PHILIPPINES ECONOMIC UPDATE

Sustaining Poverty Reduction in BARMM

World Bank Philippines
Beyond the Numbers: Sustaining Poverty Reduction in BARMM
Significant decline in BARMM’ poverty in 2021

Poverty dropped by 40% after three decades of poverty at about 60%

Acceleration of BARMM’s economic growth compared to the rest of the Philippines

Source: Regional Income Accounts, PSA.
Recent sustained growth in agriculture has contributed to inclusive growth in 2018-2021.

**BARMM income growth**
- Average: 7%
- Poorest half: 8.2%

**Rest of PHL income growth**
- Average: -3.3%
- Poorest half: -1.8%

Source: Regional Income Accounts, PSA.
Progress coincides with a decline of conflicts and infusion of resources

- Legislation and ratification of Bangsamoro Organic Law
- Infusion of resources
- Creation of BARMM
- Establishment of the Bangsamoro Transition Authority

Number of conflict incidents

BARMM allocation, share from total GOP budget

Source: Conflict Alert 2022.
Source: Budget of Expenditures and Sources of Financing, DBM.
Drivers of poverty reduction in BARMM during 2018-2021
Labor income was the main contributor to poverty reduction.

Labor income contributed **35%**, Government transfers contributed **22%** and private transfers contributed **29%**.

- **35%** 
  - 18% wage income
  - 10% farm income
  - 8% nonfarm entrepreneurial income

- **22%** 
  - 11% social assistance

- **29%** 
  - 9% remittances
  - 7% domestic private transfers
  - 13% gifts

Source: FIES 2018-2021
Shift of labor out of agriculture led to the expansion of household wage earnings in BARMM.

Households wage income increased by **50%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture Employment</th>
<th>Wage Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>[Data]</td>
<td>[Data]</td>
</tr>
<tr>
<td>20-29 year olds</td>
<td>[Data]</td>
<td>[Data]</td>
</tr>
</tbody>
</table>

Farming households' income increased by 10%

CROP FARMING AND GARDENING
- 65% of farm income
- 10% growth

LIVESTOCK, NET SHARES IN FARMING, FAMILY SUSTENANCE
- 10% of farm income
- 60% growth

FISHING
- 25% of farm income
- 14% contraction
Increased social assistance contributed to poverty reduction in BARMM, but there is no room for further improvement

Proportion of social assistance beneficiaries increased **15%**

Average per capita transfers increased **20%**

There is important room to increase coverage of social assistance and increase benefits which stand at only **6%** of the poverty line in 2021.
Progress in poverty reduction was uneven across BARMM provinces

- Basilan
- Lanao del Sur
- Maguindanao
- Sulu
- Tawi-Tawi

Bar chart showing poverty reduction from 2018 to 2021.
Transition of labor to wage employment in Lanao del Sur and Sulu led to the increase of wage income. 

- **Increase of employment in agriculture** in Basilan and Maguindanao.
- **A decline in farm income in Tawi-Tawi** due to a deterioration of fishing income which represents **80%** of farmers’ income.

**Increase of wage income in Lanao del Sur coupled with 54% increase in farm income.**

**5x**

Increase of wage income in Sulu but deterioration of farm income.
Challenges undermining the sustainability of poverty reduction in BARMM
Despite the progress, BARMM remains the poorest region in the Philippines

Average per capita household income in BARMM is only 40% above the poverty line

- 57% of the nonpoor are at risk of falling back into poverty
- 80% of farming households are poor (43%) or near-poor (37%)
- 63% of the population is in farming households exposed to vulnerability and shocks

Source: FIES 2021
Educational gaps and limited employment opportunities compound poverty challenges

**OLF BARMM**
- Women | Educated youth | 62% | 60%

**OLF Rest of PHL**
- Women | Educated youth | 52% | 40%

---

**EDUCATION ATTAINMENT, PERCENT**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>20-29</th>
<th>Total</th>
<th>20-29</th>
</tr>
</thead>
<tbody>
<tr>
<td>BARMM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary or less</td>
<td>18</td>
<td>36</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>HS</td>
<td>31</td>
<td>34</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Above HS</td>
<td>32</td>
<td>50</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Rest of PHL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary or less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above HS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EMPLOYMENT IN AGRICULTURE AND EDUCATION, PERCENT**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>20-29</th>
<th>Total</th>
<th>20-29</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary or less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BARMM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest of PHL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Source: LFS 2022
BARMM faces persistent gaps in access to basic services

**ACCESS TO IMPROVED WATER, PERCENT**
- Of Sulu population and 30% in Tawi-Tawi drink from unsafe water sources

**ACCESS TO SANITATION, PERCENT**
- In Tawi-Tawi and 62% in Sulu use unsafe sanitation

**ACCESS TO ELECTRICITY, PERCENT**
- In BARMM use solar power, reaching about 50% in Sulu and Tawi-Tawi

Source: FIES 2018-2021 and 2020 CPH
**BARMM faces gaps in access to infrastructure**

<table>
<thead>
<tr>
<th></th>
<th>High School</th>
<th>College</th>
<th>Health</th>
<th>Hospital</th>
<th>Market</th>
<th>Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of PHL</td>
<td>51%</td>
<td>18%</td>
<td>88%</td>
<td>19%</td>
<td>37%</td>
<td>41%</td>
</tr>
<tr>
<td>BARMM</td>
<td>38%</td>
<td>11%</td>
<td>64%</td>
<td>11%</td>
<td>34%</td>
<td>27%</td>
</tr>
</tbody>
</table>
Policy Recommendations
Sustainable and resilient development in BARMM while upholding the gains of the peace process requires:

1. Increase agricultural productivity to use BARMM’s untapped potential and improved food security

2. Promote comprehensive economic diversification

3. Invest in Human Capital
   
   53% of BARMM population is 20 years or younger – compared to 43% in the rest of the country- representing a salient opportunity to create a skilled workforce

4. Strengthening the capacity of the regional government and LGUs for better delivery of public services
   - Improve coverage, targeting and benefits of social assistance
Maraming Salamat!

Download the interactive report at: www.worldbank.org/peu

1.1 Recent Global Developments: Recovering Global Economic Activity

The global economy showed signs of recovery in early 2024 on the back of resilient economic activity in China and strong recoveries in Asia and Latin America. Conversely, growth in the euro area and Japan was tepid by a regional standard. Meanwhile, global trade improved in early 2024, as exports to emerging markets increased. Notably, Russia and Brazil showed signs of stronger export growth.

Global economic activity picked up in early 2024, after a period of weakness in 2023. The global economy is expected to grow by 3.5% in 2024, compared to 2.3% in 2023. Emerging markets are expected to drive the growth, with China’s economy growing by 5.5% in 2024, and India’s economy growing by 6.5%.

Meanwhile, global trade volumes increased by 10% in the first quarter of 2024, reaching a new high. Improvements in global trade were led by strong export growth from emerging markets, particularly in Asia. The global merchandise trade balance improved significantly, with the deficit on goods and services narrowing in most regions.

Global growth expectations remain positive, with the World Bank projecting global growth of 3.2% in 2024. However, the outlook remains uncertain, with risks to both the upside and downside.

The global economy remains vulnerable to external shocks, including rising inflation and interest rates, and the potential for further supply chain disruptions. The World Bank is monitoring these risks closely and will update its forecasts as new information becomes available.

Download the interactive report at: www.worldbank.org/peu