

GOVERNANCE AND DEVELOPMENT IN MINDANAO

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I. THE MINDANAO SITUATION

Mindanao and Its Natural Wealth

Mindanao is the Philippines' southernmost and second largest major island group. It has a total land area of 10.2 million hectares, equivalent to 34 percent of the country's total area. As of year 2000, 41 percent of its land has been declared as alienable and disposable while the remaining 59 percent, as total [forestlands](#). ([Annex 1.A](#))

Mindanao is politically subdivided into six regions, 24 provinces, 26 cities, 404 municipalities, and 10,026 barangays. The number of people residing in Mindanao reached 18.13 million in 2000 – nearly one fourth of the country's population. This population is projected to reach 20.3 million in 2005. At 2.42 percent, Mindanao has the highest average annual population growth rate in the country (1995 to 2000). Notwithstanding, Mindanao is still the least densely populated island group. It has a density of 188 persons per sq. km. as of 2000. For the same year, it recorded the highest average household size of 5.23.

Among its six regions, after the reorganization of Mindanao's administrative regions in September 2001, Region XII or [Central Mindanao](#) now occupies the widest hectarage at 2.2 million or about one fifth of the island's area. In terms of population size, Region XI or Southern Mindanao is still the most populated with 4.1 million, making up 22 percent of Mindanao's population. Zamboanga del Sur is the most populated province while Basilan is the least.

As of 1997, 65 percent of families in Mindanao lived in the countryside as of 1997. This percentage is higher than in Luzon (57 percent) or Visayas (63 percent). The regions with the [heaviest rural concentrations](#) are the Autonomous Region of Muslim Mindanao (78 percent) and Central Mindanao (70 percent). Mindanao also has a young population. Almost 60 percent of its people are below 30 years old, the trend since 1996. As of 2000, men outnumber women 104 to 100. This ratio is higher than that of Luzon (100:100) and the Visayas (102:100). Mindanao women live longer than men do. In 1995, women lived 5.29 years longer on the average than their male counterparts.

Mindanao has the best climate in the country and enviable soil conditions that are excellent for agricultural production. Its leading crops are sugarcane, rice, coconut, and corn. It is a major source of rubber, cacao, pineapple, banana, coffee, and cassava. In 1999, over 70 percent of the national production of these crops were in Mindanao. Other high-value crops like asparagus, cut flowers, mango, and durian are also growing in importance. It is also a major producer of livestock and fishery products. It accounted for 42 percent of fish production in 2000.

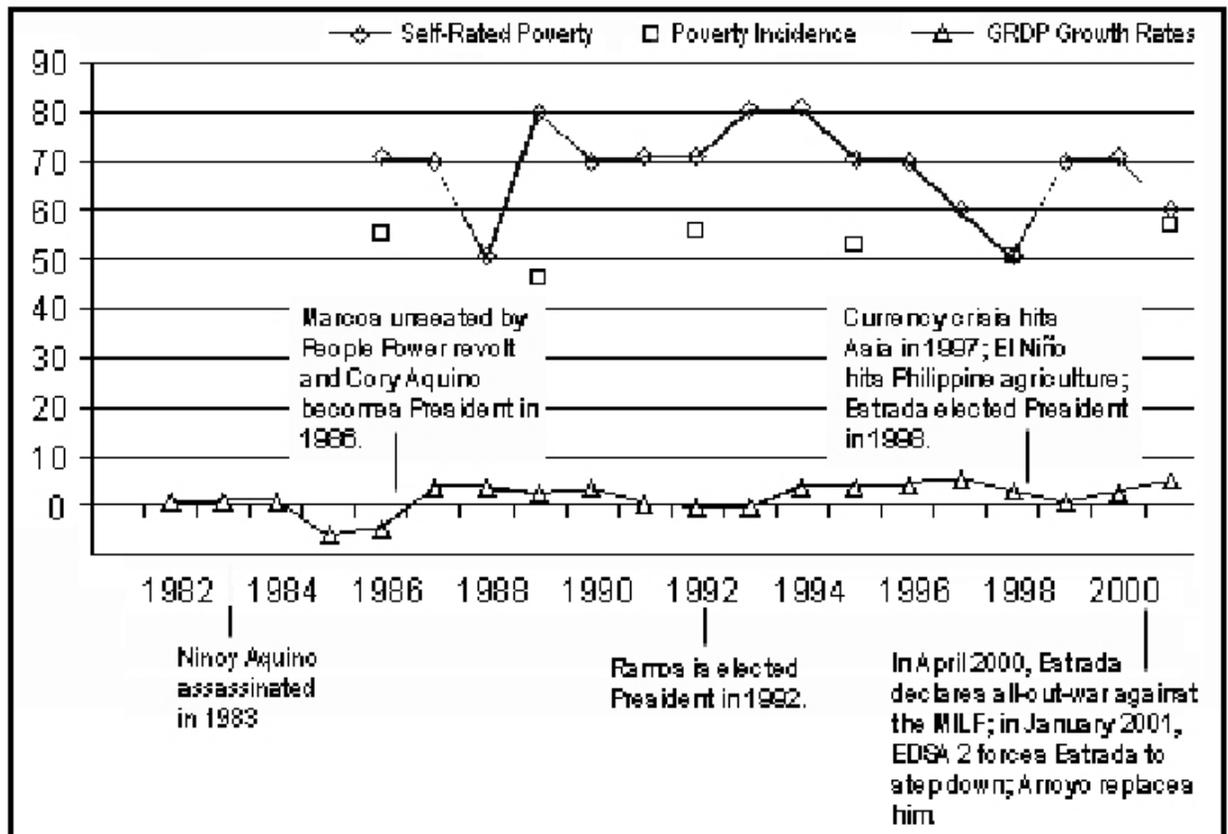
Mindanao is also rich in mineral deposits, producing about one-fourth of the Philippines' total output in mineral products. Its metallic mineral reserve is estimated at 3.6 million tons and non-metallic reserves at 7.9 million tons as of [1993](#). It also

has significant oil reserves and sources of hydroelectricity. The many natural attractions and diverse cultures of the island offer exciting tourist destinations. Its proximity to the ASEAN countries, Australia, and the Pacific Islands provide great opportunities for tourism and trade.

Mindanao's Economy Across Time

Given such natural wealth, how has Mindanao's economy fared, particularly in the last two decades? Figure 1.1 provides a quick picture.

Figure 1.1: Growth of Gross Regional Domestic Product, Poverty Incidence of the Population (NSCB) of Mindanao and Self-Rated Poverty, 1981 to 2000



Before 1992. Mindanao's economic performance from the 1970s to 1992 was sluggish. The worst annual growth rates of the GRDP during the period of 1981 to 1992 were recorded in 1984 (-6.31 percent) and 1985 (-4.7 percent). The country and all four Mindanao regions then experienced the dip in both years. The dismal trend was brought on by the political turmoil that followed the assassination of Ninoy Aquino in 1983. The highest growth rate for Mindanao's GRDP occurred in 1986 with 3.54 percent – the year President Ferdinand Marcos was ousted by People Power or EDSA 1. During the election year of 1992, the island-wide GRDP fell by 0.47 percent as Regions XI and XII experienced negative growth rates. This was when massive brownouts affected the Philippine economy ([Annex 1.B](#)).

