



**POLICY NOTES**

# **A LOOK INTO THE POVERTY INCIDENCE OF BARMM PROVINCES**

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### Executive Summary

The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) was recorded as the second-fastest-growing region in the country, with 7.5% Gross Regional Domestic Product (GRDP) growth in 2021. Accompanied by this economic growth is the reduction of the proportion of poor families from 55.9% in 2018 to 39.4% in 2021. However, this significant economic improvement at the regional level does not translate to the provincial level which poses a challenge in expanding and making the growth inclusive in all areas of BARMM. This paper looks into the poverty profile of the BARMM provinces to provide valuable insights and policy recommendations that could help alleviate the poor families in the next succeeding years.

The province of Lanao del Sur posted the most significant decline in poverty incidence, followed by Basilan and Maguindanao, while the incidence in Sulu and Tawi-Tawi rose. It is worth noting that Sulu and Tawi-Tawi also have the largest increase in poverty and food thresholds compared to other provinces. The simultaneous increase in poverty threshold and poverty incidence in Sulu and Tawi-Tawi may imply that the prices of basic expenditures of families in these areas increased while their incomes stayed the same or the increase in their incomes was not enough to offset the price increase. Meanwhile, the decrease in food threshold in Lanao del Sur may explain why poverty incidence is low in this province.

The subsistence incidence shows that there are still around 141,594 families in BARMM whose monthly incomes are not enough to meet even the basic food needs in 2021. Sulu has the greatest number of these families followed by Maguindanao, Lanao del Sur, Basilan, and Tawi-Tawi. Moreover, the income gap shows that a poor family with five members in BARMM needs an additional monthly income of around Php 4,068 to move out of poverty in the first semester of 2021. The Bangsamoro government can use this indicator as a basis for the amount of transfer to incomes of the poor to uplift them from poverty. Tawi-Tawi has the largest food threshold increase in both urban and rural areas, followed by Sulu and Basilan. Meanwhile, changes in the food threshold in Lanao del Sur and Maguindanao are very few; the food threshold decreased by Php 80 in the urban areas of Lanao del Sur.

Poverty statistics in BARMM may not all reflect what is happening on the ground. Hence, local studies are very much needed to fully understand the economic situation of each province. It is somehow evident that poverty incidence decreased in 2021 in some provinces in BARMM; more families are then expected to move to higher-income groups in provinces that show a positive result in reducing the number of poor families in their areas. This paper then recommends the Bangsamoro government implement different interventions for differently-situated socioeconomic groups per province in the region. The Bangsamoro government must also protect and support families who

are no longer poor but might struggle to maintain their social status in the face of various risks to break the vicious cycle of development in the region. Lastly, uplifting more families to the middle class is also an excellent strategy to improve the living conditions of the Bangsamoro people.

**Keywords:** *BARMM, Poverty, Inclusive Growth*

## Background

Decades of armed conflict [i] have put the people in the Bangsamoro region in years of suffering from poor infrastructure, poor local governance, weak private sector, and inefficient and ineffective delivery of essential services. With the ratification of the Bangsamoro Organic Law (BOL) in 2018, the new and more devolved political authority of the Bangsamoro region vows to endure peace and improve the socio-economic status in the region guided by the concept of moral governance [ii].

Three years after the BOL was ratified, the regional economic accounts of BARMM showed significant improvements in numbers. BARMM was recorded as the second-fastest-growing region in the country, with 7.5% Gross Regional Domestic Product (GRDP) growth in 2021 [iii]. Accompanied by this economic growth is reducing the proportion of poor families from 55.9% in 2018 to 39.4% in 2021 [iv]. For a region that has had low economic accounts and a high incidence of poverty for years, this is quite an achievement worth commending considering the difficulties brought by the COVID-19 pandemic and adjustments in the

transition period. While some provinces showed a significant drop in poverty incidence along with the regional growth, some remained stagnant. This situation poses a challenge in expanding and making the growth inclusive in all areas of BARMM.

Several reasons may be behind this unequal growth between provinces. The COVID-19 pandemic and the existence of lawless elements could have impeded the growth in some of the provinces during the three years [v]. The fact that the socio-political system of BARMM is still shaped by armed groups and political clans is also worth considering [vi]. In terms of development projects, the budget allocated to island provinces was much lower than the mainland provinces during the first year of transition.

Given all this, a thorough look at the reported poverty incidences of BARMM provinces could provide useful insights and policy recommendations that could help alleviate the poor provinces in the next succeeding years.

