

**Mindanao Peace and Development Imperatives:
A Call to Action¹
(Executive Summary)
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A. Introduction

1. The Philippine Development Forum of 2008 has adopted the theme “Accelerating Inclusive Growth and Deepening Fiscal Stability” as its theme. Under this banner theme are three sub-themes, namely: (a) Accelerating Growth through Improved Competitiveness, (b) Creating Opportunities for More Inclusive Growth, and (c) Deepening Macro-Fiscal Stability and Improving Governance. The MWG has been placed under sub-theme (b). However, it should be stressed that the four Mindanao agendas discussed below goes beyond sub-thematic theme (b) alone as they will require coordinated efforts from the government, private sector and development partners to successfully address them.

2. We believe that the four most vital and urgent challenges confronting Mindanao’s peace and development efforts are the following:

- The need to call on the government and the MILF to continue the pursuit of a negotiated settlement of their conflict, and for the government to fulfill the provisions of the 1996 GRP-MNLF Peace Agreement, particularly the socio-economic component;
- The need to urgently address the worsening poverty situation in Mindanao, particularly in its conflict-affected and conflict-prone areas;
- The need for the government to fully develop Mindanao’s agricultural sector and supporting infrastructure; and
- The need to improve governance, particularly local, in conflict-affected and conflict-prone areas of Mindanao, and to further improve development partners’ coordination.

B. Mindanao Peace and Development Challenges

The need to call on the government and the MILF to continue the pursuit of a negotiated settlement of their conflict, and for the government to fulfill the provisions of the 1996 GRP-MNLF Peace Agreement, particularly the socio-economic component

3. A call for the government and the Moro Islamic Liberation Front (MILF) to continue the pursuit of a negotiated peace settlement of their conflict. The current impasse on the negotiations between the GRP and MILF panels creates a lot of uncertainty at the ground level. Though the ceasefire between the two forces is holding on, the outbreak of a major confrontation will surely setback the many gains achieved by the peace process in the previous years. Such a call to the government and the MILF will also resonate well to recent efforts by various civil society groups appealing to both parties not to abandon the route to the negotiated peace

¹ Prepared by Dr. Fermin D. Adriano for the Mindanao Working Group. The draft was circulated and comments received at the MWG have been incorporated into this final write-up.

settlement of their conflict. Because of their active participation and their proven reliability as an ally in the peace-building process, these peace stakeholders must be regularly informed of the progress in the peace negotiations both by the government and the MILF so that they too can have real ownership of its result.

4. It should also be stressed that any settlement of the conflict must respect cultural diversity. As the Moro's distinct cultural and religious identity is recognized and respected, so must the unique cultural identities of various IP groups living in the areas being claimed by the MILF as part of its ancestral domain and those situated in predominantly Christian areas.

5. A call for the government to fully address the provisions of the 1996 GRP-MNLF Final Peace Agreement, particularly its socio-economic component. Concomitantly, the call should contain a statement appealing to government to fulfill and complete the provisions of the 1996 GRP-MNLF agreement particularly in relation to the issue of improving the socio-economic status of the ARMM residence and adjoining provinces/municipalities. The absence of a peace agreement between the GRP and the MILF should not be a stumbling block to the continuation of the provision of much-needed assistance to the conflict-ridden and poverty stricken communities in the ARMM and adjacent areas.

6. To the credit of the government, it has done much progress along this line and in the recent talks in Istanbul, Turkey, the government and the MNLF agreed to review the reports of the Joint-Working Groups (JWG) assessing progress made on the fulfillment of the provisions of the agreement by the middle of this year to guide them as to the next steps that must be undertaken. Undeniably, the fulfillment of the provisions of the 1996 GRP-MNLF peace agreement will go a long way in re-assuring the MILF of the government's sincerity in complying with its obligations under a signed accord. Moreover, a more efficient delivery of socio-economic assistance will benefit the very same people and areas being proposed by the MILF to be placed under the BJE.

A call for the government to urgently address the worsening poverty situation in conflict-affected and conflict-prone areas of Mindanao

7. Official statistics have consistently shown that poverty in its worst form is found in Mindanao (ADB 2005; WB 2003). What is disturbing in the case of Mindanao, however, is that poverty has worsened in the conflict-affected and conflict-prone areas of the island. Balisacan (2008) and NSCB (2008) revealed that overall, poverty incidence rose in the country between 2003 and 2006. Balisacan further observed that while some regions did well in their poverty reduction effort, four regions (i.e., ARMM, CARAGA, Bicol and Eastern Visayas) have poverty incidence figures which are four times higher than that of Metro-Manila in 2006. More worrying is the fact that between 1988 and 2006, poverty rose in Central Mindanao and CARAGA, and at an alarming level in ARMM.

8. While income poverty alone does not automatically result to social unrest, international experiences have shown that an explosive political situation is created when poverty is combined with deprivation and injustice (Collier, et. al., 2003). Both the Millennium Development Goals' (MDG) Midterm Progress Report (2007) and the UNDP's Philippine Human Development Report (2006) noted that the lagging regions in the country in terms of deprivation are found in Mindanao, namely ARMM, CARAGA, Central and Southwestern Mindanao. To remedy this

situation, the NEDA-UNDP (2007) MDG report calls for the adoption of “progressive measures/approaches”² that will ensure that regions below the national average should receive more than the proportionate share of the national allocations in order to effectively address this regional imbalance.