1992-1996. The economy began improving during the early years of the Fidel V. Ramos administration. By 1993, the GRDP growth rate reached 3.7 percent. For the next three years, 1994 to 1996, Mindanao's GRDP continued to surpass the previous years' performance by up to 5.28 percent. In the same period, all the regions in Mindanao managed to achieve positive growth rates. ARMM held a record of sorts with a 9.38 percent rise in GRDP in 1995.

Other indicators show that Mindanao's economy was at its most vigorous from 1992 to 1996. Total foreign trade grew at an average rate of 10 percent annually. Trading with partner countries from the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area ([BIMP-EAGA](#)), grew even faster at 13.4 percent. The physical integration of Mindanao intensified starting 1992. Among others, it brought about an increase in telephone density from 0.48 lines per 100 persons in 1992 to 3.42 in 1997, an additional 773 kilometers of paved road, upgrading of airports and seaports, improved irrigation, and expansion of power supply. There was a dramatic increase in trade and investment missions, mostly coming from the BIMP-EAGA. The financial sector also started growing, indicating a high level of confidence in the island.

The Philippine Business for Social Progress (PBSP) *Study on Mindanao Peace and Development Initiatives* attributes the dramatic economic turnaround to the following:

- National government reforms such as liberalization, privatization, and deregulation;
- Decentralized governance through the 1991 Local Government Code;
- Greater cohesion and consultation among various stakeholders through the organization of Mindanao-wide bodies in the government, NGO, and the private sector as well as through inter-LGU partnerships or alliances such as the Davao Integrated Development Area, SOSKSARGEN, etc.; and,
- The Government of the Republic of the Philippines-Moro National Liberation Front (GRP-MNLF) Peace Agreement.

Aside from peace and development, former Presidential Assistant for Mindanao Paul Dominguez also cites full physical integration, direct foreign trade and investment links, and quality education as essential factors in Mindanao's turnaround.

1997-1998. In 1997, the Asian financial crisis and the drought brought about by the El Niño phenomenon took a heavy toll on Mindanao's economy. The GRDP growth rate dropped in 1997 to 2.82 percent and dipped even lower to 0.71 percent in 1998. This was actually better than the country as a whole, which posted a decrease in Gross Domestic Product (GDP) in 1998. Regions XI and X, the consistent leading engines of Mindanao's economic growth, felt the brunt more seriously with a decrease in GRDP of 13.21 percent and 7.05 percent, respectively.

The agriculture sector in Mindanao contributes an average of 42 percent (1994 to 2000, at constant prices) to the GRDP. This is followed by the service sector with 34 percent and industry with 28 percent. Industry was the hardest hit by the financial crisis in 1997, largely due to high interest and exchange rates. Growth in agriculture also slowed down and hit rock bottom in 1998 when its total value of production dipped by almost 4 percent ([Annex 1.C](#)). Production of rice, corn, banana, cassava, coconut, coffee, and pineapple all suffered a decline.

Not surprisingly, all regions in Mindanao reported decreases in employment rates between 1997 and 1998, largely due to massive retrenchments. Budget cuts in government also resulted in reduced social services.

1998 Onward. Beginning 1999, GRDP growth improved and finally posted a 4.95 percent increase by 2000. Region XI recovered significantly faster than Region X. The agriculture sector made a comeback and even outperformed the GRDP growth rate of the island with a 6.84 percent rise in 2000 ([Annex 1.C](#)). This has been largely attributed to favorable weather conditions.

However, data on private investments and domestic trade in Mindanao in 1998 and 1999 reveal the lingering adverse effects of the financial crisis and the long dry spell, and aggravations brought about by renewed armed hostilities in Mindanao's hot spots. Levels of investments dropped from 1998 to 1999 by 33.7 percent in the whole island. Domestic trade also dipped by more than 80 percent ([Annex 1.D](#)). Inflation rates increased in 1998 to 9.6 percent from 4.8 percent in 1997. Mindanao, however, has managed to keep its inflation rates lower than that of the Philippines since 1997.

Overall, the average peso purchasing [power](#) has shrunk each year during the period 1997 to 2000, from 0.80 in 1997 to 0.66 in 2000 at both the national and Mindanao levels. Among the regions in the island, ARMM consistently had the lowest peso purchasing power, ending at 0.59 in 2000 ([Annex 1.E](#)).

The Estrada administration instigated an "all-out-war" policy against Muslim secessionists in April 2000. This policy took a heavy toll on human lives, physical infrastructure, and economic activities. In 2000, only ARMM suffered a decline in GRDP among the regions in Mindanao. The former's inflation rate also reached 9.3 percent, more than twice the 4.1 percent rate of the island. ARMM's inflation rates per commodity group are shockingly higher than the rest of Mindanao. For example – for food, beverages, and tobacco, the rate in ARMM is 8.4 percent, compared with 2.7 percent for Mindanao. For housing and services, it is 14.1 percent in ARMM but only 5.4 percent in the whole island.

Data from the Department of Social Welfare and Development (DSWD) shows that as of August 24, 2001 the effects of the Mindanao armed conflict are:

- A total of 188,575 families (1,002,855 persons) were displaced by the war that affected Regions IX, XI, XII and ARMM. ARMM had the biggest number of affected families with 50 percent, followed by Region XII or Central Mindanao with 42 percent.
- Total cost of assistance extended to the evacuees is about P342 million in the form of relief supplies, construction of bunk houses, core shelters and evacuation centers; food for work in the construction; administrative support in the disaster operations and medical assistance. Some 9,039 houses were damaged by the war. Of this, 6,455 (71.43 percent) were totally destroyed and 2,581 (28.56 percent) were partially damaged.
- The Presidential Executive Task Force for Relief and Rehabilitation of Central Mindanao reported in March 2001, that the cost of physical infrastructure damages has reached P293 million. The Mindanao Coordinating Council places the cost on property, infrastructure and facilities at more than half a billion pesos for all provinces affected by the [war](#).

Specific effects of the conflict on the economy, according to the Mindanao Peace and Development Study of Notre Dame University [include](#):

- P2.5 million in lost harvest of the region's major crop, cassava as a result of heavy fighting in ARMM. The total hectareage of corn in ARMM, Western and Central Mindanao has also declined. The area for palay production in

ARMM and Southern Mindanao has been reduced by 3 percent and 5 percent, respectively.

- Commercial fishing, municipal fishing, and aquaculture growth rates plummeted to as much as 22 percent, 17 percent, and 24 percent, respectively.
- The level of investments for construction activities in the island-region contracted to 56 percent.
- The real estate industry in terms of sales and mortgages dropped to 54 percent and 61 percent, respectively.
- In Region XI alone, the cancellation of bookings, conventions, and meetings resulted in a loss of 5,000 visitors, an estimated total foregone receipt of P56 million in the tourism and service-related sector.
- The island-economy's labor force (15 years old and over) has increased by more than 2 percent in 2000. The labor participation rate dipped by 4 percent.

The closures of several business establishments worsened the island-region's unemployment rate. Unemployment has worsened in conflict ridden areas such as Region XII, ARMM, and Region IX with increased unemployment rates at 39 percent, 15 percent, and 13 percent from the previous year's level, respectively.

