



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. **2024005**

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

SUBJECT : **BUDGET PRIORITIES FRAMEWORK FY 2025**

DATE : **30 Dhul-Hijjah 1445 AH | 7 June 2024**

1.0 RATIONALE

The Bangsamoro Budget Priorities for Fiscal Year (FY) 2025 is aligned with the 2nd Bangsamoro Development Plan (BDP) 2023-2028 containing 6-Overall Development Goals with 8 Development Strategies. It reiterates that the budgetary allocations for FY 2025 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 2025 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 2025 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 2025 Budget Priorities Framework (BPF) aims to provide the Ministries, Offices, and Agencies with the following:

- 2.1 Macroeconomic targets and assumptions; and,
- 2.2 The strategic direction of the programs, activities, and projects for Fiscal Year 2025 linked to the 6-Overall Development Goals with 8 Development Strategies of the 2nd Bangsamoro Development Plan 2023-2028.

3.0 MACROECONOMIC TARGETS, ASSUMPTIONS, AND OPPORTUNITIES

For FY 2025, the BARMM Macroeconomic Targets, Assumptions, and Opportunities are as follows:

Figure 1. Macroeconomic Targets, 2024-2028

MACROECONOMIC INDICATOR	BASELINE	TARGETS	
		2024	2025-2028
Gross Regional Domestic Product (GRDP) Growth Rate (%)	4.3 (2022-2023)	4.5-6.0	8.0-9.0
GRDP per Capita Growth Rate (%)	2.2 (2022-2023)	3.0-4.5	6.0-9.0
Annual Real Growth Rate of the Agriculture and Fisheries Sector (%)	2.7 (2022-2023)	4.0-5.5	6.0-8.0
Annual Real Growth Rate of the Industry Sector (%)	2.6 (2022-2023)	3.5-5.0	10.0-12.0
Annual Real Growth Rate of the Services Sector (%)	6.7 (2022-2023)	7.0-8.0	10.0-12.0
Gross Capital Formation (GCF) as percentage of the GRDE/GRDP (%)	18.4 (2022-2023)	19.0-21.0	18.0-20.0
Inflation Rate (%)	6.3 (2023)	3.0-5.0	2.0-4.0
Unemployment Rate (%)	3.6 (2023)	3.0-4.0	3.0-5.0
Underemployment Rate (%)	10.0 (2023)	8.0-13.0	4.0-7.0
Poverty Incidence (among families) (%)	34.8 (2023)*	32.0-34.0	20.0-25.0

Sources:

Baseline: Philippine Statistics Authority

Targets: 2024 - MFBM Economics Division

2025-2028 - 2nd Bangsamoro Development Plan 2023-2028

Note:

*Based on the 2023 First Semester Official Poverty Statistics

3.1 Targets

As we move into the latter part of the decade, the targets for our macroeconomic indicators remain ambitious yet achievable, provided that our strategic initiatives continue to yield positive results. The aim is to further advance our Gross Regional Domestic Product (GRDP) and GRDP per Capita growth rates, capitalize on the strengths of our sectors, and maintain fiscal discipline while promoting inclusive growth.

To solidify the gains in agriculture, industry, and services, our focus will be on implementing policies that enhance productivity and competitiveness. Investments in these areas are expected to yield substantial returns, reflected in the robust growth rates projected for each sector. We anticipate a range of 3.5-5.0% for the industry sector and 7.0-8.0% for the services sector, building on the previous period's momentum. For the agriculture and fisheries sector, a target of 4.0-5.5% has been set, recognizing the vital role it plays in the region's economy and the lives of our citizens.

Gross Capital Formation is projected to account for 19.0-21.0% of the GRDP, signaling strong investment activities. These investments are critical in creating jobs, enhancing the region's infrastructure, and boosting overall productivity.

While striving for economic growth, we also remain vigilant about maintaining a manageable inflation rate. The inflation target is set to reflect an economy that is growing healthily without eroding the purchasing power of our citizens. The labor market targets aim to further reduce unemployment and underemployment, thereby fostering a more dynamic and inclusive economy.