The need for the government to fully develop Mindanao’s agricultural sector and supporting infrastructure

9. The imperative of developing Mindanao’s agricultural sector and supporting infrastructure. While attaining peace and security is an indispensable element for accelerated growth of the Mindanao economy, it has to be emphasized that there are areas in the island which are not directly affected by the armed conflict and which have positively contributed to the growth process (Dy and Adriano, 2006). Mindanao has a predominantly agricultural economy and investments in its agricultural sector will go a long way in contributing to sustained economic growth in the island for the following reasons:

- Mindanao enjoys comparative advantage in agricultural production;
- Most of the country’s manufacturing sector is actually food-based;
- There is currently a commodity boom in the world market;
- Mindanao is part of BIMP-EAGA which enjoys geographical proximity to the huge China and India markets;
- The poor are mostly found in the rural areas; and
- There is a need to link small community-driven development projects in conflict areas to more sustainable livelihood projects that will provide a steady source of income for the poor.

10. Formulating a Mindanao agricultural development framework. To have a synergistic impact on developing the agricultural sector of Mindanao, it is imperative that a plan with the consensus of different stakeholders in the island, be formulated. Current global trend is that planning be done on an economic cluster basis wherein investments on infrastructure support the different aspects (i.e., value chain) of the economic activity to obtain higher value and bring down the costs of doing business.

11. While the development of Mindanao’s agricultural sector should be pursued, one should be equally cognizant of its impact on the environment since the sector’s sustainability depends much on whether agricultural technologies being promoted are environmentally-friendly. Moreover, the concern over the environment in Mindanao’s rural areas has intensified with the influx of investors, both local and foreign, in the mining sector. Besides their possible adverse environmental consequences, the proliferation of such investments is creating conflicts because of encroachment over the property rights of other groups (particularly the IPs) and because the benefits of their operations hardly redound to the improvement of the living conditions of residents in these mining communities. There has to be mechanisms installed and effectively implemented wherein the bargaining leverage of mining communities vis-à-vis mining firms can

² Among the key areas for progressive interventions identified in the Report were: (i) improving basic education and health; (ii) improving performance of the agricultural sector; (iii) curbing the high population growth rate, (iv) strengthening LGU capacity in delivering basic services, (v) fostering good governance at all levels of government, and (vi) addressing peace and security issues in Mindanao.

be strengthened so that the former can derive the full benefits of extracting non-renewable resources in their communities.

12. No to “business as usual” approach. Standard economic literature have taught us that for growth to happen, there must be investment made. Investment either comes from the private sector or that of the public sector. However, in an area where there is conflict, there will be reluctance on the part of the private sector to invest because of the risk not only to their capital but fear for their personal safety. Public policy has taught us that one of the special instances where government intervention is needed is when there is market failure. Ostensibly, there is market failure in conflict areas because of the lack of stability to conduct normal market transactions. Thus, to insist on doing things in the “business as usual” mode, or allowing the market to work on itself with minimum government intervention in conflict areas is therefore tantamount to consigning these communities to perpetual poverty and misery.

The need to improve governance, particularly local, in conflict-affected and conflict-prone areas of Mindanao, and to further improve development partners’ coordination

13. Improving governance. No matter how much assistance is extended to conflict areas, the intended recipients will not benefit for as long as the appropriate governance framework and arrangement are not installed. Literature and experiences (refer to Stewart, 2001) in other countries similarly suffering from conflict have shown that bad governance will only result in the elite capture of the assistance or its diversion to groups which are not supposed to benefit from the assistance. The result is the exacerbation, rather than the alleviation, of the conflict situation.

14. A more novel approach is to link aid programs to governance performance. The idea is that if supposed “conditionalities” are attached to standard financial bail-outs or loans by multi-lateral or bilateral financial institutions, there is no reason why aid cannot be tied up to implementation of much-needed reforms, both at the policy and operational levels, especially at the local level.

15. Improving development partners’ coordination. The 2005 Paris Declaration, among others, calls for harmonization of development partners’ thrusts and systems to that of the host country. There has been substantial progress made along administrative, financial and procedural concerns. In the case of Mindanao, efforts have been made to improve development partners’ coordination through the creation of the Mindanao Working Group (MWG). It has become an important venue for information sharing between government and development partners, and between and among development partners. Particularly in a conflict situation, the logical next step to be taken is to share knowledge on strategies and approaches that work best in this setting. This move becomes crucial in the face of growing concern among target communities that development partners impose different requirements and approaches in providing assistance, and in the process creating confusion among the recipients. Worse is if the assistance do more harm than good to the community.

16. Greater efforts have to be exerted by development partners to measure aid effectiveness and to allow Mindanao stakeholders to actively participate in monitoring and evaluating their activities/assistance. As development partners demand transparency and accountability from the government and the community, it must equally observe these principles in its operations.

C. Implications on Other PDF Sub-thematic Groups

17. Ostensibly, the Mindanao peace and development imperatives outlined above goes beyond sub-thematic “b” in the PDF as they have far-reaching implications on the other two sub-thematic groups. Attaining peace is indispensable in achieving sustained growth and enhanced competitiveness, and promoting inclusive growth; while higher revenues arising from the country’s better fiscal position will allow funding more peace promoting assistance, and that good governance will ensure delivery of services to the poor thereby assisting the peace-building process.

18. Addressing the worsening poverty situation in the conflict areas of Mindanao will require creation of jobs which sustained growth can boost, the provision of basic services to the poor, more resources allocated (from improved revenue generation) for these impoverished communities, and better administration particularly by local government of the resources to reach the intended beneficiaries. Developing Mindanao’s agricultural sector will foster Mindanao’s economic growth because it has comparative advantage in this activity and it will alleviate poverty because most of the poor are found in the rural areas. Investing additional resources for this purpose will be a sound investment since the returns will be high. Finally, good governance is the foundation by which all goals of sustaining growth and enhancing competitiveness, promoting inclusive growth, and strengthening fiscal stability can be attained.