Since assuming the Presidency in January 2001, Gloria Macapagal-Arroyo has committed to pursuing a peaceful resolution of the Mindanao conflict by conducting intensive relief and rehabilitation efforts and tracking down rebels who are holding hostages. The President also has appointed people from Mindanao to crucial positions to oversee the various government peace and development initiatives for ARMM. She also has supported a plebiscite that resulted in the inclusion of Marawi City and Basilan in the ARMM. A new set of leaders also has been elected, with Dr. Parouk Hussin as the new [Governor](#).

Mindanao's Poverty and Income Disparity

The World Bank's Philippines poverty assessment for the 1985 to 1997 period shows that when the economy grew, conversely, poverty declined. Weighing the economic growth rates against poverty incidence in Mindanao (Figure 1.1) shows that this is not always the case. To illustrate, the GRDP growth rate was 3.58 percent and poverty incidence was 52.8 percent in 1994. However, when the GRDP growth rate fell to 2.82 percent in 1997 the percentage of the poor also declined to 50.6 percent. In 2000, when the GRDP grew by 4.95 percent, poverty incidence was estimated to have worsened to 56.7 percent.

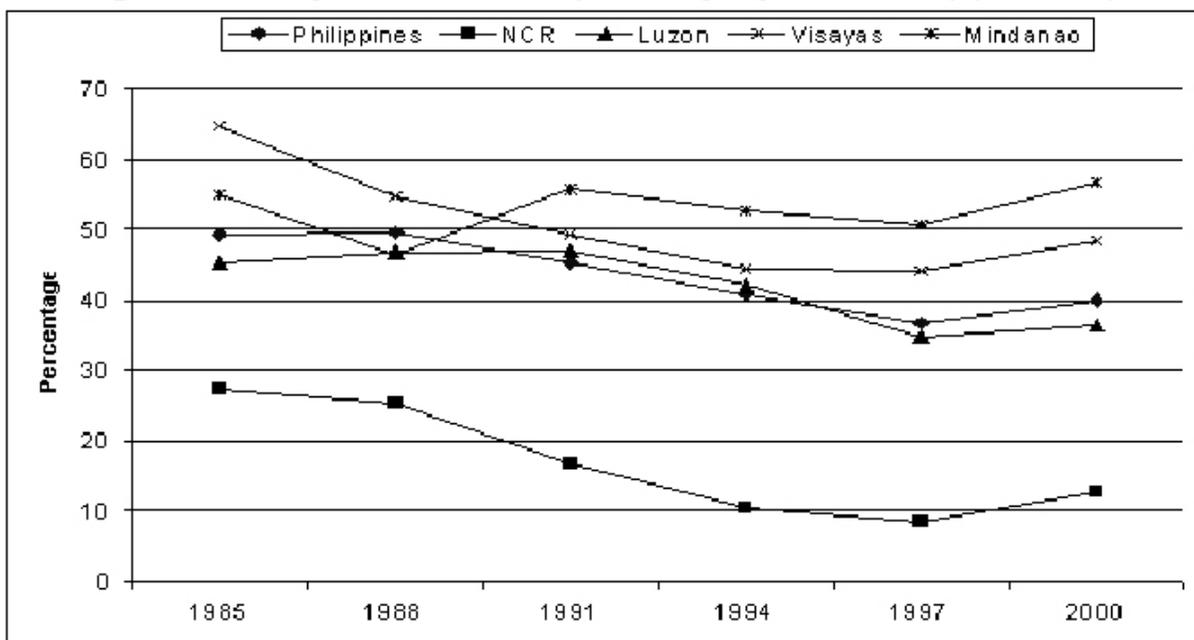
According to the 1998 United Nations Development Programme's (UNDP) *Human Development Report*, it was perceived in the 1980s that the fruits of economic development should be shared by the broader populace. The Report said that the market would, by itself, allocate resources as it promotes growth – the trickle down effect. Now, governments have accepted that more deliberate programs are needed to address poverty. In other words, interventions are needed to ensure that market forces also work for the poor.

Compared with Country and other Island Groups. In the 1985 and 1988 poverty incidence surveys of the Philippine Government, the Visayas recorded the highest poverty incidence in the country. However, beginning 1991, Mindanao consistently recorded higher poverty incidence than the country, the National Capital Region, Luzon, and the Visayas. Poverty alleviation seemed to have carried on from then to 1997 (1992 to 1996 were years of economic upturn under the Ramos administration) as the proportion of [poor people](#) in Mindanao decreased from 55.7 percent in 1991

to 52.8 percent in 1994, and finally, to 50.6 percent in 1997. The same trend can be seen in the poverty incidence of families. However, preliminary estimates for 2000 indicate a rise in poverty incidence in Mindanao and the rest of the country (Figure 1.2 and [Annex 1.F](#)).

In 1997, Mindanao had 8.4 million poor people – 50.6 percent of its population. This number was estimated to rise in 2000 to about 10.3 million people or 56.7 percent of the population, which also translates to nearly 1.7 million families. In contrast, the estimated proportions of poor people were lower for the Philippines (40 percent), NCR (12.7 percent), Luzon (36.3 percent), and the Visayas (48.5 percent).

Figure 1.2: Poverty Incidence of the Population by Major Island Group (1985-2000).



Source: National Statistical Coordination Board (NSCB).

Although Mindanao has the highest poverty incidence, its average annual family income during the period 1988 to 1997 is not the lowest among the island groups. Visayas consistently recorded the [lowest annual income](#). Mindanao also has higher annual per capita poverty and [food thresholds](#) than the Visayas region.

In any region of the country, with the exception of the NCR, poverty is largely a rural phenomenon. However, the urban-rural disparity in Mindanao is striking. The proportion of the poor in rural Mindanao, 63.7 percent in 2000, is greater than that of the other island groups and that of the country, the latter being 54.4 percent.

Self-Rated Poverty. In 1985, Social Weather Stations (SWS), a private research institute, started a survey on self-rated poverty (SRP). This is the percentage of surveyed households who consider themselves poor. Mindanao's self-rated poverty is more often than not higher than the poverty incidence recorded by the NSCB. In 1998, the SRP exceeded the NSCB's population poverty rate by as much as 33 points (Figure 1.1 and [Annex 1.G](#)).

