

THE BANGSAMORO BUDGET PROCESS

LEGAL BASES OF FISCAL AUTONOMY IN THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO (BARMM)

The primary legal basis is **Article XII** of the Bangsamoro Organic Law (BOL) or Republic Act 11054.

SECTION
19

Mandates Parliament to pass an annual appropriations law which allocates the block grant to different agencies and programs.

SECTION
28

Pertains to the creation of a Bangsamoro Budget Office which is now the Ministry of Finance, Budget and Management.

SECTION

6

Lists the sources of revenues to be appropriated, including taxes, fees and charges, the annual block grant from the national government, among others. Current appropriations for the 2020 and 2021 budget are from the block grant, share of income taxes in BARMM, and collection on regionally imposed taxes.

Even though BARMM is an autonomous region, its constituent local government units (LGUs) are subject to the national laws and budgeting rules and regulations from the Department of Budget and Management (DBM) and Department of the Interior and Local Government (DILG), as provided for in the Local Government Code.

PHASES AND STEPS OF THE BANGSAMORO BUDGET CYCLE

PREPARATION

Budget preparation entails determining particular policies and parameters to guide agencies and offices in preparing their proposed budget for the fiscal year.

1. The **Budget Call** guides ministries and offices into preparing their budget.
2. The **Budget Forum** is the annual meeting conducted by the MFBM for setting guidelines.
3. For the **Stakeholders Engagement**, the ministers meet with LGUs, CSOs, and the Bangsamoro Economic Development Council (BEDC).
4. Ministries and offices will prepare their proposals for the next fiscal year. The **Submission of Proposals** will be subject to review by the MFBM and will be in line with the Philippine Development Plan and Bangsamoro Regional Development Plan. Unlike in the national government, the BARMM budget is defined: block grant, prospect share, and projection of regionally imposed taxes.
5. All proposals undergo a **Technical Review** to check their viability.
6. Ministries & offices will defend their proposed budgets in a **Budget Hearing**.
7. The MFBM presents the **Bangsamoro Expenditure Program** to the Chief Minister and the Cabinet who will review it and suggest changes, if any.
8. When all is in order, then it is time for the **Submission of Budget Documents**.



LEGISLATION

Budget legislation involves another series of reviews before the proposal is deliberated in Parliament and the budget and all conditions and amendments, if any, are approved or removed.

1. The process starts with a **Technical Review**.
2. The Annual Appropriations Bill undergoes a **Parliament Deliberation**. Once the minister of the MFBM is a member of parliament, they automatically become the Committee Chair of Finance at the parliament level.
3. Next is the **Enactment of Appropriation**. The budget may be reenacted if not passed on time.
4. The Chief Minister may veto or set conditions. When all is in order, the **General Appropriations Act of the Bangsamoro (GAAB)** for the year is passed.



EXECUTION

The budget execution involves implementing the GAAB and all accompanying programs passed.

1. For the **Release of Execution Policy**, the MFBM will release guidelines on the release and monitoring of funds. Ministries will also submit their financial accountability reports to the MFBM.
2. For **Budget Programming**, ministries and offices will submit their Budget Execution Document (BED) to present their financial plans and performance targets for the year.
3. For **Allotment, Releases, Obligation, and Disbursement**, the MFBM issues allotments to the ministries and offices to authorize obligations. The ministry or office will incur new liabilities for programs and projects because of procurement, hiring, etc. A Notice of Cash Allocation (NCA) is issued by the MFBM quarterly but is credited monthly to ministries and offices.
4. For the **Submission of Financial Reports**, ministries and offices submit their accountability reports on a monthly and quarterly basis.

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MONITORING

Ministries and offices prepare and submit financial accountability reports throughout the monitoring stage.

1. The **Midterm and Annual Performance Reviews** are an evaluation of the effectiveness and efficiency of the programs. Ministries and offices must establish monitoring and evaluation mechanisms to make sure the programs and projects are effective and that public funds are spent and accounted for properly.
2. For **Budget and Plan Auditing**, the Commission on Audit (COA) reviews the accounts of each agency to see if public funds are used according to the law and with value for money.

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WHAT CHANGED IN THE BUDGET PROCESSES OF ARMM TO BARMM?

SHARE ON INCOME TAXES

The share of income taxes increased where 75% goes to the BARMM and 25% to the national government. Previously in the ARMM, 70% went to the then ARMM and 30% to the national government.

APPROPRIATION OF BLOCK GRANT

The block grant is automatically appropriated in the BARMM. Previously, the ARMM was treated as a National Government Agency and had to defend its budget in Congress.

COMMITTEE CHAIRSHIP

In the BARMM MFBM, once the Minister of Finance is a member of parliament, they automatically become the Committee Chair of Finance at the parliament level.

SETTLING ISSUES

The Intergovernmental Regional Body and Intergovernmental Fiscal Policy Board help settle issues.

HOW CAN A BUDGET BE RESPONSIVE TO THE CITIZENS' NEEDS?

The government allocates funds to various agencies for its programs and projects to meet development goals. However, citizens can also participate in the budget process. Citizen participation in the budget process allows for a more equitable streamlining of budget towards specific sectors such as women, youth, trade unions, and the like. In doing so, citizens express their needs for a more responsive budget allocation and they observe accountability in the delivery of public programs and services.

