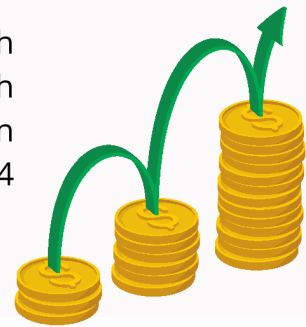
AT GLANCE



GRDP

REGIONAL ECONOMY CONTINUES TO GROW

Achieved a GRDP growth rate of 4.3% in 2023, with projections indicating an increase to 6.0% in 2024 and 7.5% in 2025.



DEMAND SIDE

HOUSEHOLD AND GOVERNMENT CONSUMPTION DRIVE GROWTH

7.52



Household consumption increased by 7.5% to PHP 333.40 billion and government expenditure by 3.4% to PHP 106.27 billion in 2023, with further growth expected.



3.36

INVESTMENTS SET TO INCREASE

Gross Capital Formation saw a slight decline in 2023 but are projected to experience significant growth in the coming years, driven by infrastructure and business activities.

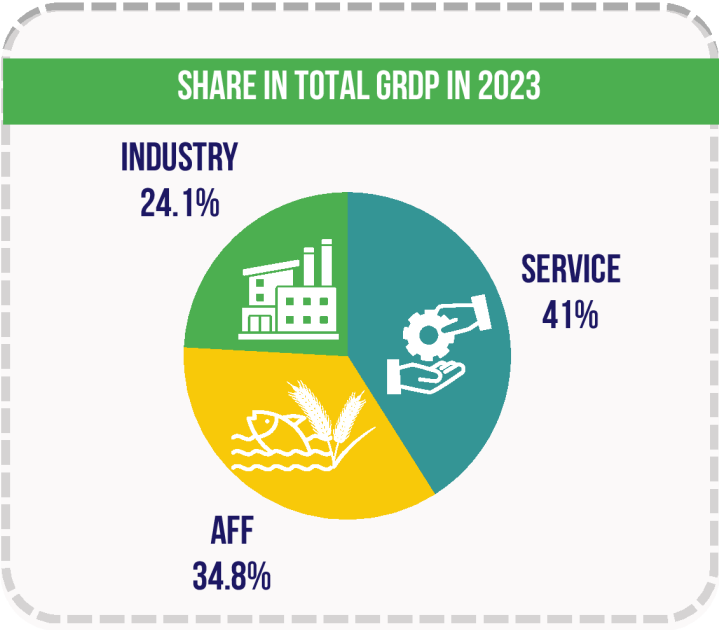


BARMM REMAINS A NET IMPORTER

Despite improvements, the region remained a net importer with exports at PHP 24.48 billion and imports at PHP 30.84 billion in 2023. Continued efforts to enhance local production are critical.



SUPPLY SIDE

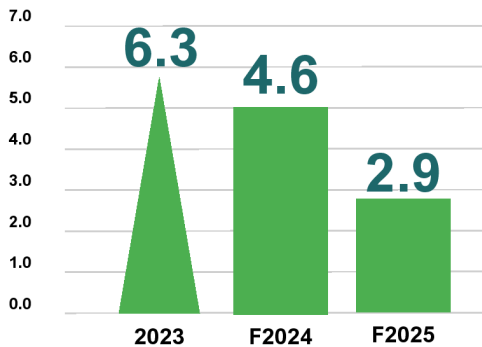
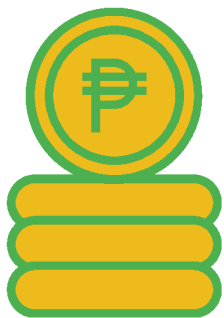


GROWTH RATE

	2023	2024 Forecast	2025 Forecast
SERVICE	↑ 6.7	↑ 8.1	↑ 11.3
AGRICULTURE, FISHERY, AND FISHING	↑ 2.7	↑ 4.0	↑ 4.2
INDUSTRY	↑ 2.6	↑ 5.4	↑ 5.4

LABOR MARKET SHOWS RESILIENCE

Showed resilience with increasing labor force participation and employment rates in 2023, with further improvements expected through job creation and workforce development.



INFLATION RATES STILL MANAGEABLE

Average inflation rose to 6.3% in 2023 but is projected to stabilize at 4.6% in 2024 and 2.9% in 2025, crucial for maintaining economic stability.

POVERTY INCIDENCE DECREASES

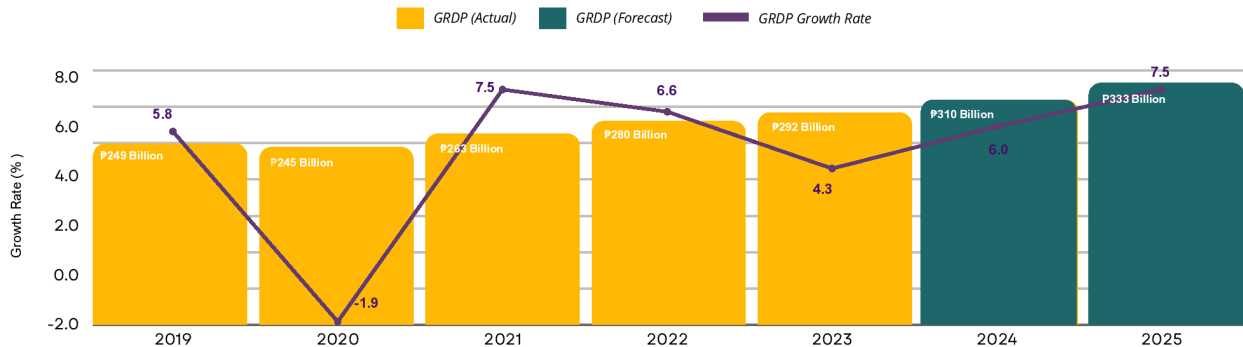
Reduced poverty incidence to 23.5% in 2023 from 28.0% in 2021, with ongoing economic development programs and targeted interventions needed to further reduce poverty and improve living standards.



Gross Regional Domestic Product

Gross Regional Domestic Product (GRDP) is the total value of all goods and services produced within a specific region over a given period, usually a year. GRDP serves as a key indicator of regional economic health, helping policymakers design targeted economic strategies, guiding business and investment decisions, and allowing for comparative analysis of economic performance across different regions.

Gross Regional Domestic Product Growth Rate: BARMM (Actual: 2019-2023 | Forecast: 2024-2025)



Sources:
Actual: Philippine Statistics Authority
Forecast: Asian Development Bank and MFBM Economics Division

In 2023, the GRDP of the BARMM region grew by 4.3%. This growth was primarily driven by a significant 7.5% rise in Private Final Consumption Expenditure (PFCE), indicating strong household spending. This increase in household consumption can be attributed to factors such as increased remittances from Overseas Filipino Workers (OFWs) and improved local employment opportunities, which enhance spending power within the region [1]. Additionally, Government Final Consumption Expenditure (GFCE) increased by 3.4%, amounting to PHP 106.27 billion, reflecting stable public sector contributions to the economy. Specific government programs and infrastructure projects, including investments in healthcare, education, and road construction, have played a crucial role in this growth [2].

However, overall investment, as indicated by Gross Capital Formation (GCF), saw a slight decline of -1.0%, totaling PHP 53.74 billion. Within this, the construction sector grew by 10.4%, reaching PHP 12.04 billion. Major construction projects, such as commercial centers, housing developments, and transportation infrastructure, contribute to economic stability and future growth [3]. Net exports to the rest of the world improved slightly, with exports increasing to PHP 24.48 billion and imports decreasing to PHP 30.84 billion, indicating a positive adjustment in trade dynamics. Identifying key export commodities can provide a clearer picture of the region's economic strengths.