Under Aquino's administration from 1986 to 1991, the SRP in Mindanao was lowest in 1987 at 50.5 percent and highest in 1988 at 80 percent. The rate was about 70

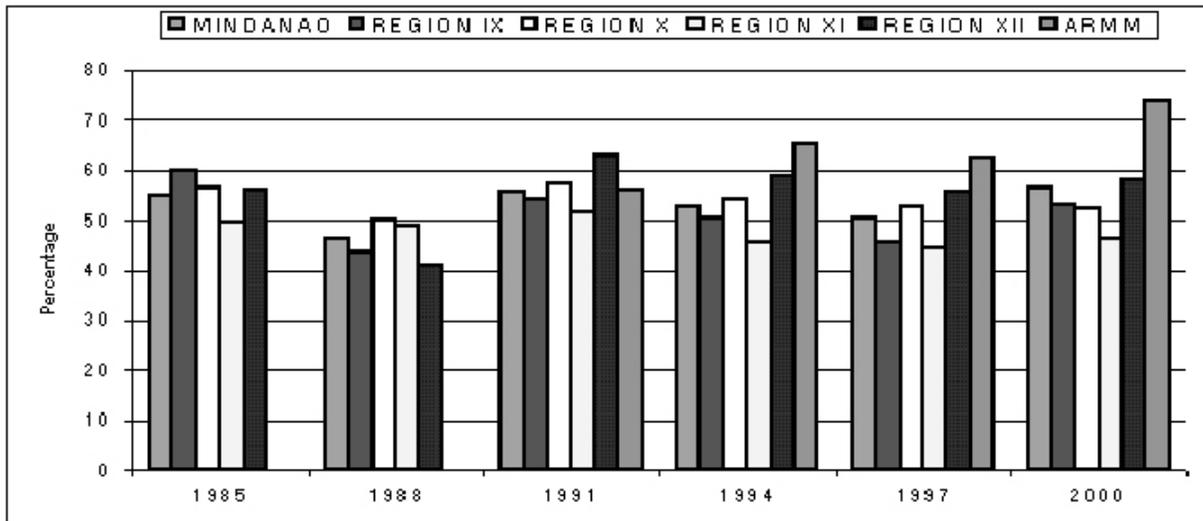
percent for the other years. Better economic times under Ramos seemed to have made an impact on the households surveyed as the self-rated poverty dropped steadily from 80.25 percent in 1992 to 50.5 percent in 1997, despite the currency crisis in the latter year. Under the Estrada administration, the SRP again escalated to 70 percent in 1998 and improved slightly to about 60 percent in 2000. The rate stayed at around that level in Arroyo's first year in 2001.

Regional Disparity within Mindanao. Growth without equity in Mindanao is made more obvious by inspecting the situation of its six regions. Figure 1.3 shows that across time, Region XI normally has the lowest poverty incidence, in terms of people or family, in Mindanao. The former is estimated to have a population poverty incidence of 46.3 percent in 2000 – lower than the Mindanao average by 10.4 points.

Region X usually posts the next lowest incidence. The areas consistently suffering higher rates than the Mindanao level are the conflict-ridden regions of ARMM and Central Mindanao (XII). ARMM is estimated to have almost 74 percent of its population living below the poverty threshold in 2000 ([Annex 1.F](#)). Rural and urban poverty incidence in the same region is 75.1 percent and 69.8 percent, respectively. The discrepancy between ARMM's urban poverty incidence to the second highest rate, that of Region XII, is about 22 points.

Again, families in Regions XI and X usually enjoy the highest average annual income in Mindanao, projected to have reached P111,705 and P110,537 in 2000, respectively. In contrast, ARMM's estimated family income is the lowest with only P76,989 per year. Region XII actually maintains a relatively good income standing, placing third or fourth highest since 1985, although it is almost always next to ARMM in terms of poverty incidence ([Annex 1.F](#)).

Figure 1.3: Poverty Incidence of Population by Region, 1985 - 2000.



Source: National Statistical Coordination Board (NSCB).

The low Gini coefficient ratios of ARMM since 1991 to 2000, ranging from 0.3197 to 0.3406, reveals that there is more equal income distribution in ARMM than in other regions in Mindanao. This is because 74 percent of the people in ARMM live below the poverty threshold, meaning that practically everyone is poor. The threat of

growth without equity is evident in Region X since it registered the highest Gini ratio in 1997 and 2000 at 0.4944 and 0.4752, respectively ([Annex 1.F](#)).

Major Factors for Mindanao Underdevelopment and Economic Disparity Despite the natural wealth of the island and the overall growth rates that have been comparable to those of the country in the last decade, economic development is uneven in Mindanao. Areas under similar economic conditions and developmental capacities were even clustered together in the *Development Framework Plan for Mindanao 2000* as follows:

- Cluster 1 – Covering areas in Region X and XI, includes the Davao Gulf Coast, the Cagayan de Oro-Iligan Corridor and SOCSARGEN (South Cotabato, Saranggani, General Santos), described as the lead engines of accelerated development in the island.
- Cluster 2 – Covering areas in Region IX and XII, includes the Zamboanga Peninsula, Greater Cotabato-Lanao and Panguil Bay-Mount Malindang. Infrastructure readiness is lagging. Flagship projects are not fully secured. Private sectors are underdeveloped. Investment portfolios not well developed. Areas have not experienced significant economic turnaround.
- Cluster 3 – Includes ARMM, with Sulu and Tawi-tawi, and Agusan-Surigao (CARAGA region). Its areas are economically stagnant, compounded by pockets of poverty-ridden communities. Its entire road infrastructure is underdeveloped with the majority of improvement needs without funding. Its private sectors are severely underdeveloped. The agrarian base is severely eroded. Business leadership, although evolving, is not well focused. Areas have experienced no economic alleviation.

Mindanao has the highest poverty incidence among the island groups. This poverty is most glaring in the ARMM and Region XII where there is a heavy concentration of the Muslim and *lumad* (indigenous people) population.

In Vitug and Gloria's *Under the Crescent Moon: Rebellion in Mindanao*, former Presidential Assistant for Mindanao Paul Dominguez was quoted as saying, "What really disturbed me was the gap between Christians and Muslims in parts of Mindanao which widened during Ramos' time. We can't stop the growth of fast-moving areas because others are slow. And neither can we build walls around our growth centers." Hence, Vitug and Gloria concluded, "For Dominguez, the widening economic gap was the severe dilemma posed by growth. It remains the greatest destabilizing factor in Mindanao. In the future, if the gaps are not bridged, Mindanao will be even more [fractured](#)."

Why does the inequity persist, even in times of relative peace? Several reasons have been pointed out by various studies on Mindanao. A PBSP study narrows these down to [four major factors](#):

Mindanao has been relegated to its backwater role as supplier of raw materials to the metropolis. Mindanao's traditional role has been as a mere supplier of raw materials and agricultural products to the more developed, more industrialized regions of the country. Its contribution to the total industrial and manufacturing output of the country is only 13 percent.

Declining comparative advantage in natural resources. It is estimated that since 1980, some 10,000 to 15,000 hectares of forestlands in Mindanao are denuded every year. The mangroves suffer the same fate, declining from 450,000 hectares in

1918 to only 242,000 hectares in 1980. Other depleted natural resources include marine life, soils, watersheds, and coastal estuaries.

Neglect of its development needs by the national government. Studies indicate that Mindanao obtained the lowest priority in infrastructure investment in previous decades. Large areas like Agusan del Sur, Davao del Norte, Bukidnon, Basilan, and Zamboanga have very poor road access, resulting in poor mobility of people, goods, and services. In the early 1990s, telephone density in Mindanao was less than one half percent. Only 39 percent of the households had electricity and only 38 percent of the total irrigable lands had irrigation facilities. Today, Mindanao finds itself still insisting on its rightful share of national government resources for infrastructure.

Absence of peace and order and intense prejudice. The massive dispossession and discriminatory treatment experienced by the Muslims and the *Iumads* led to the creation of groups fighting for autonomy and self-determination. This gave rise to the Mindanao armed conflict that has effectively inhibited the development of the island.