3.2 Assumptions

Assumptions for the forthcoming years are predicated on the region's ongoing recuperation from the pandemic's impact and a simultaneous global economic revival. It is anticipated that the peace process will persist in its positive progression, establishing a stable foundation for economic endeavors. Strategic investments in infrastructure and human capital are projected to yield continued dividends, bolstering sustained economic growth and elevating competitive stature.

Fiscal policies are expected to be managed with prudence, prioritizing the efficient utilization of resources to nurture a conducive environment that magnetizes both domestic and international investment. Moreover, global market conditions are foreseen to be propitious, characterized by stable commodity prices and robust demand for exported goods.

3.3 Opportunities

Looking ahead, there are abundant opportunities for the region to leverage its strengths and accelerate development. The continued exploration and sustainable utilization of our natural resources are expected to be a significant driver of growth. This, coupled with our rich cultural heritage, offers unique prospects for the tourism sector.

Legislative and administrative reforms are also on the horizon, aimed at enhancing the business environment and facilitating investment. These reforms will streamline procedures, making it easier to do business in the region and attracting a diverse range of strategic investments.

Innovations in technology and the expansion of digital infrastructure will provide new avenues for growth, particularly in the services sector. These advancements will also support the modernization of the agriculture sector, making it more productive and sustainable.

The human capital of the region, with its rich culture and heritage, is poised for further development. Capacity-building initiatives will ensure that our workforce remains competitive and adaptable to the rapidly changing economic landscape.

As we progress, our commitment to inclusive growth remains steadfast. The economic strategies are designed to ensure that prosperity reaches all corners of the region, reducing poverty and improving the standard of living for all our citizens.

4.0 DEVELOPMENT GOALS

- 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 2nd Bangsamoro Development Plan 2023-2028.

- 4.1.1 Stable, just, and accountable Bangsamoro Government.

Geared towards the attainment of a stable, just, and accountable government, the FY 2025 budget program primarily focuses on stabilizing the government to carry out its duty effectively and efficiently, even during emergencies and political events, capacitating it to exercise all its powers prudently to advance the public interest while keeping in mind its accountability in the use of its resources.

Ensuring responsive and efficient legislative services requires programs that offer responsive and efficient Parliament Legislative services; enactment of remaining priority codes and other legislative measures;

and enhanced committee systems, processes, and Parliament engagements.

Programs which strengthen seamless delivery of public service; enhance local government administration and supervision; achieve ideal functionality and performance of LGUs; strengthen intergovernmental relations mechanisms, transparency and accountability mechanism, and the Bangsamoro Civil Service are the region's means to establish an effective and efficient bureaucracy.

To enhance the development planning processes and systems, the Bangsamoro government will ensure responsive Bangsamoro development and thematic plans; strengthen vertical and horizontal planning, budgeting linkages, data and communications management; and improve monitoring and evaluation system.

With regard to improving public expenditure and revenue generation, programs will ensure responsive and efficient utilization of funds; establish automated budget management systems; strong enabling fiscal policy environment; and improved resource mobilization efforts.

The Bangsamoro government strategy to improve the people-centered Bangsamoro justice system is through programs that strengthen coordination among the five pillars of justice system; implement effective remedy, education, training, and public awareness on promoting basic human rights; establish and operationalize the Bangsamoro Justice System structures in the BARMM; ensure qualified Shari'ah judges and personnel for Shari'ah courts; enact substantive laws pertaining to Bangsamoro Justice System; and institutionalize coordination mechanism between Supreme Court of the Philippines and the Bangsamoro government.

Programs that broaden multi-stakeholder engagement, and strengthen *institutional arrangements on development initiatives, e-governance, and feedback mechanisms* are the Bangsamoro government's direction towards improving inclusive and open governance.