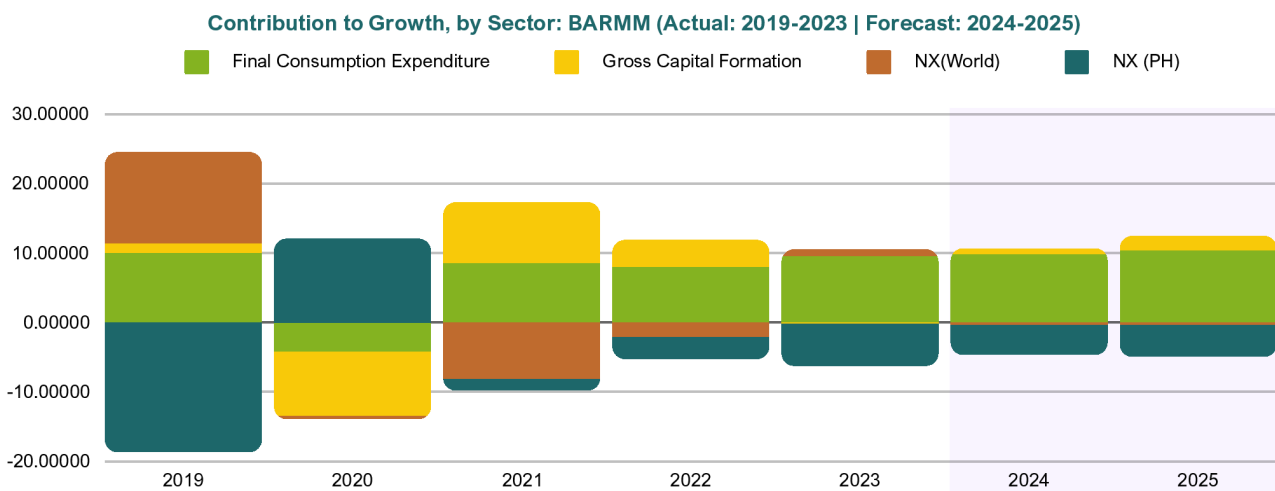
The sectoral performance of BARMM in 2023 was marked by a 2.7% growth in agriculture, contributing 34.8% to GRDP. Continued growth in this sector is expected through improvements in agricultural practices and investments in infrastructure. The industry sector experienced a growth of 2.6%, with notable trends in construction and utilities, although the mining sector saw a significant decline, indicating a need for diversification and sustainable practices. The services sector, the largest in BARMM, grew by 6.7%, contributing 41.03% to GRDP. Key sub-sectors driving this growth include retail trade, transportation, financial services, and public administration.

Projections for 2024 are optimistic, with expected GRDP growth of 6.0%. This growth is anticipated to be driven by strong household spending, stable government expenditure, and increased investments in infrastructure and business activities. The construction sector is likely to continue its positive trend, supported by ongoing and new development projects. Net exports are also expected to improve, contributing positively to economic growth. By 2025, BARMM's GRDP is projected to grow by 7.5%, driven by robust private consumption. Substantial growth in investments, particularly in the construction sector, is expected to continue, significantly boosting economic activity. Continued improvements in net exports, supported by export sector expansion and import substitution strategies, are anticipated to contribute positively to the region's economic growth.

Demand-Side

The demand-side of GRDP focuses on the total demand for goods and services within a region. It encompasses the expenditures by households, businesses, and the government, as well as net exports (exports minus imports). Key components include private and government final consumption expenditure, gross capital formation, and net exports. This perspective highlights how consumer spending, investment in infrastructure and business activities (gross capital formation), government expenditures on public services, and trade dynamics contribute to the overall economic activity and growth of the region. A strong demand-side performance is often indicative of robust economic health, driven by high consumer confidence, business investments, and effective government policies.

Contributions to Growth



In 2023, Final Consumption Expenditure was the largest contributor to GRDP growth in BARMM, adding 9.55%. This growth was driven mainly by Private Final Consumption Expenditure, which contributed 8.32%, indicating robust household spending. Government Final Consumption Expenditure also played a significant role, contributing 1.23% to the growth, highlighting the importance of public services and infrastructure investments.

Gross Capital Formation had a minimal negative impact on growth, contributing -0.19%. Contributions from breeding stocks and orchard development were positive, suggesting some investment in agricultural productivity. Net exports of goods and services to the rest of the world made a positive contribution of 0.95%, despite a significant negative contribution from imports, which underscores the region's reliance on external goods and services. The overall trade balance remained a challenge, highlighting the need for strengthening local production capabilities.

Looking ahead, Final Consumption Expenditure is projected to continue driving growth, with contributions of 9.87% in 2024 and 10.39% in 2025. Private consumption is expected to maintain its strong performance, while government spending will also remain a crucial factor. Gross Capital Formation is projected to recover, contributing positively to growth with 0.78% in 2024 and 2.03 percentage points in 2025, driven by improvements in infrastructure and productive investments.



Final Consumption

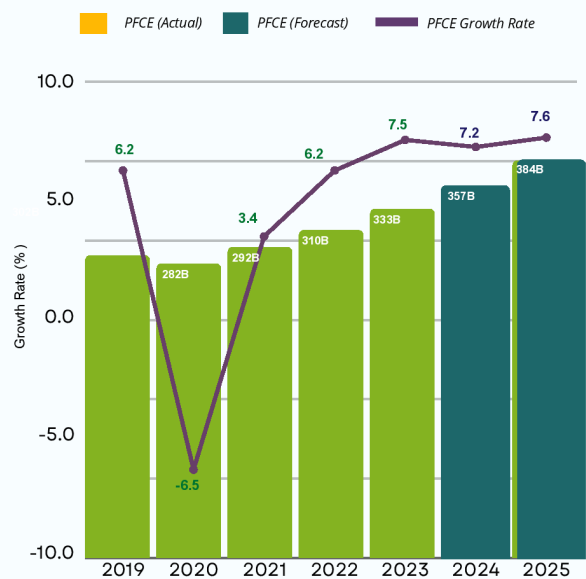
In 2023, the final consumption expenditure in BARMM showed significant growth, increasing by 6.5% to reach PHP 439.67 billion. This growth was primarily driven by strong household spending and stable government expenditure. As the largest component of GRDP, final consumption expenditure reflects the overall economic activity and health of the region. The sustained rise in consumption expenditure indicates positive economic sentiment and resilience among consumers and the government, even amid challenges such as economic fluctuations and external shocks.

Household Consumption

In 2023, Private Final Consumption Expenditure or the Household Consumption in BARMM rose significantly by 7.5%, reflecting strong consumer confidence and robust household spending. It notably exceeds 100% of GRDP, highlighting a consumption level of PHP 333.40 billion against a GRDP of PHP 292.23 billion. This suggests that the region consumes more than it produces, heavily relying on imports to meet its consumption needs.

It is projected to reach PHP 443 billion in 2024 and PHP 500 billion in 2025, with anticipated growth rates of 7.2% in 2024 and 7.6% in 2025. These projections assume continued economic stability and supportive government policies, which are expected to drive steady growth in household incomes through increased economic activities and employment opportunities. Additionally, controlled inflation should allow for real growth in household consumption [4]. Investments in local industries and infrastructure are anticipated to boost production capabilities, reduce import dependency, and enhance economic resilience [5]. These factors collectively support the positive outlook for household consumption in BARMM.