A Closer Look at Muslim Mindanao

Clearly, ARMM is the most underdeveloped and poverty stricken region in Mindanao. The four ARMM provinces are on top of the "List of the 25 Most Deprived Provinces in the Philippines" using the Minimum Basic Needs (MBN) [indicator](#). This is validated by the 1997 ranking of Philippine provinces based on the Human Development Index (HDI) prepared by the UNDP. The HDI measures the state of human development based on the level of real income per capita and the state of health, knowledge and skill. All the ARMM provinces – Lanao Sur, Maguindanao, Sulu and Tawi-Tawi – are in the list of the "Bottom-Ten Provinces", comprising the bottom four of that list. Moreover, the fifth province from the bottom, Basilan, recently joined ARMM through the 2001 plebiscite (Table 8-1.1).

Table 8-1.1: Bottom-10 Provinces in the Philippines based on the Human Development Index, 1997.

Province	HDI	Province	HDI
1 Sulu	0.331	6 Ifugao	0.448
2 Tawi-tawi	0.425	7 Lanao del Norte	0.465
3 Maguindanao	0.403	8 Agusan del Sur	0.478
4 Lanao del Sur	0.408	9 Northern Samar	0.482
5 Basilan	0.434	10 Masbate	0.487

Source: UNDP Philippine Development Report, 2000

It is not difficult to understand why ARMM scored the lowest HDI. Table 8-1.1 summarizes the disparity that has widened since 1991 between ARMM and the rest of the country. The estimated poverty incidence in 2000 of 74 percent is 85 percent higher than the Philippine average. The annual income of ARMM families is about half the average in the country. Annual per capita and food poverty threshold is higher than the Mindanao and Philippine level.

Table 8-1.2: Poverty Statistics of ARMM vis-à-vis Mindanao and Philippines, 1991 and 2000.

Poverty Indicator	Philippines		Mindanao		ARMM	
	1991	2000 P	1991	2000 P	1991	2000 P
Poverty Incidence of Population (%):						
Urban and Rural	45	40	56	57	56	74
Urban	36	25	51	44	68	70
Rural	55	54	59	64	52	75
Magnitude of Poor Population (1997 Pesos)	28,119,758	27,250,075	7,825,211	8,472,431	910,003	1,342,149
Poverty Incidence of Families (%)	40	34	51	51	51	69
Magnitude of Poor Families	4,780,868	5,215,989	1,351,568	1,666,514	157,507	271,399
Average Annual Income (in Pesos)	65,186	144,506	46,471	96,628	43,677	76,989
Annual per Capita Poverty Threshold (in Pesos)	7,302	13,916	6,820	12,397	7,450	14,017
Annual per Capita Food Threshold (in Pesos)	4,928	9,183	4,732	8,452	5,084	9,483

P - preliminary.
Source: NSCB.

Table 8-1.3 indicates the discouraging health situation in ARMM. Its crude death rate of 5.4 (1998), maternal mortality rate of 1.4 (1997), and mortality rate of children aged one to four of 26 (1997) are higher than those of Mindanao and the Philippines. The infant mortality rate of 7.5 (1997) is also higher than Mindanao's. Conversely, the percentage of households having access to sanitary toilets and to potable water at 23.9 percent and 41.2 percent, respectively, are the lowest among all regions in Mindanao and way below the national and island-wide average.

Table 8-1.3: Health Indicators in the ARMM vis-à-vis Philippines and Mindanao, 1997, 1998.

Health Indicator	Philippines	Mindanao	ARMM
Crude birth rate, 1998 (no. of live births per 1,000 popn)	11.6	20.5	20.9
Crude death rate, 1998 (no. of deaths per 1,000 popn)	2.0	3.1	5.4
Total fertility rate, 1998 (average no. of births of a woman)	3.5	no data	3.6
Infant mortality rate, 1997 (no. of deaths per 1,000 infants)	13.3	8.5	7.5
Mortality rate of children aged 1 to 4, 1997	16.6	22.4	26.0
Maternal mortality rate, 1997 (no. of deaths of women per 1,000 live births)	0.6	0.9	1.4
Rate of households with access to sanitary toilets, 1997 (%)	66.6	64.4	23.9
Rate of households with access to potable water, 1997 (%)	76.0	76.3	41.2

Source: Department of Health.

According to the UNDP, the life expectancy in Mindanao is 63 years, shorter than the 66 and 67 years in Visayas and Luzon, respectively. The gap is more marked in

ARMM where the life expectancy is lower than the national average by at least 9 years.

ARMM has about the same population as Region XII and Region XIII but has the least number of health workers and barangay health stations (BHS) in Mindanao. According to the PBSP study, in 1996, its BHS-to-population ratio was 1:4,356 – the worst among the Mindanao regions.

ARMM also recorded the highest dropout rate of 22.5 percent and the lowest cohort survival rate of 32.4 percent in public elementary schools during the school year 1999 to 2000. It also has the least number of preschool and elementary schools as well as the fewest enrollees in secondary schools for the school year 2000 to 2001.

II. GOVERNMENT RESPONSE TO THE MINDANAO SITUATION

Development Framework for Mindanao

The Medium Term Philippine Development Plan (MTPDP), 2001-2004. The Medium Term Philippine Development Plan (MTPDP) for 2001 to 2004 outlines the strategic directions being pursued by government to correct the economic disparities in the country and, particularly, in Mindanao. These are anchored on two critical development policies, i.e., balanced regional development, and peace and development.

Balanced regional development aims to address disparities in the levels of development among regions and the limited resources to finance local development. One strategy to achieve balanced growth is to develop urban centers outside Metro Manila. Growth networks around the country, including Mindanao's Cagayan de Oro-Iligan Corridor (CIC) and the South Cotabato-Sultan Kudarat-Sarangani-General Santos (SOSKSARGEN) Growth Area, facilitate the dispersal of urban centers and also integrate the same through greater collaboration, complementation, and optimization of resources. The improvement of physical linkages becomes vital in maintaining a closely integrated system of urban centers. The proposed infrastructure projects for physical integration within Mindanao include road networks and ports development. The projects under the former include the Butuan-Cagayan de Oro City-Iligan-Tubod Road, the Cotabato-Pagadian-Zamboanga City Road, the Bukidnon-Davao City Road, and the Surigao del Sur-Davao Oriental Coastal Road. The development of ports is intended to improve linkage of the island with the rest of the country or with the ASEAN through the Southern Philippines Ports Development, the Pan-Philippine Highway Ferry Terminal Privatization, the Western Seaboard Intermodal Transport, and the ASEAN Highway Network.

The second strategy entails enhancing the roles of local governments (LGUs) as economic units mainly through capacity-building programs. This aims to transform local leaders into enterprising economic development managers who are alert in promoting an environment conducive to business and investments. The strategy sets off among LGUs a more aggressive stance toward increasing productivity, generating employment, and reducing poverty. By design, national government support and Official Development Assistance (ODA) will follow to supplement local resources and finance development programs and projects.

A third strategy for balanced regional development is upgrading databases and coordinating statistical systems. This involves raising the capacity of datagenerating government offices to provide timely, accurate, and relevant information at the local level. This is fundamental to planning and decision-making. The nuances of

pursuing development in Mindanao are different from that of the other regions. The region is home to Christians, Moros, and *lumads* – peoples so diverse in their ways of life that, in the past four decades, a sustainable and peaceful co-existence has remained elusive. The lack of harmony among cultures and the recurrence of armed conflict have resulted in low level socio-economic development that is felt acutely in conflict-ridden areas. Thus, a focus on Mindanao, especially on the peace and development efforts in the region, is a policy given emphasis in the MTPDP.