4.1.2 Equitable, competitive, and sustainable economy.

To foster an equitable, competitive, and robust economy, the FY 2025 budget program will ensure that economic gains are benefitted by all, with special bias for the poor, marginalized, and disenfranchised. Additionally, the BARMM economy will leverage its comparative and competitive advantage in selected products and optimize these strengths through enhanced local and international market linkages and technological advancements.

To improve Agri-fishery productivity and tenurial security, the Bangsamoro government will pursue programs that increase and sustain productivity in agriculture and fishery; increase and improve land tenurial security of landless farmers; and improve innovation, research and development in agri-fishery and agrarian reform. Meanwhile, to ensure food security and resilient economy in the BARMM, the Bangsamoro government's approach will be to fund programs which intensify access and participation in agri-fishery value chain development; increase investments and partnership on food security; and improve food resiliency, climate change adaptation, and resource management in agri-fishery.

For FY 2025, the Bangsamoro Government will ensure effective management of resources by enforcing environmental laws and regulation; improving forest management, and land administration and management; and fostering collaboration and partnerships with the appropriate authorities. Additionally, the Bangsamoro Government will also support disaster resiliency and climate change adaptation programs and projects targeting affected vulnerable sectors, including enhancing capacities through improved public access and public awareness on DRRM. It is also a priority of the Bangsamoro Government to guarantee a clean and healthy environment taking into consideration the impact brought about by environmental hazards within the region.

The Bangsamoro Government will also increase and sustain trade, industry, investments, and tourism in the region through programs that increase and sustain competitive MSMEs with value-added products and profitability; develop and establish economic corridors linking investments, freeports and ecozones, production, manufacturing marketing and services industries within and outside the BARMM; develop and sustain tourist arrivals and tourism products, services and circuits; and increase investments generated in the BARMM. The Bangsamoro Government will also ensure access to financial Islamic banking of MSMEs, and expand the market for halal-compliant enterprises, industries and local products.

To improve access to decent employment, supported for FY 2025 are programs that improve access to decent work opportunities; increase skilled and experienced human resources; enhance workers' productivity; decrease vulnerability to trafficking, forced labor, and abusive labor conditions of overseas and local workers; and ensure sufficient employment opportunities and high-quality jobs.

Improvement and acceleration of scientific knowledge and technological innovations in BARMM calls for programs that increase scientific and technological research and development; ensure access to scientific and

technological innovations; and increase and improve access to science and technology opportunities.

Programs that increase profitability of cooperatives and increase number of established social enterprises are the Bangsamoro government's direction towards increasing functional cooperatives and social enterprises.

4.1.3 Peaceful, safe, and resilient Bangsamoro communities.

Aimed at achieving lasting peace in the Bangsamoro Region, the FY 2025 budget program shall be anchored to the overarching goal of establishing a peaceful, safe, and resilient Bangsamoro community, contributing to the broader objective of having an empowered, cohesive, and progressive Bangsamoro.

The programs provided for FY 2025 will also focus on rebuilding, rehabilitation, and development of conflict-affected communities through initiatives, such as infrastructure projects and skills training programs in close coordination with development stakeholders in BARMM. This will also include the promotion and implementation of human rights laws, plans, policies, and services through partnerships, such as educational campaigns, training programs, and advocacy initiatives, to reduce the threat of human rights violations and uphold the status, rights, and interests of women, children, youth, persons with disabilities, IPs, settlers, IDPs, and other vulnerable sectors.

The FY 2025 budget program aims to address peace and security, public order and safety, peacebuilding, and human rights in the BARMM by ensuring the involvement of all key stakeholders, adopting relevant policies, and coordination between concerned M/O/As. This will also include intensifying peace, security, and coordination mechanisms and improving systems, capacities, data management, monitoring, infrastructure, and facilities for addressing violent extremism, terrorism, and other threat groups in BARMM. The budget will also strengthen human rights protection and transitional justice through continuous documentation, investigation, and monitoring of past and present cases of human rights violations and abuses.