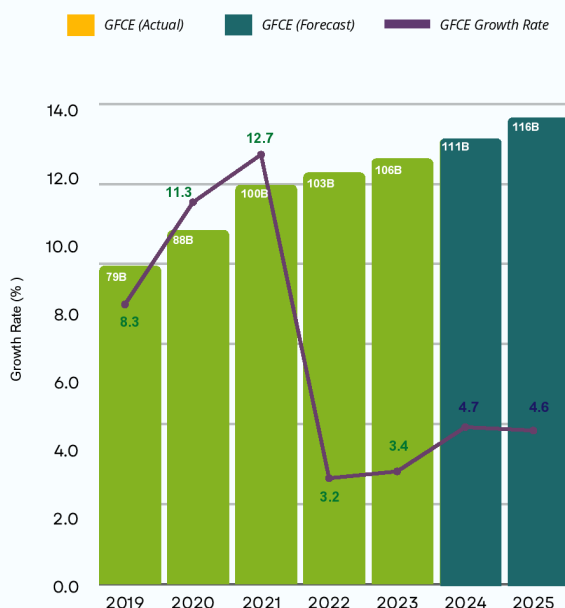
Private Final Consumption Expenditure: BARMM
(Actual: 2019-2023 | Forecast: 2024-2025)



Sources:
Actual: Philippine Statistics Authority
Forecast: Asian Development Bank and MFBM Economics Division

Government Consumption

Government Final Consumption Expenditure: BARMM
(Actual: 2019-2023 | Forecast: 2024-2025)



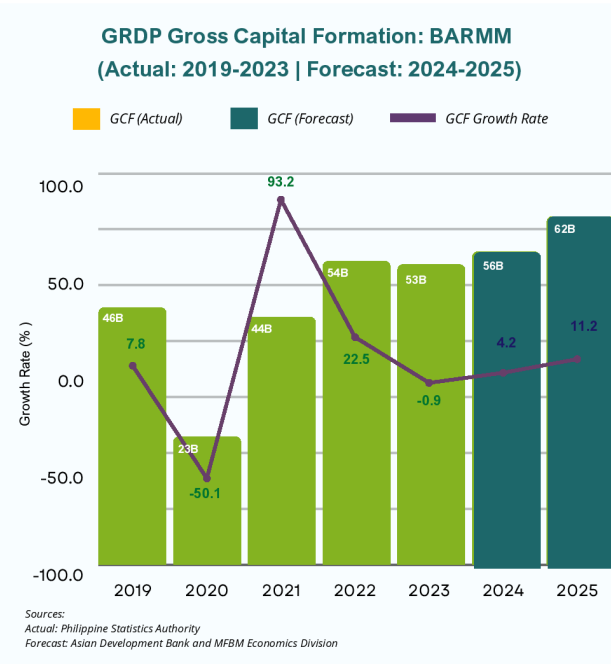
Sources:
Actual: Philippine Statistics Authority
Forecast: Asian Development Bank and MFBM Economics Division

Government Final Consumption Expenditure grew by 3.4% in 2023, reflecting stable public spending on goods and services. This growth indicates the government's ongoing commitment to supporting public services and infrastructure development, which are crucial for the region's socio-economic stability and growth.

Projections show that government spending will increase to PHP 111 billion in 2024, representing a 4.7% growth, and to PHP 116 billion in 2025, representing a 4.6% growth. These increases are expected to support new initiatives and infrastructure projects, further boosting economic growth and development in BARMM. The projections assume continued economic stability and supportive government policies, which are expected to drive steady growth in public spending. Controlled inflation is anticipated to maintain the purchasing power of government expenditure, ensuring effective delivery of public services [4]. Additionally, the government's focus on infrastructure development and public service enhancement is expected to sustain the momentum of economic growth [5].

Gross Capital Formation

Gross Capital Formation (GCF) is a measure of the total value of investments in fixed assets and inventories within an economy over a specific period. It includes the purchase of new physical assets, such as machinery, buildings, infrastructure, and equipment, as well as improvements to existing assets. GCF is a critical indicator of economic health, reflecting the level of investment in productive capacities that can drive future growth.



In 2023, the BARMM experienced a slight decline in GCF by 1.0%, decreasing from PHP 54.27 billion to PHP 53.74 billion. This reduction in overall investment levels could potentially impact future economic growth. However, within GCF, the construction sector demonstrated modest growth of 10.4%, reflecting ongoing infrastructure development projects.

For 2024, projections indicate a substantial growth in GCF by 4.2%, reaching PHP 56 billion, and further increasing by 11.2% in 2025 to PHP 62.3 billion. This anticipated increase is driven by new investments in infrastructure and business activities, supported by both public and private sector initiatives [6]. These investments are crucial for enhancing the region's productive capacity and fostering long-term economic growth through increased productivity and innovation.

It is assumed that the investment climate in BARMM will improve due to enhanced security, and supportive government policies aimed at attracting both domestic and foreign investments [6]. Continued policy support from the BARMM government, including incentives for infrastructure development and business investments, is expected to drive this growth. Government initiatives to improve public services and infrastructure are projected to significantly boost GCF [2].

Gross Fixed Capital Formation is projected to grow by 6.8% in 2024 and by 7.5% in 2025. Significant investments in fixed assets will be crucial for enhancing the region's productive capacity, fostering economic resilience, and supporting sustained economic growth. The construction sector is expected to grow by 2.1% in 2024 and by 0.7% in 2025, indicating ongoing infrastructure projects which are vital for improving economic conditions and connectivity within the region [7]. Although there is a slight decline in investments in durable equipment, expected to drop by 0.1% in 2024 and by 2.0% in 2025, these investments remain essential for enhancing productivity and operational efficiency in various sectors.

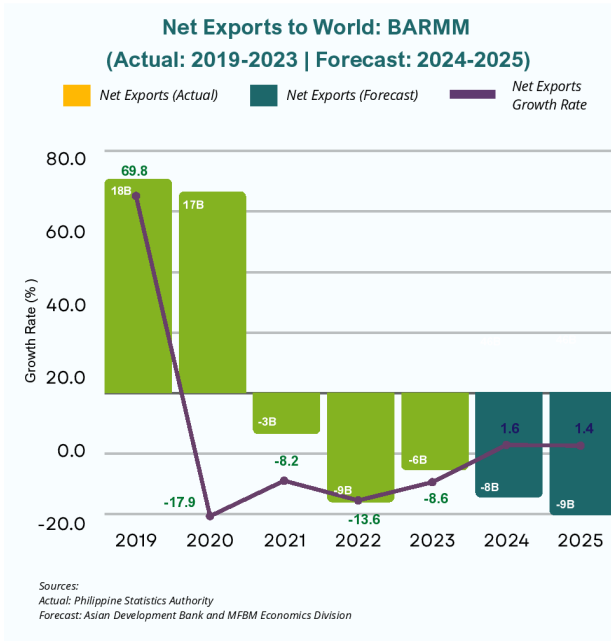
Significant growth in breeding stocks and orchard development is projected, with increases of 9.5% in 2024 and 11.1% in 2025, reflecting increased investments in agricultural productivity and innovation, which are critical for the region's economic sustainability [8]. Continued investment in intellectual property products is expected, with projected growth of 2.8% in 2024 and 2.5% in 2025, indicating a focus on innovation and technological advancement, key drivers of long-term economic growth.

The projected growth in GCF in 2024 and 2025 indicates a positive outlook for BARMM's economic development. Significant investments in infrastructure, construction, and agricultural productivity will be critical for enhancing the region's productive capacity and ensuring long-term economic resilience.



Net Exports to the Rest of the World

In 2023, the BARMM showed a slight improvement in its net exports of goods and services, recording net exports at PHP -6.36 billion. Despite this improvement, the region continues to experience a trade deficit, with imports valued at PHP 30.84 billion surpassing exports valued at PHP 24.48 billion. Net exports, which represent the difference between exports and imports, are crucial for understanding the region's trade balance and its impact on economic growth. A persistent trade deficit indicates economic vulnerabilities, such as dependency on foreign goods and exposure to external economic shocks.