Grounded on social justice and respect for ethnic traditions, the government has already undertaken initiatives centered on the resolution of armed conflict and socioeconomic upliftment. Peace-building efforts include a return to negotiations (departing from the "all-out-war" policy of the Estrada Administration), the rehabilitation of war-affected communities, and the increased representation of Mindanaoans, particularly the Muslims and the *lumads*, in government. Alongside these efforts is the implementation of culturally sensitive socio-economic programs and projects drawn up through popular consultations. These include the provision of basic services, education, employment opportunities, and infrastructure support.

The New ARMM Government. With the election of Dr. Parouk Hussin as ARMM Governor, there is a fresh start for government to deliver reforms and services in the region. The ARMM leadership and other government line agencies have come up with strategic development [directions](#), outlined in four tracks, to achieve the gargantuan task of implementing projects with immediate yet wide-reaching results. This is in addition to laying the foundation for substantive reforms toward lasting peace and development – all within a three-year incumbency. The following is a brief summary of each development track:

Economic Track: Equitable and Sustainable Development. With ARMM's abundant resources and the dependence of the majority in agriculture, modernization remains to be the main vehicle to improving its economy. Measures will focus on increasing productivity, upgrading marketing infrastructure, promoting an attractive business climate, and providing extension services and other support to agriculture and industry. The main mechanisms to achieve this include those provided under the Agriculture and Fisheries Modernization Act (AFMA). To complement public intervention in agriculture and fisheries, private participation and entrepreneurship will be encouraged to spur economic activities especially in conflict-ridden areas. Efforts also will be undertaken to resolve cases of conflicts arising from the use and control of resources. Specifically, the acceleration of the implementation of laws relevant to agrarian reform, fishery, forestry, mining, and those promoting the welfare of indigenous peoples will be pursued.

Social Track: Comprehensive Human Development and Protection of the Vulnerable Sectors. For the social sector, attention will be geared to post-conflict reconstruction and the building of human and social capital. Efforts will be directed to regain the peoples' trust in government and to rebuild the communities devastated by war. Economic interventions and the delivery of better and non-exclusive access to health, education, and other basic services will also be ensured so that ARMM can catch up with the rest of the country in terms of human capital equity. The building of social capital, i.e., promotion of social cohesion among communities, will be realized through community dialogues, increased participation of communities in governance, and the conduct of community-based projects.

Development Administration and Finance Track: Comprehensive Human Development and Protection of the Vulnerable. Saddled by low credibility brought on by years of failing to deliver its promises, the ARMM government will endeavor to

establish a transparent, efficient and accountable bureaucracy. This will require reorganizing and appropriate staffing, building capacities of personnel, establishing an information system, and strengthening the Regional Planning and Development Board. Measures also will be taken to enhance inter- and intra-government level partnerships, including ARMM's partnership with the regional line agencies, LGUs, and the national agencies.

Peace and Security Track: Toward Lasting Peace. This affirms the commitment of the national government to peaceful and negotiated settlements of armed conflict with groups like the Moro Islamic Liberation Front (MILF), while making good its part in the peace pact with the MNLF. More importantly, the government will strive to break down the culture of violence prevalent in the ARMM, as conflicts not only arise between the government and rebel groups but also between communities, factions, and ethno-linguistic groups. Multi-sector dialogues and other traditional or indigenous conflict resolution mechanisms will be adopted.

Development Interventions in the ARMM

Government and ODA Programs and Projects. The general framework discussed above is reflected to some extent in ARMM through the interventions of the Philippine government and the ODA-funded programs of the international community. The ARMM is the beneficiary of on going national government infrastructure [projects](#), including roads, bridges and irrigation, worth a total of P11.31 billion as shown in Table 8-2.1. The P4.35-billion Zamboanga City-Pagadian Highway project of the Asian Development Bank (ADB) and the World Bank (WB) is expected to benefit the ARMM provinces. Local governments of ARMM can access funds to build bridges from two major programs called the *Tulay ng Pangulo sa Barangay* (The President's Barangay Bridges Program) and the Salam Bridges Project. The major irrigation projects are the Kabulnan Irrigation and Area Development Project (KIADP) in Maguindanao, and the Malitubog-Maridagao Irrigation Project (MMIP) in North Cotabato and Maguindanao.

Infrastructure projects, in the form of road and air and seaports, worth P5.66 billion are also forthcoming. These cover road projects in the ARMM and its neighboring provinces totaling P3.69 billion with funding from Saudi Arabia and Kuwait. A Third Airports Development Project in ARMM will also be financed by the ADB.

International support, particularly from the WB, UNDP and USAID for Mindanao's peace process and development is summarized in Table 8-2.2. It shows that the value of completed projects has reached US\$66 million. Some US\$61 million worth of projects are still going on, while another US\$114 million worth are in the pipeline.

Table 8-2.1: On-Going Infrastructure Projects in ARMM.

Type of Project	Cost in Billion Pesos	Fund Sources
Roads	0.09	Department of Public Works and Highways (DPWH)
Irrigation	4.48	United Kingdom, DPWH
Bridges	6.74	ADB, JBIC, Agrarian Reform Fund II, National Irrigation Administration (NIA), Agriculture and Fisheries Modernization Act (AFMA)
TOTAL	11.31	

Sources: MEDCO, OPARD

Table 8-2.2: Summary of Major ODA in Support of the Mindanao Peace Process, in US\$ Million.

Donor	Completed	On-going	Forthcoming
World Bank	10 M	43 M	75 M
USAID	47 M	8 M	24 M
UNDP	9 M	10 M	15 M
Total	66 M	61 M	114 M

Sources: MEDCO, OPARD.

Table 8-2.3: Record of Accomplishment of the SZOPAD Social Fund as of October 2001, by Source of Fund.

Source of Loan/Fund	Type of Projects	Approved Sub-projects	Contracted Subprojects	Completed	Ongoing
IBRD/WB	Infrastructure and Services	496	476	448	18
OPEC	Infrastructure and Services	84	22	0	22
JSDF	Livelihood Projects	22	0	0	0
Total		602	498	448	40

Source: SZOPAD Social Fund October 2001 Progress Report

The World Bank's two major programs in Mindanao are the Special Zone of Peace and Development (SZOPAD) Social Fund and the Mindanao Rural Development Project (MRDP). The SZOPAD Social Fund was created to generate employment opportunities for the poor and conflict-affected communities in the SZOPAD (covering 13 provinces and nine cities in Mindanao, excluding Palawan and Puerto Princesa City). Its major project areas are education, health, water systems and sanitation, accessibility, irrigation and post harvest facilities, community development, off-grid electrification, and livelihood. Last year, the fund received additional support from the Organization of Petroleum Exporting Countries (OPEC) and the Japan Social Development Fund (JSDF). Table 8-2.3 summarizes its record of accomplishments from 1998 to October 2001. It shows that 448 subprojects, all under the WB-International Bank for Reconstruction and Development (IBRD) loan, have already been completed. This accounts for 90 percent of the 498 total contracted subprojects.