The budget program will intensify advocacy campaigns against criminality and illegal drugs; institutionalize peacebuilding interventions to serve the vulnerable and marginalized sectors and institutions in Bangsamoro and reintegrate them into mainstream society through inclusive policy development.

Essentially, the Bangsamoro government aims to build the resilience of Bangsamoro communities against human-induced and natural disasters, including emerging and re-emerging infectious diseases, and to enhance adaptive capacities to climate change through a holistic approach to disaster prevention and mitigation, preparedness, response, recovery, and rehabilitation.

4.1.4 Inclusive, responsive, and quality social services.

Aiming to have inclusive, responsive, and quality social services in the Bangsamoro government, the FY 2025 budget program shall ensure provision of quality social services that are inclusive for all the Bangsamoro that include education at all levels, health, nutrition and sanitation, and social services to address the overall issue of high poverty and social inequality.

To address limited access to quality, responsive, and relevant education, the FY 2025 budget aims to improve access to quality education in the Bangsamoro by standardizing the Bangsamoro curriculum; strengthening education management and governance; improving technical skills development; ensuring universal early childhood education; expanding technical education; upgrading higher education; and strengthening the Madaris education system. It will also improve stakeholder engagement, strengthen early childcare and development, and teaching management and supervision.

To address limited access to quality health services, budget programs shall ensure accessible, affordable, and quality health services by strengthening human resources; improving health facilities; providing sustainable financing; improving the supply chain, logistics management systems, immunization, nutrition, Water, Sanitation, and Hygiene (WaSH) interventions; and strengthening local health nutrition policies and capacities.

The Bangsamoro government will ensure that all services provided respond to the needs of people of all kinds and the Bangsamoro as a whole. This includes ensuring the care, protection, recovery, and rehabilitation of poor and vulnerable individuals and sectors, families, and communities through comprehensive, rights-based, gender-responsive, and evidence-based social protection interventions, disaster mitigation, preparedness, and response mechanisms, and economic self-sufficiency.

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

For the succeeding years to come, the Bangsamoro Government aims to protect, preserve, promote, and conserve cultural identity, diversity, beliefs, and heritage in the BARMM. This will be attained through programs that strengthen Bangsamoro cultural heritage and cohesive identity; ensure sufficient resources for the development of comprehensive Bangsamoro historical culture and identity; enact and implement Bangsamoro policies on cultural and historical preservation and innovation; and address and mitigate impact of climate change, globalization and migration on cultural heritage.

4.1.6 Strategic, adequate, and climate-resilient infrastructure.

Aimed at supporting sustainable socio-economic development of the Bangsamoro, the FY 2025 budget program shall put a priority into establishing reliable, safe, and efficient transport systems by improving BARMM road network and inter-island transportation, and ensuring access to affordable, resilient, and responsive socioeconomic infrastructure for better access to health, education, agri-fishery, and affordable and decent housing. All of this, while reducing the risk of vulnerability to disaster by ensuring infrastructure can withstand calamities induced by climate change.

With the limited access to potable water, limited rice fields and other high-value crop production areas with access to an irrigation, one of the objectives under this Development Goal is to ensure equitable and sustainable access to potable water and irrigation systems.

It is also being aimed to improve energy security to address the insufficient and unreliable source of electric power, and to improve ICT infrastructure for better communications within the BARMM region.

5.0 BARM REVENUE SOURCE AND SPENDING PROGRAM

The sources of funds for the operations of the Bangsamoro Government are the annual block grant¹, special development fund, 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.

Following a Balanced Fiscal Budget, the Bangsamoro Budget shall continue to include all fund sources as the basis of the FY 2025 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.

¹ 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 2025 Block Grant, the computation base shall be FY 2022.

Moreover, the Bangsamoro Budget shall continue to abide to the considerations provided by the Bangsamoro Organic Law, 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 2025 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 For immediate compliance.


UBAIDA C. PACASEM
Minister