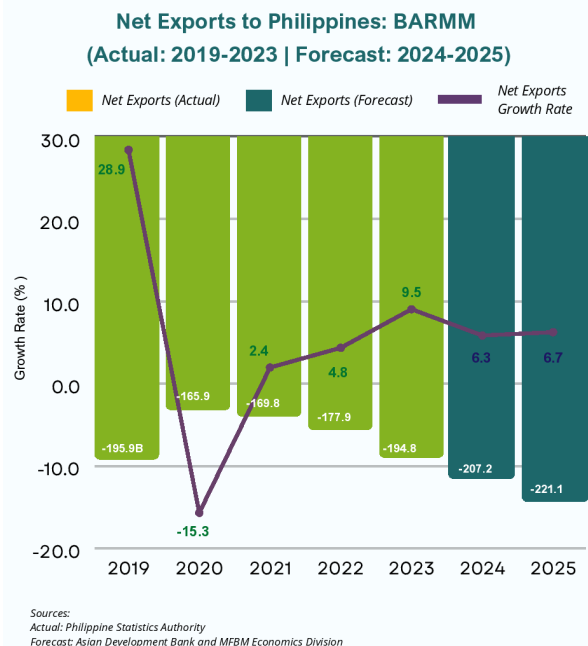


Projections for 2024 and 2025 indicate that while BARMM's exports will improve, increasing to PHP 24.87 billion in 2024 and PHP 25.21 billion in 2025, they will not be sufficient to offset higher import levels, resulting in continued trade deficits of PHP -7.59 billion and PHP -8.87 billion, respectively. These projections assume an improved investment climate, stable political conditions, and continued government support. Strategic initiatives to enhance local production, improve product quality, and promote import substitution are crucial. Efforts to boost the competitiveness of local industries and engage in Public-Private Partnerships (PPPs) are expected to facilitate efficient project execution and mobilize resources [9]. Despite the persistent trade deficit, these measures will contribute positively to BARMM's economic growth and resilience, reducing vulnerability to external shocks and fostering long-term sustainability.

Net Exports to the Rest of the Philippines

In 2023, BARMM's net exports to the rest of the Philippines improved, with a positive balance reflecting increased exports and controlled imports. Net exports were recorded at PHP -194.83 billion. This improvement is attributed to enhanced production capacities in agriculture, fisheries, and other key sectors, as well as improved product quality and expanded market access within the Philippines [8].

Projections for 2024 and 2025 indicate continued improvement in BARMM's net exports, driven by enhancements in local production, product quality, and competitiveness. Net exports are expected to reach PHP -207.17 billion in 2024 and PHP -221.15 billion in 2025. These projections assume an improved investment climate, stable political conditions, and supportive economic policies promoting regional trade and import substitution. Strengthened economic integration within the Philippines will create more opportunities for BARMM to export its goods and services to other regions, fostering economic development and resilience. Effective import substitution strategies and increased local production capacity are anticipated to control import growth, reduce dependency on external goods, and enhance self-sufficiency. This comprehensive approach will support BARMM's long-term economic sustainability and growth.

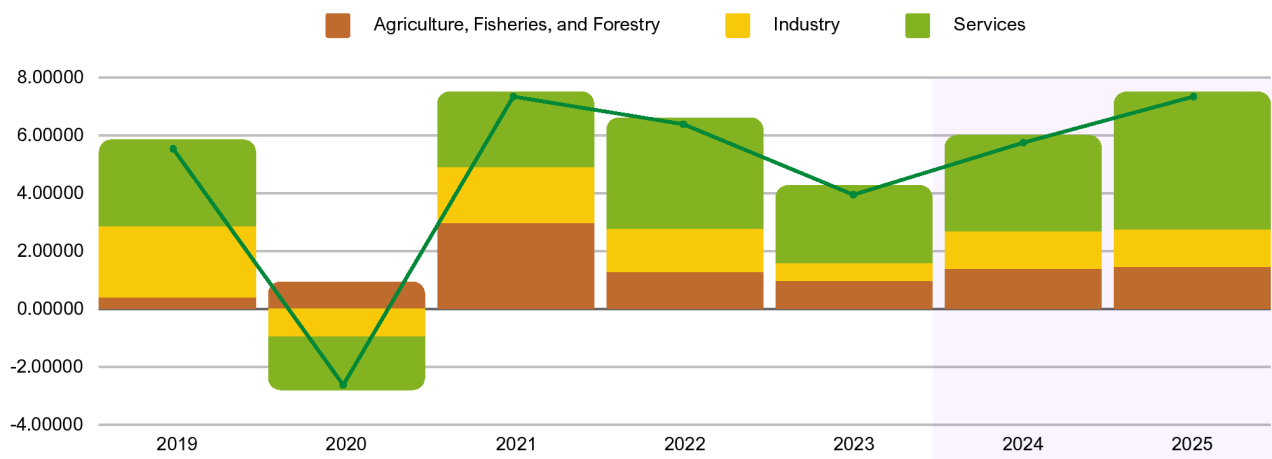


Supply-Side

The supply side of GRDP focuses on the production of goods and services within a region. It examines the contributions of various economic sectors, such as agriculture, industry, and services, to the overall economic output. This perspective highlights the capacity and efficiency of different sectors in generating economic value. By analyzing the output of each sector, it provides insights into how well resources are being utilized to produce goods and services.

Contributions to Growth

GRDP Contribution to Growth, by Sector: BARMM (Actual: 2019-2023 | Forecast: 2024-2025)



Sources:
Actual: Philippine Statistics Authority
Forecast: Asian Development Bank and MFBM Economics Division

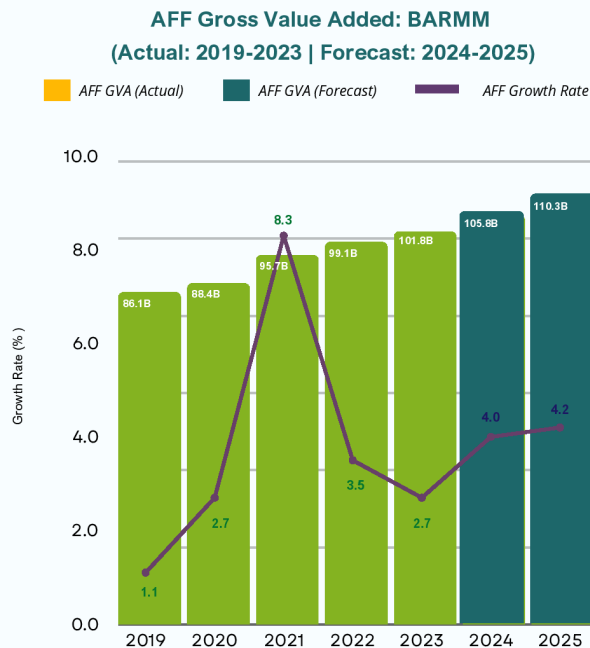
In 2023, the agriculture sector in BARMM contributed 0.96% to the GRDP growth, reflecting steady improvements in productivity and the impact of supportive government policies. For 2024 and 2025, projections indicate contributions of 1.38% and 1.45%, respectively. These optimistic projections are based on continued investments in agricultural technology, infrastructure, and expanded farming activities, which are expected to enhance productivity and output [9].

The industry sector contributed 0.63% to GRDP growth in 2023, highlighting ongoing challenges in industrial activities. However, projections for 2024 and 2025 show an expected recovery with contributions of 1.30% each year. This anticipated growth is driven by strategic investments in manufacturing, construction, and industrial infrastructure, as well as policies aimed at fostering industrial development and attracting new investments.

The services sector remained a significant driver of economic growth in 2023, contributing 2.67% to GRDP growth. Looking ahead, the sector is projected to contribute 3.32% in 2024 and 4.75% in 2025. These projections assume robust growth in trade, finance, real estate, tourism, and other service industries. Additionally, ongoing digital transformation initiatives and improvements in service quality are expected to further bolster the sector's performance [10].

Agriculture

The agriculture sector remains a vital component of BARMM's economy, contributing significantly to the region's GRDP. In 2023, the agriculture sector produced goods worth PHP 101.81 billion, reflecting its role as the backbone of the regional economy. This sector includes farming, fisheries, and forestry, which are critical for both subsistence and commercial purposes. The robust performance of the agriculture sector underscores its importance in providing food security, employment, and raw materials for various industries.