## Policy Issue

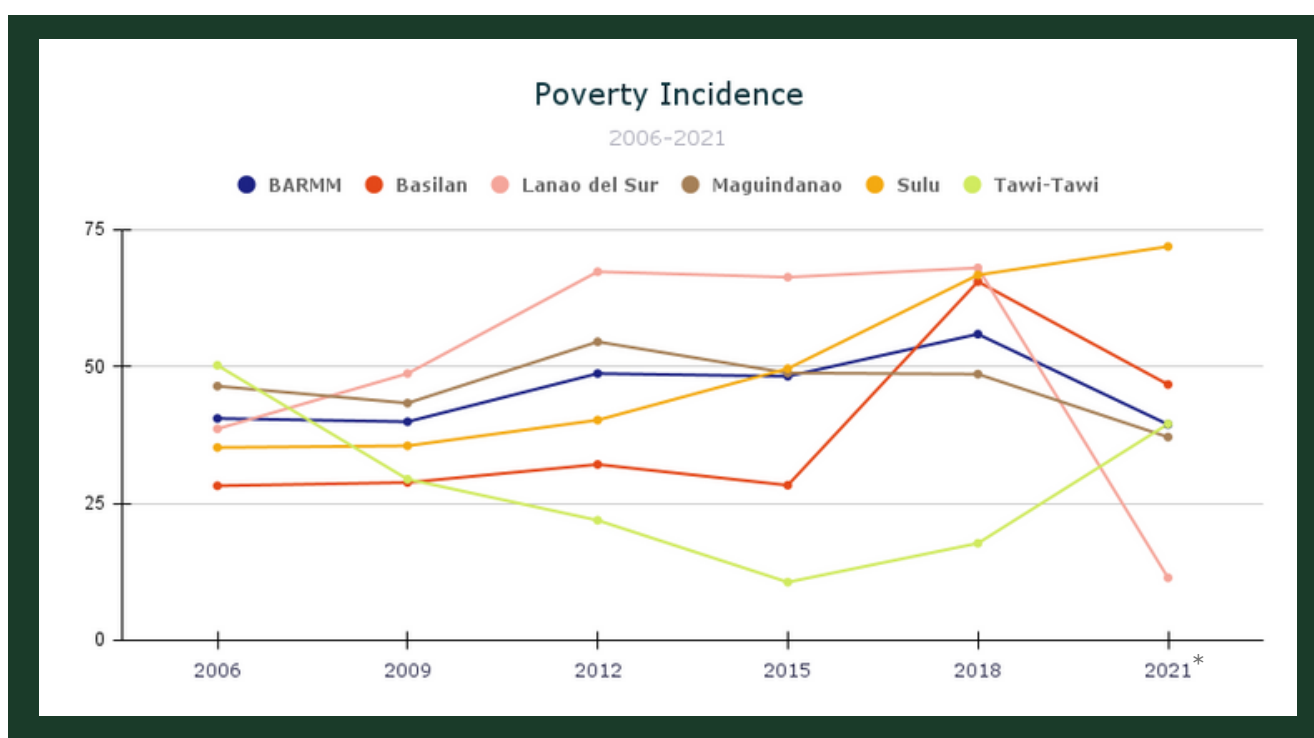
Although BARMM has shown significant improvement in reducing the proportion of poor families at the regional level, this does not translate to the provincial level.

# Data and Findings

## | BARMM Poverty Incidence

The 16.5% decrease of poverty incidence in BARMM from 2018 to 2021 translates to around 377,731 families uplifted from poverty during the three-year period. As shown in Figure 1, the province of Lanao del Sur posted the largest decline (from 68.0% to 11.4%), followed by Basilan (from 65.5% to 46.7%) and Maguindanao (from 48.6% to 37.1%). However, poverty incidences in Sulu and Tawi-Tawi rose from 66.7% to 71.9% and 17.7% to 39.5%, which implies that 719, 078 families in Sulu and 173,909 in Tawi-Tawi do not have sufficient income to buy their minimum basic food and non-food needs during the first half of 2021.

Figure 1. Poverty Incidence in BARMM Provinces, 2006-2021



Source: Philippine Statistics Authority

The computation of poverty incidence is based on the poverty threshold [vii]; hence, it is only appropriate to examine the changes in the amount of per capita food and poverty thresholds during the three-year period. Table 1 shows that the food and poverty thresholds are greater in urban areas than in rural. However, the difference in the amount of food threshold from 2018 to 2021 is greater in the island provinces of both urban and rural areas. Tawi-Tawi has the largest increase in food threshold, followed by Sulu and Basilan. The simultaneous increase in poverty threshold and poverty incidence in Sulu and Tawi-Tawi provinces implies that the prices of basic expenditures of families in these areas rose while their incomes stayed the same or the increase in their incomes was not enough to offset the inflation. Price increase of essential commodities is rampant during the pandemic, and

although BARMM has been doing its best in COVID-19 response, local leaders in Sulu and Basilan have expressed their sentiments that they could not feel these interventions in their areas [v].

