

Allocating the BARMM Transition Budget: Fiscal Choices and Economic Credibility in a Post-Conflict Region

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Abstract

This case study looks at the financial decision-making difficulties that Murad Ebrahim, the first Chief Minister of the Bangsamoro Autonomous Region in Muslim Mindanao, encountered during the BARMM transition period after the Bangsamoro Organic Law was ratified. The case, which takes place between 2020 and 2025, places students in a post-conflict regional government that has just acquired financial independence thanks to a block grant required by the constitution. The case illustrates the financial trade-offs associated with distributing a fixed public budget among conflicting priorities like social services, productive investment, infrastructure, and administrative capacity building using actual data on the BARMM transition budget, gross regional domestic product, and poverty incidence. The story purposefully concludes without disclosing the ultimate allocation decision, despite presenting actual institutional limitations, unequal implementation capacity, and high public expectations for peace dividends. The case, which is intended for undergraduate economics and public policy courses, encourages students to use concepts from public finance and development economics to assess fiscal decisions in a decentralised, post-conflict governance environment.

Keywords: Fiscal decentralisation, Post-conflict development, Regional economic development

Compact Case Narrative

Introduction

One of the Philippines' most historically underprivileged regions saw a structural change in political and economic governance with the creation of the Bangsamoro Autonomous Region in Muslim Mindanao. After the Bangsamoro Organic Law was ratified in 2019, the Autonomous Region in Muslim Mindanao was replaced by BARMM, a new governance structure that promised increased fiscal autonomy, more robust institutions, and better development results. The new autonomous arrangement carried expectations that peace would result in tangible economic change for communities throughout Mindanao that had suffered decades of poverty, underinvestment, and armed conflict.

Murad Ebrahim, who was appointed as BARMM's first chief minister and chair of the Bangsamoro Transition Authority, was at the centre of this change. His leadership responsibilities went beyond institutional development and political consolidation. In order to assess the new autonomous government's ability to effectively and credibly manage public resources, he was also in charge of directing the region's fiscal strategy during the transition period.

The creation and distribution of the BARMM transition budget was one of the transition authority's first and most important duties. Under the new regional structure, the transition budget was the first real exercise of fiscal autonomy. Additionally, it served as the new government's most visible tool for communicating its development priorities, administrative prowess, and dedication to converting peace into economic advancement.

Economic conditions inherited by BARMM

The area was routinely placed at the bottom of national socioeconomic indicators prior to the establishment of BARMM. In 2018, the rate of poverty in the former ARMM was over sixty per cent, which is more than twice the national average. There were few opportunities for wage work in higher-productivity industries, and employment was primarily concentrated in informal services and subsistence farming. There were numerous infrastructure deficiencies, such as inadequate public facilities, uneven access to electricity, poor road connectivity, and restricted irrigation coverage.

These structural flaws were reflected in economic output. The region's long-term growth lagged behind other Philippine regions, and its gross regional domestic product only made up a small portion of the country's total output. Due to a number of factors, including fragmented institutions, poor infrastructure, restricted market access, and security concerns, private investment remained muted. These circumstances increased the stakes surrounding the new autonomous government's fiscal decisions and shaped the expectations placed on it.

Concurrently, a new fiscal framework was introduced with the establishment of BARMM. The Bangsamoro Organic Law established the region's right to an annual block grant equal to a predetermined portion of the country's internal revenue. The goals of this arrangement were to increase regional planning capacity, decrease discretionary reliance on national transfers, and offer predictability. The regional government had access to a multi-year revenue stream big enough to fund significant development initiatives for the first time.

The transition budget as an economic instrument

There was more to the transition budget than just a financial strategy. It was an economic declaration of the new autonomous government's understanding of trade-offs and development priorities. Communities anticipated quick advancements in livelihoods and services. Public financial management regulations were monitored by national oversight organisations. Early budget decisions were evaluated by development partners as measures of the credibility of governance. Ministries within the BARMM government made conflicting claims that reflected various institutional requirements and development philosophies.

In fiscal year 2020, the first complete transition budget was put into effect. As the region took on more duties and block grant allocations increased over the ensuing years, the BARMM budget grew in size. The nominal BARMM budgets for the transition period are summarised in Table 1.

Table 1: BARMM Transition Budgets, Nominal Pesos

| Fiscal Year | Total Budget (₱ billion) |
|--------------------|---------------------------------|
| 2020 | 65.9 |
| 2021 | 75.6 |
| 2022 | 79.9 |
| 2023 | 85.4 |
| 2024 | 98.5 |
| 2025 | 94.4 |

Source: Department of Budget and Management (2025) ; Bangsamoro Ministry of Finance, Budget and Management (2023).