Sources:
Actual: Philippine Statistics Authority
Forecast: Asian Development Bank and MFRM Economics Division

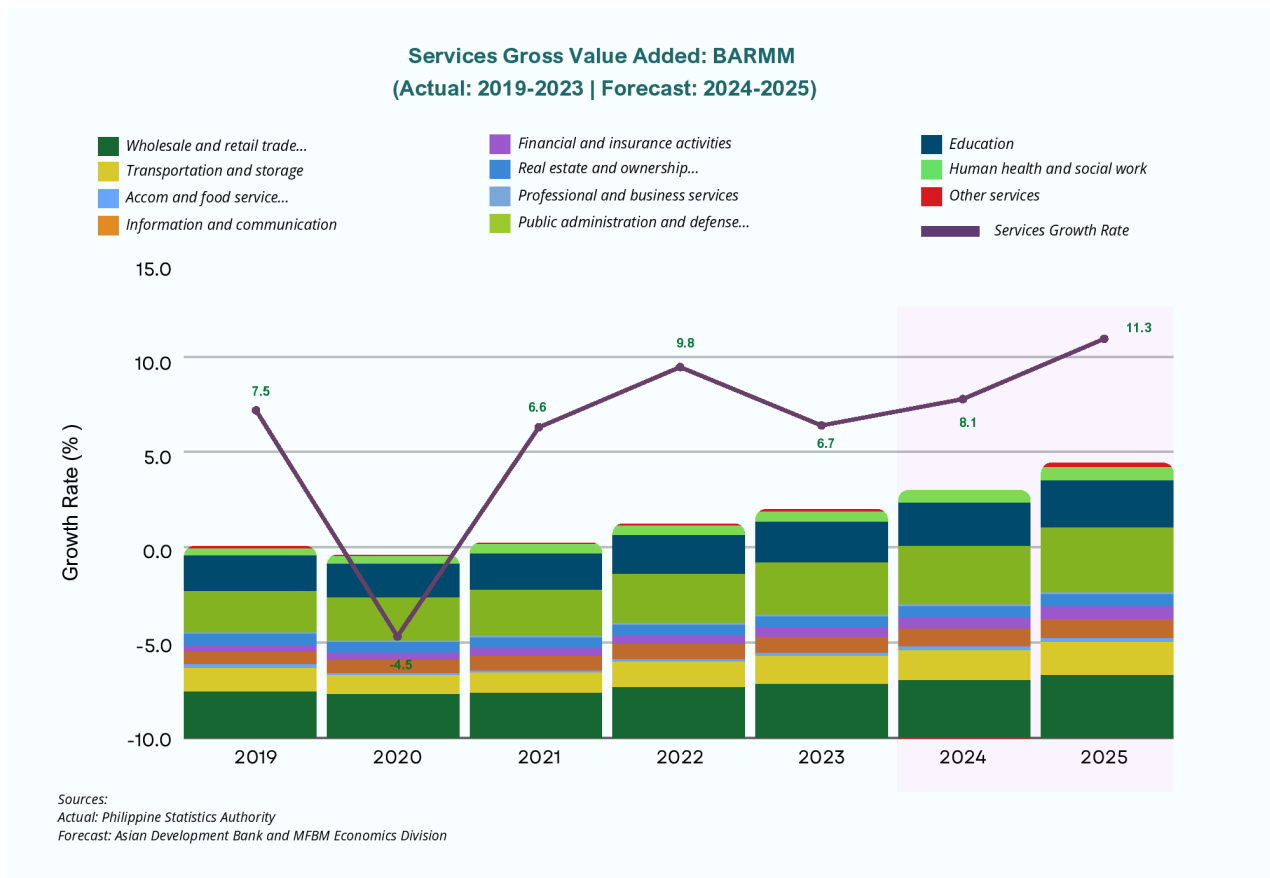
In terms of growth performance, the agriculture sector experienced moderate growth of 2.7% in 2023. This growth is indicative of improved agricultural practices, better yields, and increased investments in agricultural infrastructure and technology. Farmers have adopted more efficient farming techniques and benefited from government initiatives aimed at boosting agricultural productivity. Investments in irrigation systems, farm-to-market roads, and post-harvest facilities have also contributed to the sector's growth [11]. Despite this progress, the sector faces several challenges. Climate change poses significant risks to crop yields and livestock productivity, while limited access to modern farming technologies can hinder productivity and efficiency [12]. These challenges highlight the need for continued support and innovation to sustain growth in the agriculture sector.

However, there are numerous opportunities for the agriculture sector. Expanding agro-processing activities can add value to raw agricultural products, increasing income for farmers and creating new jobs. Agro-processing can transform primary agricultural products into finished goods, which fetch higher prices in the market. Improving supply chain logistics can reduce post-harvest losses and enhance market access, ensuring that agricultural products reach consumers more efficiently. Additionally, increasing market access both within and outside the region can provide more opportunities for agricultural producers. Efforts to establish new markets and strengthen existing ones will help farmers achieve better prices for their products.

The agriculture sector is projected to grow by 4.0% in 2024, driven by continued improvements in agricultural practices, increased investments in infrastructure, and supportive government policies. Assumptions for this growth include sustained government support for agricultural initiatives, enhanced access to modern farming technologies, and favorable weather conditions. Government policies are expected to focus on providing subsidies for inputs, offering training programs for farmers, and facilitating access to credit. In 2025, growth is expected to further accelerate to 4.2%, supported by the expansion of agro-processing facilities, enhanced supply chain systems, and better market access. The development of agro-industrial zones and increased private sector investment in agriculture will play a crucial role in this growth. Addressing the challenges and capitalizing on the opportunities will be crucial for ensuring long-term sustainability and enhanced economic contributions from this vital sector.

Services

In 2023, the service sector in BARMM played a pivotal role in driving the region's economic growth, contributing PHP 119.90 billion to the GRDP and experiencing a growth rate of 6.7%. Key sub-sectors such as wholesale and retail trade, transportation and storage, and accommodation and food services were significant contributors. Wholesale and retail trade, benefiting from increased consumer spending, contributed PHP 28.47 billion with a growth of 6.0%. The transportation and storage sector, driven by infrastructure improvements, reached PHP 14.59 billion, growing by 9.7%. The accommodation and food services sector, rebounding from pandemic-related downturns, contributed PHP 1.68 billion, reflecting an impressive growth of 11.5%. Additionally, the information and communication sector grew by 6.4%, contributing PHP 8.45 billion, while financial and insurance activities grew by 15.7%, contributing PHP 4.94 billion.