**Table 1.** First Semester Per Capita Food and Poverty Thresholds, by Province and Urban/Rural Classification, in Php

Region/ Province	First Semester Per Capita Food Threshold				First Semester Per Capita Poverty Threshold			
	Urban		Rural		Urban		Rural	
	2018	2021	2018	2021	2018	2021	2018	2021
<b>BARMM</b>	<b>9,549</b>	<b>10,581</b>	<b>9,584</b>	<b>9,793</b>	<b>13,630</b>	<b>14,897</b>	<b>13,591</b>	<b>13,937</b>
Basilan	9,067	10,115	8,840	9,513	12,984	14,486	12,659	13,623
Lanao del Sur	10,744	10,664	10,310	10,177	15,386	15,272	14,765	14,574
Maguindanao	9,215	9,373	8,776	8,876	13,196	13,422	12,567	12,711
Sulu	10,039	11,136	9,560	10,584	14,376	15,948	13,690	15,157
Tawi-Tawi	7,146	9,766	6,801	9,210	10,234	13,986	9,740	13,189

*Source: Philippine Statistics Authority*

Meanwhile, changes in the food threshold of urban and rural areas in Lanao del Sur and Maguindanao are minimal. In fact, the food threshold decreased by Php 80 in the urban areas of Lanao del Sur. This explains why poverty incidence is low in this province. The decrease in poverty incidence in Lanao del Sur may not be primarily due to the rise in income of families but is caused by the lower prices of their basic expenditures. The continuous provision of aid to displaced families of the Marawi Siege may have kept the food prices in the region amid COVID-19 pandemic [viii]. It is difficult, though, to conclude this with utmost confidence since provincial data for 2021 family incomes is not yet released by the Philippine Statistics Authority.

## **Subsistence Incidence**

The first-semester subsistence incidence has also significantly decreased from 29.4% in 2018 to 17.0% in 2021, as shown in Table 2. It is estimated that there are around 141,594 families in BARMM whose monthly incomes are not enough to meet even the basic food needs in 2021 [ix]. The author estimates of these families per region are: 15,785 in Basilan; 16,527 in Lanao del Sur; 39,357 in Maguindanao; 64,462 in Sulu, and 11,888 in Tawi-Tawi.

**Table 2.** First Semester Per Capita Food Threshold, Subsistence Incidence among Families, by Province

Region/ Province	First Semester Per Capita Food Threshold		First Semester Subsistence Incidence among Families		First Semester Magnitude of Subsistence Poor Families	
	(in PhP)		Estimate (%)		Estimate ('000)	
	2018	2021	2018	2021	2018	2021
<b>BARMM</b>	<b>9,577</b>	<b>9,956</b>	<b>29.4</b>	<b>17</b>	<b>192.4</b>	<b>118.2</b>
Basilan	8,877	9,585	39	21.5	24.4	14.4
Lanao del Sur	10,324	10,227	41.7	0.9	74.2	1.7
Maguindanao	8,919	8,952	23.9	13.7	45.5	30.7
Sulu	9,733	10,732	29.8	38.8	43.7	60
Tawi-Tawi	6,911	9,314	5.8	15.9	4.5	11.4

Source: Philippine Statistics Authority

## **Income Gap, Poverty Gap, and Severity of Poverty**

Table 3 displays the other relevant poverty indicators. The income gap shows that a poor family with five members in BARMM needs an additional monthly income of around Php 4,068 to move out of poverty in the first semester of 2021, which is just Php 419 less than 2018 [x]. The income gap is a useful tool for policymakers to determine the budget that should be transferred/added to the income of the poor per province to uplift them from poverty. The author estimates the income gap of provinces in 2021 as follows: Basilan (Php 2828), Lanao del Sur (Php 1442), Maguindanao (Php 2336), Sulu (Php 3638), and Tawi-Tawi (Php 2477). Furthermore, the depth and severity in BARMM also improved. The poverty gap and poverty severity decreased by almost half.