Some 318,852 individuals have benefited from the fund as of October 2001. Of this number, 46 percent are from the MNLF communities and 29 percent are from *Iumad* communities. It is also estimated that the labor generated by the fund has reached a total of 681,769 person-days.

Meanwhile, the first phase (2000 to 2003) of the other World Bank program, MRDP, costs about US\$43 million and is expected to serve 10,240 farmers in Cotabato, Maguindanao, Sultan Kudarat, Agusan del Sur, and Compostela Valley. The project components are rural infrastructure, community fund for agri-development, coastal and marine bio-diversity conservation, and rural development planning for agricultural productivity. As of February 2002, however, only a small portion of the loans has been spent by the MRDP. A World Bank mission has assessed that the implementation of the program has been far from ideal and has warned the LGUs of the MRDP areas of a possible cancellation. Of the five provinces, only Compostela Valley has produced a Barangay Development Plan in all barangays covered by the MRDP, aside from implementing 25 out of the targeted 75 projects under the Community Fund for Agricultural Development (CFAD) component. The World Bank has given the LGUs up to June this year for the provinces to spend 60 percent of the loan.

Projects currently under study and proposed for World Bank funding are the Social Expenditure Fund and the Mindanao Social Fund, both for conflict-affected areas; and the *Kapangyarihan at Kaunlaran sa Barangay* (Barangay Empowerment and Development), wherein 30 percent will be allocated for Mindanao's peace and development efforts.

The USAID, on the other hand, has been assisting Mindanao in the past decade primarily through the *Growth with Equity in Mindanao* (GEM) program. It also made a special effort of transforming former MNLF combatants into productive farmers through the *Emergency Livelihood Assistance Program* (ELAP), implemented in 1997 with the Southern Philippines Council for Peace and Development (SPCPD). The ELAP served 13,000 beneficiaries in 13 provinces in Mindanao. Another USAID-completed program is the *Support Which Implements Fast Transitions* (SWIFT) that benefited 300 Muslim communities across 12 provinces. The new *Livelihood Enhancement and Peace Program* (LEAP) followed up the pursuit of these two programs' objectives. USAID has other on-going projects including the *Micro-Enterprise Access to Banking Services* (MABS-M) covering 59 rural banks in Mindanao.

The UNDP, in partnership with the SPCPD, has already completed two of three phases of its peace and development efforts in 67 communities in the SZOPAD. Its objectives are to improve the living conditions and income generating opportunities in the said communities and to facilitate the participation of former MNLF members in the mainstream economy. Other ODA programs benefiting ARMM are the European Union's projects for Agrarian Reform Communities and the Australian Agency for International Development's (AusAID) assistance on basic education. ARMM also receives assistance from the private sector through organizations like the Philippine Business for Social Progress and *Tabang Mindanaw* (Help for Mindanao).

For families affected by the armed conflict beginning April 2000, relief interventions in the form of evacuation centers, supplies, medicine, livelihood, and others from different government agencies (DSWD, LGUs, Department of Agriculture, Department of Health and the Philippine Army) have reached P412.4 million and have assisted 91 percent of total affected families as of November 2001.

Key Agencies Coordinating Mindanao Development Initiatives. Since the national government wanted to sustain economic development and peace-building initiatives in Mindanao, key agencies were tapped to help coordinate the various programs and projects in the whole island. In particular, the Interagency Committee for Relief, Rehabilitation and Development of Areas Affected by Armed Conflicts in Mindanao (INTERACT- Mindanao), and the Office of the President in Mindanao (OPMin) were able to provide huge support to ARMM.

The pursuit of an all-out peace and accelerated development policy toward the armed conflicts in Mindanao, paved the way for the establishment of INTERACTMindanao, by virtue of Executive Order 2 issued following the assumption of President Macapagal-Arroyo. INTERACT-Mindanao facilitated the immediate return of evacuees to their communities and has outlined the Affirmative Action Initiatives that have direct impact on those affected by the conflict. This committee was later abolished in September 2001 and its functions were turned over to the Department of Social Welfare and Development (DSWD) and other agencies.

The OPMIn has remained steadfast and focused in acting as the representative of the President. It monitors critical development projects, provides immediate assistance (financial, endorsements of petitions, appeals or complaints, and medical assistance), and coordinates with the OP-SOG in preparing and conducting presidential visits. The OP-Min closely coordinates and supports the Mindanao Economic Development Council (MEDCo), the Office of the Presidential Adviser on the Peace Process (OPAPP)/ Government Peace Negotiating Panel for talks with the MILF, the Mindanao Area Coordinating Center and the SZOPAD Social Fund. It also networks with several Mindanao organizations from the non-government and the private sector. MEDCo, on the other hand, is the only Mindanao-wide government mechanism that coordinates and monitors major regional and interregional programs and projects that impact on the island's economic, social, political, and peace landscape. It was created in 1992 through Executive Order 512. This 40-member Council has provided technical and administrative assistance to various Mindanao-wide task forces and organizations and has also assumed the role of Philippine Secretariat in an interim capacity for the Philippine Coordinating Office BIMP-EAGA, by virtue of E.O. 224 issued in May 2000. It provided technical assistance in the formulation and implementation of the Basilan Development Plan and the Central Mindanao Development Plan under INTERACT-Mindanao where it served as the secretariat.

Budgetary Allocation for ARMM. ARMM received about P4.15 billion from 1995 to 1997 from its Internal Revenue Allotment (IRA) and Share in Taxes (refer to Table 8-2.4). This is 11 percent of that received by Mindanao. Similarly, the total appropriation of national government agencies for ARMM during the same period (P827 million) is 10 percent of the Mindanao allocation. More recent data show an increase of ARMM's share in the Mindanao budget particularly in terms of IRA and Total Financial Resources. Its total IRA of P2.8 billion during the period 1998 to 2000 is 15 percent of the allotment for Mindanao and 4.2 percent of the total IRA fund of the country. The total financial resources during the same period of ARMM reached P3.5 billion – about 13 percent of the resources available for the whole island and 3.5 percent of the country's. Ranking the six regions in Mindanao according to the allocation from the said sources normally puts ARMM in fifth or lowest position. However, in terms of per capita allocation by region, Department of Budget and Management (DBM) figures show that ARMM has the second highest budget share at P2,876 in the [country](#).

Table 8-2.4: Budgetary Allocation for ARMM by Source of Budget (in Million Pesos), 1995 to 2000.

Source	Three-year total	ARMM	% to Mindanao	% to Philippines	Rank b/
IRA and Share in Taxes for the Utilization of National Wealth	1995 to 1997	4,147.9	11	No data	6
Appropriations of National Government Agencies	1995 to 1997	827.2	10	No data	5
Internal Revenue Allotment	1998 to 2000	2,815.3	15	4.2	5
Total Financial Resources a/	1998 to 2000	3,514.3	13	3.5	6

Notes: a/ excluding amounts accruing directly to the municipalities and cities in the province. b/ average ranking of ARMM, where 1 is high and 6 is low, compared with other Mindanao regions during the period.

Sources: BLGF, DBM, NSCB.