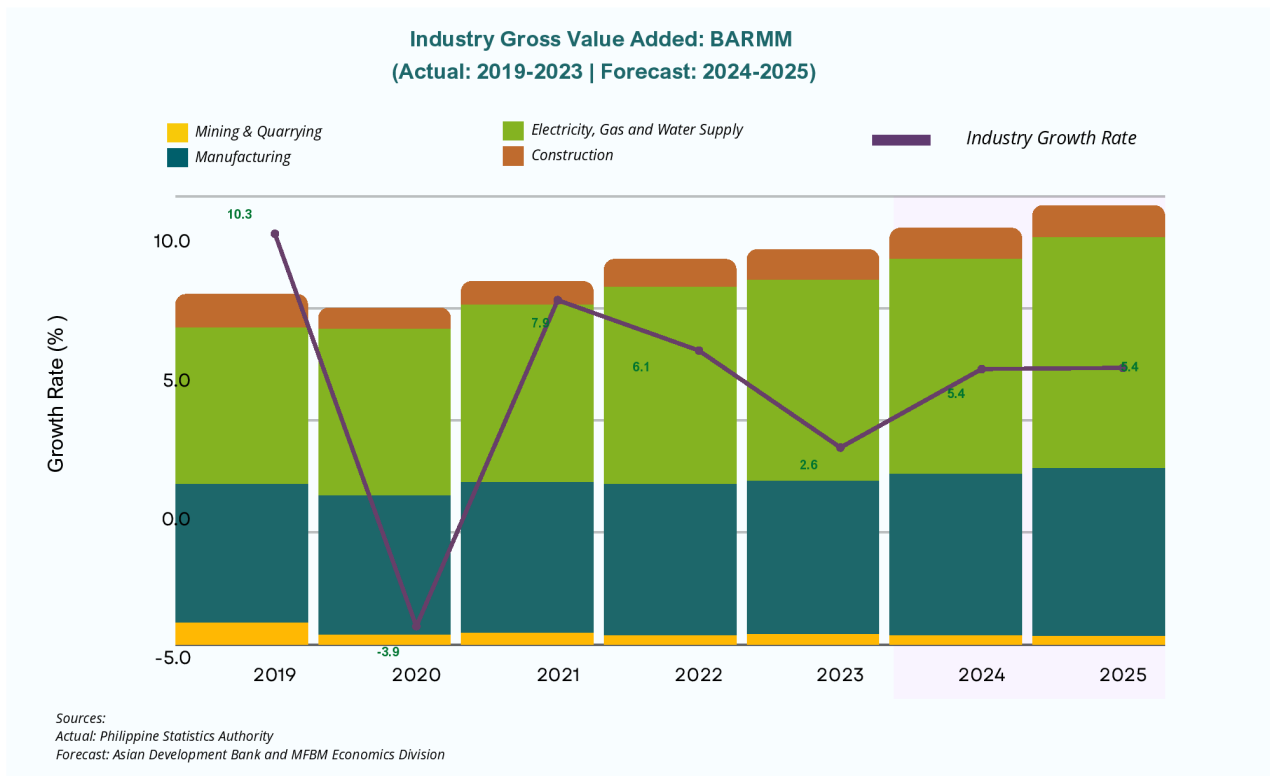
Looking ahead, the service sector is projected to continue its robust growth in 2024 and 2025, with expected contributions of PHP 129.59 billion and PHP 144.29 billion, respectively. This growth is based on several key assumptions. Sustained consumer demand is expected to drive growth in retail, accommodation, and food services, supported by ongoing recovery in consumer confidence and spending. Continued investments in transportation and communication infrastructure are anticipated to support growth in logistics and digital services [7]. The financial sector is projected to expand further, driven by increased financial inclusion and the introduction of new financial products [133]. Government initiatives and spending will continue to significantly support public administration and defense activities, while ongoing investments in education and healthcare will drive growth in these sub-sectors. Additionally, the demand for professional and business services is expected to grow, reflecting increased business activities.

Projections for the service sector's growth rates are 8.1% in 2024 and 11.3% in 2025, with key drivers including wholesale and retail trade, transportation and storage, information and communication, financial activities, and public administration. Effective policies aimed at enhancing service quality, improving infrastructure, and fostering innovation will be crucial in sustaining this growth. The service sector's performance will be instrumental in achieving BARMM's broader economic goals and enhancing the overall quality of life for its residents, highlighting its critical role in the region's economic development.

Industry

In 2023, the industry sector in BARMM contributed PHP 70.52 billion to the region's economy, reflecting a growth rate of 2.6%. This growth was primarily driven by the electricity, gas, and water supply sub-sector, which contributed PHP 35.97 billion with a growth rate of 2.1%. The manufacturing sub-sector also played a crucial role, contributing PHP 27.33 billion with a modest growth of 1.2%. The construction sub-sector showed significant activity, contributing PHP 5.31 billion and growing at 9.5%. Conversely, the mining and quarrying sub-sector faced challenges but managed a robust growth of 15.0%, contributing PHP 1.91 billion.

Projections for 2024 and 2025 suggest that the industry sector will continue its growth trajectory, with expected contributions of PHP 74.32 billion and PHP 78.37 billion, respectively. The sector's projected growth rates are 5.4% in 2024 and 5.4% in 2025. However, the mining and quarrying sub-sector is expected to decline, with contributions decreasing to PHP 1.74 billion in 2024 and PHP 1.58 billion in 2025, reflecting growth rates of -8.6% and -9.5%. This decline assumes continued volatility in global commodity prices and regulatory challenges.




Manufacturing is projected to grow at 5.2% in 2024 and 4.1% in 2025, contributing PHP 28.75 billion and PHP 29.94 billion, respectively. This growth is based on increased investments in industrial infrastructure, the adoption of advanced manufacturing technologies, and the expansion of export markets. The electricity, gas, and water supply sub-sector is expected to see robust growth, contributing PHP 38.36 billion in 2024 and PHP 41.28 billion in 2025, with growth rates of 6.7% and 7.6%. This growth is driven by continued investments in energy infrastructure, the expansion of renewable energy projects, and improvements in water supply systems.

The construction sub-sector is projected to contribute PHP 5.46 billion in 2024 and PHP 5.57 billion in 2025, with growth rates of 2.8% and 2.1%. This growth is driven by ongoing and new infrastructure projects, urban development initiatives, and increased public and private sector investments. These projections are based on several key assumptions, including continued government support for industrial development and infrastructure investments, an improved investment climate, technological advancements, stable economic conditions, and ongoing infrastructure development [5].

Labor Market

The labor market in BARMM is a crucial aspect of the region's economic health, reflecting the dynamics of employment, workforce participation, and economic productivity. Understanding the trends in the labor market helps policymakers and stakeholders to address employment challenges, enhance job creation, and improve overall economic stability. The labor market comprises the total working population, labor participation rate, employment rate, and unemployment rate, which collectively provide a comprehensive picture of labor market conditions.

Labor Market: BARMM
(Actual: Jan 2023 - Apr 2024| Forecast: Jul 2024 - Oct 2025)

	Jan 2023 _f	Apr 2023 _f	Jul 2023 _f	Oct 2023 _f	Jan 2024 _p	Apr 2024 _p	Jul 2024	Oct 2024	Jan 2025	Apr 2025	Jul 2025	Oct 2025
 Total Working Population	3.0M	3.0M	3.1M	3.1M	3.1M	3.1M	3.1M	3.1M	3.2M	3.2M	3.1M	3.2M
Labor Force Participation Rate	73.2%	63.1%	60.3%	74.0%	64.5%	71.2%	66.6%	70.3%	69.9%	70.9%	67.8%	71.6%
Underemployment Rate	10.4%	9.9%	11.0%	9.7%	12.6%	8.9%	9.6%	10.5%	9.7%	10.3%	9.6%	10.2%
Unemployment Rate	3.2%	4.3%	4.0%	3.3%	2.9%	3.0%	2.7%	3.4%	3.6%	3.8%	3.9%	4.0%

Notes:

f Estimates are final

p Estimates are preliminary and may be changed by PSA

Sources:

Actual: Philippine Statistics Authority

Forecast: MFBM Economics Division

In 2023, the labor market in BARMM showed considerable activity with fluctuations across different months. The total working population stood at approximately 3.095 million by October 2023. The labor force participation rate varied significantly, peaking at 74.0% in October 2023, indicating increased workforce engagement. The unemployment rate slightly decreased to 3.3%, reflecting ongoing efforts to create job opportunities. However, the underemployment rate remained a concern at 9.7%, highlighting the need for better job quality and more full-time employment opportunities.