**Table 3.** First Semester Income Gap, Poverty Gap, and Severity of Poverty, by Province

Region/ Province	Income Gap		Poverty Gap		Severity of Poverty	
	2018	2021	2018	2021	2018	2021
<b>BARMM</b>	<b>33</b>	<b>28.8</b>	<b>18.4</b>	<b>11.4</b>	<b>8.4</b>	<b>4.6</b>
Basilan	35.3	29.5	23.1	13.8	10.6	5.7
Lanao del Sur	36.9	14.1	25.1	1.6	12.2	0.4
Maguindanao	31.3	26.1	15.2	9.7	6.8	3.7
Sulu	29.5	33.9	19.7	24.4	8.3	10.9
Tawi-Tawi	27.3	26.6	4.8	10.5	2.3	3.8

Source: Philippine Statistics Authority

## BARMM Income Groups

In 2018, 53.78% of households in BARMM were poor. These households have a monthly income of less than Php 10,957 per month, and the majority of them are situated in Lanao del Sur and Sulu. While households in middle income comprise 10.52% of the total number of households in BARMM, the majority are in lower middle income earning between Php 21,914 to Php 43, 828 per month. Only 0.2% of BARMM households are considered rich earning at least Php 219,140 [xi].

With the decrease of poverty incidence in 2021 in BARMM, it is expected that more families will move to higher-income groups in provinces that pose positive results in reducing the number of poor families in their areas. However, Lanao del Sur may have a different case. The author estimates that the numbers of families above the poverty threshold in 2021 in each province are: 39,132 families in Basilan, 162,695 in Lanao del Sur, 180,702 in Maguindanao, 46,685 in Sulu, and 18,135 in Tawi-Tawi.

Table 4. Distribution of Households by Province and by Income Group, 2018

Region/ Province	Poor	Low income but not poor	Lower middle income	Middle middle income	Upper middle income	High income but not rich	Rich	All
<b>BARMM</b>	<b>384.1</b>	<b>254.6</b>	<b>63.8</b>	<b>9.1</b>	<b>2.2</b>	<b>0.1</b>	<b>0.2</b>	<b>714.1</b>
Basilan	45.1	18.1	4.2	0.4	0.2	0.1	0	68
Lanao del Sur	118	52.8	10.3	1.8	0.8	0	0	183.7
Maguindanao	95.2	105.9	28.5	3.7	0.8	0	0.2	234.2
Sulu	114.3	33.7	3.8	0.3	0	0	0	152.2
Tawi-Tawi	11.5	44	17	2.9	0.5	0	0.1	76

Source: Albert, J., Abrigo, M., Quimba, F., & Vizmanos, J. (2020). *Poverty, the Middle Class, and Income Distribution amid COVID-19. PIDS Discussion Paper Series, (2022-20)*.

## Recommendation

Poverty statistics in BARMM may not all reflect what is happening on the ground. Hence, local studies are very much needed to fully understand the economic situation of each province and if the growth in the region benefits the poor.

Nevertheless, it is somehow evident that there is a gradual reduction of poverty among households in the Bangsamoro region which calls for a need for integrated programs that would uplift the different categories of families in provinces over time and across generations. What holds back the very poor families in the island provinces are not the same things that hold back the very poor families in mainland provinces. In this sense, different interventions might be required for differently situated socio-economic groups in each province in the region.

The framework provided by the Human Development Network [xii] presented in Table 5 can serve as a guide to the Bangsamoro government in legislating and implementing interventions for different socio-economic groups in provinces for optimal results and efficient distribution of resources. The framework is beyond the usual sectoral approach to addressing the needs of households.

**Table 5.** Distribution of Households by Province and by Income Group, 2018

	Direct provision	Subsidies	Group insurance/ Preneed	Credit/ Loan	Investment opportunities
Extremely poor	Very important	Important	Less important		
Poor	Important	Very important	Less important		
Vulnerable		Less important	Very important	Important	Less important
Economically secure			Important	Very important	Important
Upper middle class			Important	Important	Very important
Top stratum				Important	Very important

Source: HDN Report

The families who just moved away from poverty are the most vulnerable ones. They may face various health, economic, and environmental risks that might make it difficult for them to maintain their social position. The Bangsamoro government needs to protect and support this emerging vulnerable class to improve its risk resiliency. This is a crucial step for the Bangsamoro to get away from its vicious cycle of development [xiii].

Uplifting more families to the middle class is also a good strategy to improve the living conditions of the Bangsamoro people. Middle-class families play a vital role in every society. They invest more in education and health care, which could enhance the human capital, they also have a high demand for consumption which encourage investments in production and marketing and consequently raise the general income levels, and most of all, they are the agents of change in the improvement in public services [xiv].