The BARMM budget grew by almost 50% in nominal terms between 2020 and 2024. Higher block grant allocations and the progressive transfer of devolved functions from national agencies to the regional government were both factors in this expansion. Nevertheless, limitations persisted despite the budget's expansion. The transition government had to deal with staffing shortages, newly established ministries, uneven administrative capacity, and differing degrees of project implementation experience.

Competing expenditure priorities

Different priorities were reflected in the funding proposals that ministries submitted as budget preparation moved forward. Health, education, and social protection were prioritised by social sector ministries, which contended that maintaining peace and public trust required observable advancements in welfare. During the transition period, these programmes were politically prominent due to their immediate distributional effects and comparatively high execution rates.

Rural development, fisheries, and agriculture were given top priority by economic sector ministries. They contended that long-term income growth and poverty reduction required market access, value chain development, and productivity enhancement. Raising rural productivity was said to require investments in post-harvest facilities, farm-to-market roads, and irrigation. However, these projects frequently required coordination between various governmental levels, longer planning horizons, and technical capability.

Infrastructure organisations brought attention to ongoing shortcomings in public works and transportation. Inadequate road connectivity limited private investment and raised transaction costs. Access to energy remained uneven, especially in rural areas. However, because infrastructure projects frequently encountered procurement difficulties and implementation bottlenecks, infrastructure spending carried greater execution risks and delayed visibility.

Funding for the development of institutional capacity, including personnel systems, financial management infrastructure, and regulatory oversight, was requested by administrative and governance units. Although these expenses produced little short-term economic visibility, they were crucial for long-term performance. It was frequently challenging to publicly defend such expenditures in a transitional environment characterised by high expectations.

Economic performance during the transition

Important background information for these choices was provided by economic data from the transition period. The gross regional domestic product of BARMM at current prices is shown in Table 2.

Table 2: Gross Regional Domestic Product of BARMM, Nominal Pesos

| Year | GRDP (₱ billion) |
|------|------------------|
| 2020 | 247.3 |
| 2021 | 265.8 |
| 2022 | 280.3 |
| 2023 | 292.2 |

Source: Philippine Statistics Authority (2021) & Philippine Statistics Authority (2023)

Following the COVID-19 pandemic-related contraction in 2020, BARMM saw robust recovery growth in 2021, surpassing the national average. Through 2023, the expansion was sustained by services, agriculture, and public spending. Growth was still susceptible to structural limitations, such as a lack of industrial activity and gaps in infrastructure, as well as weather-related shocks.

During the transition period, the incidence of poverty also changed. Official estimates of poverty are summarised in Table 3.

Table 3: Poverty Incidence in BARMM

| Year | Poverty Incidence (%) |
|------|-----------------------|
| 2018 | 61.8 |
| 2021 | 37.2 |
| 2023 | 23.5 |

Source: Philippine Statistics Authority (2023)

Expanded fiscal transfers, social programmes, and the post-pandemic recovery all coincided with a decrease in the incidence of poverty. Poverty rates remained higher than the national average despite this improvement, highlighting the necessity of consistent development investment and wise public spending.

Implementation capacity and fiscal credibility

Even though overall metrics improved, internal evaluations showed that different ministries were executing the budget differently. While capital projects frequently experienced coordination issues and procurement delays, social programmes typically achieved high disbursement rates. While some ministries relied significantly on national agencies for implementation support, others lacked technical personnel.

Early budgets were seen by development partners as measures of the credibility of governance, while national oversight organisations kept an eye on adherence to public financial management standards. As a result, the Chief Minister gave the transition budget symbolic significance that went beyond its financial implications. Decisions made during this time would influence how people view the autonomous government's ability to responsibly manage public resources.

The unresolved allocation decision

Murad Ebrahim had to make a crucial decision as the transition budget neared final approval. The overall budget envelope was set in stone. Reductions in other sectors were necessary to increase allocations to one sector. Long-term growth considerations clashed with short-term stabilisation goals. Ambition was limited by administrative viability.

While allocating a larger portion of the budget to social services offered political assurance and instant welfare benefits, it ran the risk of displacing profitable investment. Prioritising agriculture and economic infrastructure offered the possibility of long-term growth, but the benefits were not immediately apparent. Long-term governance required increasing administrative capacity, but this was hard to defend in light of urgent development demands.

The documents were on the table. The data were clear. The trade-offs were unavoidable.

At this point, the allocation of the BARMM transition budget remained undecided.

The decision now rested with the Chief Minister.

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