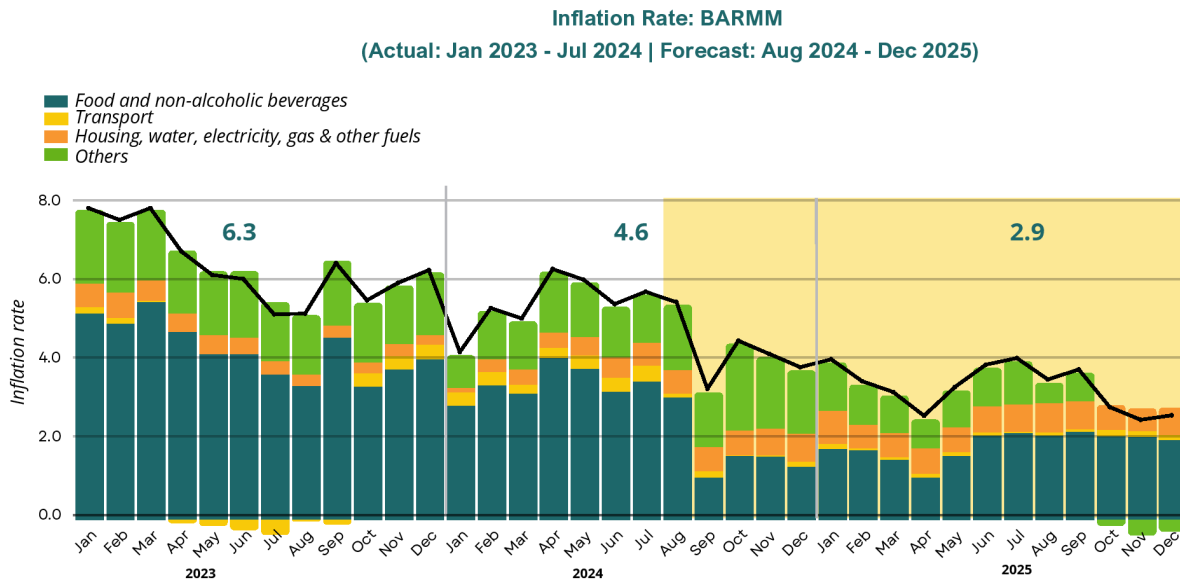
Projections for the labor market in 2024 indicate continued positive trends. By July 2024, the labor force participation rate is expected to be 66.6%, with an unemployment rate of 2.7%. These improvements are based on assumptions of sustained economic growth and recovery from previous downturns, which are expected to create more job opportunities across various sectors. Government support and effective labor policies aimed at reducing unemployment and underemployment will play a crucial role. Initiatives such as skills training programs, job creation schemes, and incentives for businesses to hire more workers are expected to boost employment rates [14]. Significant investments in infrastructure projects are anticipated to generate new jobs, particularly in construction and related industries.

For 2025, the labor market is expected to continue its upward trajectory. By October 2025, the total working population is projected to reach 3.15 million, with a labor force participation rate of 71.6% and an unemployment rate of 4.0%. These projections are based on the assumption of continued encouragement of private sector growth and entrepreneurship, which will lead to the creation of more diverse employment opportunities. Improved access to education and vocational training will enhance the employability of the workforce, thereby reducing unemployment and underemployment rates. Political stability and improved security conditions are assumed to foster a conducive environment for economic activities, encouraging both local and foreign investments.



Prices

The Consumer Price Index (CPI) measures the average change over time in the prices paid by consumers for a market basket of goods and services. It is a key indicator of inflation, reflecting the cost of living and purchasing power. The inflation rate is the percentage change in the CPI over a specified period, typically a year. It indicates the rate at which the general level of prices for goods and services is rising, thereby eroding purchasing power.



Sources:
Actual: Philippine Statistics Authority
Forecast: Asian Development Bank and MFBM Economics Division

In 2023, BARMM experienced fluctuating inflation rates, starting at 7.8% in January and gradually declining to 6.2% by December, with an annual average of 6.3%. The high inflation rates in early 2023 were primarily driven by significant increases in the prices of food and non-alcoholic beverages, which peaked at 5.50% in February. Transportation costs showed occasional decreases, which slightly offset rises in other categories like housing, water, electricity, gas, and other fuels. This volatility reflects the region's vulnerability to supply chain disruptions and external economic factors. The main contributors to the high inflation were food and non-alcoholic beverages, which saw consistent price increases possibly due to supply chain issues and external economic pressures. Meanwhile, the housing and utilities sector experienced moderate price rises, influenced by energy prices and infrastructure constraints. Transport costs fluctuated, with occasional decreases due to fuel price adjustments.

By mid-2024, inflation showed signs of stabilization. Actual rates in the first half of 2024 indicated a continued downward trend, with inflation at 5.7% in July, reflecting improved price stability. The latter half of 2024 is forecasted to see further moderation, with the inflation rate projected to be around 3.8% by December. This stabilization is based on assumptions of steady food prices due to better agricultural outputs and stable transport costs. Government measures to control fuel prices and enhance food supply chains are expected to contribute to this trend. The stabilization is attributed to improved agricultural outputs and stable transport costs.

For 2025, inflation is expected to stabilize at an average of 2.9% for the year, with monthly rates fluctuating between 2.4% and 4.0%. This stability is primarily driven by anticipated improvements in food and non-alcoholic beverage prices due to enhanced agricultural productivity and effective supply chain management [8]. Additionally, moderate increases in housing and utilities costs are expected, reflecting efforts to balance economic growth with price stability. These projections assume continued government support for price controls and initiatives to boost local production capacities, which are crucial for maintaining inflation stability throughout the year.

Poverty

Poverty incidence is a measure indicating the proportion of individuals or families in a population who live below the poverty threshold, which is the minimum income level needed to secure basic necessities such as food, shelter, and clothing. It reflects the extent of poverty within a region and helps assess the effectiveness of economic and social policies aimed at poverty reduction.

Poverty Incidence among Families: BARMM
(Actual: 2015-2023 | Forecast: 2025)

	2015	2018	2021	2023	2025
BARMM	53.8%	54.2 %	28.0%	23.5%	21.5%
Basilan	35.6%	66.3%	42.5%	33.7%	29.5%
Lanao del Sur	72.4%	64.2%	7.4%	12.1%	10.8%
Maguindanao	45.7%	40.6%	29.8%	30.4%	27.8%
Maguindanao del Norte	-	-	-	28.4%	26.5%
Maguindanao del Sur	-	-	-	32.1%	29.0%
Sulu	63.8%	75.3%	41.5%	13.0%	11.0%
Tawi-Tawi	15.2%	15.1%	28.1%	32.3%	31.0%

Note: Please be advised that the poverty data presented here are based on the latest available figures. However, these figures are subject to change and may be revised by the Philippine Statistics Authority (PSA) as new data become available or as part of their regular data validation process.

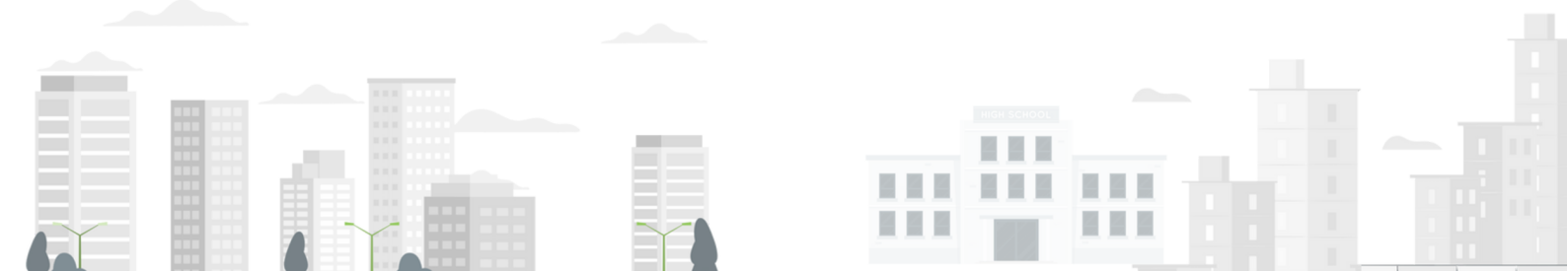
Sources:

Actual: Philippine Statistics Authority

Forecast: MFBM Economics Division

In 2021, the BARMM experienced a significant reduction in poverty incidence among families, with the overall rate decreasing to 28.0%. According to the World Bank report [16], this decline was largely driven by increased fiscal resources and peace initiatives, which improved income opportunities and reduced economic vulnerabilities across the region. While these efforts yielded positive results, the report highlights that poverty reduction was uneven, with certain areas benefiting more than others. Additionally, a shift towards nonfarm work, particularly in low-end services and industry, played a crucial role in boosting household incomes across BARMM. Despite these gains, the region continues to face challenges, including limited market access and socio-economic issues exacerbated by the pandemic.