# Salient Points

- BARMM has shown a significant improvement in reducing poverty incidence from 55.9 in 2018 to 39.4 in 2021, which translates to around 377,731 families uplifted from poverty during the three years.
- The province of Lanao del Sur posted the largest decline in poverty incidence, followed by Basilan and Maguindanao, while the incidence in Sulu and Tawi-Tawi continues to increase.
- There are still around 141,594 families in BARMM whose monthly incomes are not enough to meet even the basic food needs in 2021. Sulu has the greatest number of these families followed by Maguindanao, Lanao del Sur, Basilan, and Tawi-Tawi.
- The income gap shows that a poor family with five members in BARMM needs an additional monthly income of around Php 4,068 to move out of poverty in the first semester of 2021. The Bangsamoro government can use this indicator as a basis for the amount of transfer to incomes of the poor to uplift them from poverty.
- Poverty statistics in BARMM may not all reflect what is happening on the ground. Hence, local studies are very much needed to delve into and fully understand the economic situation of each province.
- With the decrease of poverty incidence in 2021 in BARMM, it is expected that more families will move to higher income groups in provinces that pose positive results in reducing the number of poor families in their areas.
- Different interventions might be required for differently situated socioeconomic groups per province in the region.
- There is an emerging class of families who are no longer poor but might struggle to maintain their social status in the face of various risks. The Bangsamoro government must protect and support these families to break the vicious cycle of development in the region.

# End Notes

[i] Includes the struggle for self-determination by Moro groups, clan disputes, communist insurgency, and banditry.

[ii] As stated in BARMM Vision.

[iii] PSA Press Release, Reference Number 2021-167, last April 29, 2021.

[iv] PSA Press Release Reference Number 2021-522, last December 17, 2021.

[v] As mentioned in the Socioeconomic Impact Assessment of COVID-19 in the Bangsamoro Autonomous Region in Muslim Mindanao of the UNDP in the Philippines

[vi] According to International Crisis Group Asia Report, "Southern Philippines: Fostering an Inclusive Bangsamoro", February 18, 2022.

[vii] Poverty threshold refers to the income required for a family to meet the basic food and non-food requirements. Families whose monthly income lies below the threshold are considered poor. It is typically calculated by using the basic needs approach which finds the expenditures from families whose per capita income is around the food threshold.

[viii] DSWD provided more than P1.2 billion worth of transitory family support packages for families from the most affected places in Marawi City, based on the news and press release of ReliefWeb, "DSWD continues provision of aid to Marawi Siege survivors", October 18, 2021. Moreover, there are also initiatives from UN-Habitat to introduce two satellite markets that provide fairly priced goods during the COVID-19 pandemic for three months in 10 barangays in Sagonsongan and Boganga. Cooperatives in Marawi City have also helped lessen the economic and social fallout.

[ix] Result from subtracting the equivalent of poverty incidence to the population in 2021 and 2018. The total number of households in BARMM in 2020 is 832,908 based on the 2020 Census of Population and Housing.

[x] Computed using the population of the provinces recorded in the PSA 2020 Census of Population and Housing.

[xi] Based on the proposed threshold for the seven income groups of Albert et al. (2018).

[xii] The Human Development Network is a non-stock, non-profit, organization guided by a mission to "strengthen institutional capacity in achieving human development outcomes primarily through research and advocacy". HDN has been generating and releasing the HDI series for the Philippines at the national and provincial levels through the Philippine Human Development Report (PHDR) since 1994.

[xiii] According to the Philippine Human Development Report 2020/21 (2021), provinces in the Bangsamoro region have experienced a vicious cycle of development from 1997 to 2015 which means that both Human Development Index and income growth in these provinces declined over the 18 years.

[xiv] As mentioned in the study of Abert et al. (2020), "Poverty, the Middle Class, and Income Distribution amid COVID-19.

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*Disclaimer: While every attempt has been taken to assure correctness, errors or omissions cannot be eliminated.*

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Anisah is a Maguindanaon who holds a bachelor's degree in Business Economics from Mindanao State University, Marawi City. She is currently finishing her master's degree in Economics at the University of the Philippines School of Economics. In the past, she has worked as Executive Assistant in the Office of Executive Secretary BARMM and has been engaged in many research projects from various non-government offices in the Bangsamoro region. Her research focus is on development economics and is inclined in conducting economic analysis with strong policy relevance. Her motivation stems from her exposure to the sentiments of the grassroots and her aspiration of a developed and sustainable economy for the Bangsamoro region.

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