Nevertheless, poverty incidence among families further declined in 2023, with the overall rate falling to 23.5%. This decline is particularly notable given that in 2023, a family of five in BARMM needed PHP 12,884.3 per month to meet their basic food and non-food needs, reflecting the increased cost of living in the region. The reduction suggests a continued improvement in the economic well-being of families within the region. The transition from 2021 to 2023 indicates that the socio-economic initiatives implemented across BARMM have gained momentum, resulting in more significant and widespread poverty alleviation.



However, the data also points to persistent disparities within the region, as the poverty rates in provinces like Tawi-Tawi and Maguindanao del Sur remain notably higher compared to others. In 2023, Tawi-Tawi recorded a poverty incidence of 32.3%, which, while it reflects ongoing challenges, is still an increase compared to 2021. Maguindanao del Sur, on the other hand, had a poverty incidence of 32.1%, highlighting the uneven distribution of economic gains within BARMM. These disparities underscore the need for targeted interventions that address the unique socio-economic conditions of each province.

Given the ongoing efforts and initiatives, poverty incidence across BARMM is projected to continue its downward trend, with the overall rate expected to reach approximately 21.5% by 2025. In Basilan, the poverty incidence is anticipated to decrease further to around 29.5%, as infrastructure projects and economic initiatives begin to have a more significant impact. Lanao del Sur, with its already lower poverty incidence, may see a further reduction to about 10.8% by 2025, benefiting from increased investments in nonfarm employment and education. In Maguindanao del Norte, the poverty incidence is projected to drop to 26.5%, driven by improvements in local governance and economic activities. Meanwhile, Maguindanao del Sur could see its poverty incidence decrease to around 29.0% by 2025, as targeted interventions address the higher poverty levels in the area. Sulu is likely to experience a continued reduction in poverty incidence to about 11.0%, as peace initiatives and economic programs continue to yield positive results. Conversely, Tawi-Tawi, given its high rate in 2023, may see its poverty incidence stabilize at around 31.0% by 2025, contingent on enhanced market access and local economic development. For Maguindanao as a whole, when combining the forecasts for Maguindanao del Norte and Maguindanao del Sur, the overall poverty incidence is projected to reach approximately 27.8% by 2025. These forecasts underscore the importance of tailored strategies to address the unique challenges faced by each province, ensuring more equitable progress throughout the region.



End Notes

1. The uptick in household consumption is influenced by the inflow of remittances from Overseas Filipino Workers (OFWs), who account for a measurable portion of the region's population engaged abroad. In 2022, approximately 1.5% of the total OFWs and 1.4% of OCWs were from BARMM, translating to around 29,445 OFWs and 27,118 OCWs. According to a report from the Bangko Sentral ng Pilipinas (BSP), remittances from OFWs increased by 2.9% in 2023. These remittances augment local household incomes, thereby enhancing spending power and stimulating the regional economy.

2. Chief Minister Ebrahim's 2024 report highlighted key successes, including significant reductions in poverty, increased investments, and extensive infrastructure developments such as road construction, flood control, and housing projects. These efforts are complemented by improved social services and educational initiatives, underscoring the comprehensive development strategy of the BARMM government.

3. Notable initiatives include the construction of 32 public markets, numerous housing developments under the Marawi Rehabilitation Program, and key transportation infrastructure enhancements such as farm-to-market roads and the management of six BARMM airports.

4. In June 2024, the headline inflation rate in BARMM was 5.3%, a slight decrease from previous months and can still be manageable. This controlled inflation should allow for real growth in household consumption by maintaining purchasing power. Additionally, manageable inflation helps ensure the effective delivery of public services by maintaining the purchasing power of government expenditure.

5. Investments in local industries and infrastructure in the BARMM are expected to boost production capabilities, reduce import dependency, and enhance economic resilience. Among the significant socio-economic and infrastructure development projects include a proposed budget of P141.9 million for Mindanao State University-Maguindanao, the construction of three bridges in Tawi-Tawi, and the establishment of the Bangsamoro Economic Zone Authority. These initiatives are part of the government's strategy to sustain economic growth and improve public services in the region.

6. In 2024, BARMM reported PHP 3.5 billion in new investments, reflecting an improving investment climate due to enhanced security and supportive government policies aimed at attracting both domestic and foreign investments.

7. Significant projects discussed during the recent joint meeting between the Department of Public Works and Highways (DPWH) and BARMM include road constructions, bridges, and the development of public markets. Continued investments in transportation and communication infrastructure are anticipated to support growth in logistics and digital services.

8. The improvement in agriculture and exports in BARMM can be attributed to enhanced production capacities in agriculture, fisheries, and other key sectors, as well as improved product quality and expanded market access within the Philippines. Aside from various initiatives by the Ministry of Agriculture, Fisheries, and Agrarian Reform, development partners continue to engage with the Bangsamoro Government. These efforts focus on providing modern farming equipment, establishing agricultural training centers, and developing new irrigation systems, which have significantly boosted productivity and improved supply chains, facilitating better access to domestic markets.

9. Efforts to boost the competitiveness of local industries and engage in Public-Private Partnerships (PPPs) are expected to facilitate efficient project execution and mobilize resources. The PPP Center's briefing with the Mindanao Development Authority (MinDA) and BARMM's Ministry of Transportation and Communications (MOTC) focused on aligning the PPP Code and its Implementing Rules and Regulations (IRR) with regional development strategies. This collaboration aims to enhance infrastructure development through effective partnerships, supporting growth in logistics and digital services.

10. Ongoing digital transformation initiatives, such as the newly opened Digital Transformation Center supported by Japan and the ILO, are expected to further bolster the sector's performance by enhancing service quality and facilitating digital business operations.

11. In 2022, initiatives led by the Ministry of Agriculture, Fisheries, and Agrarian Reform (MAFAR), along with support from agricultural and biosystems engineers, focus on enhancing infrastructure and providing modern farming solutions to improve overall productivity and market access.

12. Climate change poses significant risks to crop yields and livestock productivity in BARMM, while limited access to modern farming technologies can hinder productivity and efficiency. The recent regional dialogue, supported by the UN International Organization for Migration (IOM) and the UK government, highlighted the need to address climate-related security risks. It emphasized the importance of building resilience in agricultural communities through targeted interventions, improved understanding of climate impacts, and collaborative efforts to enhance adaptive capacities in the region.

13. The financial sector in BARMM is projected to expand further, driven by increased financial inclusion and the introduction of new financial products. The Bangko Sentral ng Pilipinas (BSP) has approved the application of two Islamic banks to establish Islamic banking windows, which will offer wider financial access and alternative banking solutions to Filipino Muslims. These initiatives are expected to mobilize resources and support economic growth in the region through enhanced financial services.

15. Initiatives such as skills training programs, job creation schemes, and incentives for businesses to hire more workers are expected to enhance employment. For instance, the Ministry of Basic, Higher, and Technical Education (MBHTE) in BARMM has launched technical skills training programs for former combatants and orphans in Basilan, enabling them to gain valuable skills and secure employment opportunities.

16. The World Bank report used the poverty incidence among the population, initially reporting a rate of 37.2% for BARMM in 2021. However, in the 2023 report from the Philippine Statistics Authority (PSA), the poverty incidence was adjusted to 35.4% for the full year of 2021, and further declined to 32.4% in 2023. The briefer, on the other hand, uses the poverty incidence among families, which follows a similar decreasing trend, reflecting continuous progress in poverty reduction.

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ABOUT US

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.



The Economics Division Team:

Noraida G. Macapantar
Anisah U. Lingga
Farhana Jane S. Linso
Qairah M. Amatonding
Irishassia A. Garuda



ECONOMICS DIVISION
Ministry of Finance, and Budget and Management
Bangsamoro Autonomous Region in Muslim Mindanao

 Ministry of Finance, and Budget and Management Bldg., Governor Gutierrez Ave., Rosary Heights 7, Cotabato City 9600, Philippines

 econ@mfbm.bangsamoro.gov.ph

 www.sites.google.com/view/mfbmecon/home



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