The expenditures of the ARMM government in 1997 to 1999, under Governor Misuari, show an unusual spending pattern. The typical average expenditure for personnel services in a government department is 30 percent. But as can be gleaned from Table 8-2.5, of the P11.8 billion spent under the General Appropriations Act for the three-year period of 1997 to 1999, 67.32 percent (P7.9 billion) went to salaries, and 14.6 percent (P1.7 billion) to maintenance and other operating expenses (MOOE). Only 18 percent (P2.1 billion) was used for capital outlay, which included irrigation and infrastructure projects. In 1997, the capital outlay was particularly low at P40 million while the cost of personnel services reached P2 billion, a whopping 81 percent of the total expenditures.

Table 8-2.5: ARMM General Appropriations Act (GAA) Expenditures, in Million Pesos, 1997 to 1999.

Year	Personnel Services	MOOE	Capital Outlay	Total
1997	2,035	433	40	2,508
1998	2,849	541	1,551	4,941
1999	3,072	752	546	4,370
Total	7,956	1,725	2,137	11,819
% to Total	67.32	14.60	18.08	100.00

Source: DBM-ARMM.

Status of the MILF-GRP Peace Talks

In her State of the Nation Address (SONA), President Macapagal-Arroyo promised to "continue to talk with the Moro Islamic Liberation Front (and the National Democratic Front) for as long as all sides maintain good faith." The framework of the GRP Panel in negotiating with the MILF is contained in the "Six Paths to Peace", namely:

- Implementation of social, political, and economic reforms;
- Consensus-building and empowerment for peace;
- Peace negotiation and talks with various rebel groups;
- Programs to address the legal status and security of former rebels, as well as the economic, social, and psychological rehabilitation needs of demobilized combatants and civilian victims of armed conflicts;

- Ensuring the welfare and protection of civilians in areas affected by ongoing hostilities or threat of a new armed conflict; and,
- Building and nurturing a positive climate for peace, with emphasis on peace education and [advocacy](#).

In June 2001, the formal opening and first round of peace talks was conducted in Tripoli, Libya. The Implementing Guidelines on the Security Aspect of the Tripoli Agreement on Peace was then signed in August. The said guidelines set the rules and regulations in the implementation of the cease-fire. This led to the formulation of a manual of operation on the cease-fire, signed in October 2001. Arroyo's administration is working toward the signing of a Peace Agreement or Final Political Settlement by the end of 2002 (Annex 2.B shows the chronology of major accomplishments of the Arroyo administration in the peace process). There are a number of "firsts" in the way the peace talks are being conducted in the present administration. Carolyn Arguillas of the Mindanao News Network observes that the members of the government and MILF peace panels are all Mindanaoans. For a change, the government peace panel chair is not a retired military general while the chair of the MILF peace panel is the vice chair for military affairs, who is also chief of staff of the Bangsamoro Islamic Armed Forces. In terms of composition, the government peace panel is dominated by Muslim members, with two women to boot (one of them is a Muslim) while the MILF peace panel has a non-Muslim member.

While significant, the increased representation of Mindanaoans and Muslims in the peace talks does not necessarily guarantee its success. As observed by Rudy Rodil, a member of the GRP Peace Panel that successfully negotiated with the Moro National Liberation Front (MNLF), "monitoring the GRP-MILF peace talks is like seeing a good movie with a very complex plot and numerous sub-plots woven into each other. One is never able to tell the rise and fall of the story or what the ending of each sub-plot will be until the next one comes around."

One such sub-plot came up [recently](#). Various quarters have alluded that the MILF and Osama bin Laden's Al-Qaeda have strong links. Foreign journalists claimed to have uncovered evidence about these links, suggesting that the real target of the US-led international campaign against terrorism in southern Philippines should not be the Abu Sayyaf, but the MILF. As if taking the cue, military spokespersons have also accused the MILF of collaborating with the bandit group Abu Sayyaf, by providing them with sanctuary and food when pursued by the military (a US list of terrorist groups includes Abu Sayyaf as part of the Al-Qaeda network). Further, Senator Rodolfo Biazon, a former military man, confirmed the alliance of the MILF and the Abu Sayyaf, using pronouncements of former hostages of the bandit group as basis.

To say the least, these developments are disturbing. It could lead to a breakdown of the MILF-GRP peace talks or worse, to renewed conflict were President Macapagal-Arroyo to heed the calls of such officials as Maguindanao Governor Andal Ampatuan who asked her and the Armed Forces of the Philippines to launch an offensive against the MILF. The peace talks have suffered considerable delay already amidst military intelligence reports that the MILF's chief, Hashim Salamat, has returned to Mindanao from exile and has ordered his troops to attack government and civilian installations in the region. The advice from OPMin's Jesus Dureza is timely as it is disconcerting. It is timely because he has cautioned all against accepting as valid these reports. It is disconcerting because, in reality, Dureza's clout in relation to keeping the relative peace in Mindanao is less compared with the military's.

ARMM Regional Agencies' Activities and Outputs

The ARMM regional agencies, particularly the Department of Social Welfare and Development, the Department of Education, Culture and Sports, the Department of Health, the Department of Agrarian Reform, and the Department of Agriculture and Fisheries focused in 2000 on relief operations in war torn areas, educational services with the assistance of various donor agencies, delivery of regular health services, infrastructure, and support for agriculture especially in the Agrarian Reform Communities (again with the assistance of donor agencies) and through the *Ginintuang Masaganang Ani*. The following outlines the major activities of each agency (see also Annex 2.C).

The Department of Social Welfare and Development (DSWD) had its hands full in year 2000 due to the armed conflicts between government troops and secessionist groups, the flooding along the shores of Sulu and Tawi-tawi, and the perennial occurrence of rising water along the Rio de Grande de Mindanao that destroyed acres of [agricultural crops](#). Because of these, the Emergency Relief Assistance for that year valued at P9.4 million accounted for 64.5 percent of the total grants released to the Department. The assistance covered 83,867 families or 472,302 persons. Maguindanao used the most funds, followed by Lanao del Sur, Sulu and Tawi-tawi.

The Department of Education, Culture and Sports (DECS) has been fortunate that its schools were included in the educational aid programs of the DECS National Office and several international donor agencies including, among others, the Mindanao Basic Education Program, Asian Development Bank, AusAID, and New Zealand Aid. In 2000, it also met with the Canadian International Development Agency (CIDA), Asian Development Bank, and AusAID regarding Madaris Education Projects. The DECS also became involved in relief operations since the start of the armed conflict in April 2000. It served as the Regional Disaster Coordinating Council Action Office for Lanao and Maguindanao. In so doing, it facilitated the construction of 143 makeshift or temporary classrooms in Parang, Maguindanao, with assistance from the International Council of the Red Cross, Action Against Hunger Program, OXFAM, and Kids for Peace. Out of 63,554 who enrolled in its literacy classes in year 2000, 62,662 completed the program.

The data on the accomplishments of the Department of Health in 2000 shows the continued delivery of its [regular services](#). This includes maternal care, immunization, nutrition, family planning, and the control of such diseases as diarrhea, schistosomiasis, and others.

As of June 30, 2001 the Land Acquisition and Distribution accomplishment of the DAR was pegged at 54 percent. This represents 152,017 hectares out of the 282,512 hectares targeted. Some 44,876 out of 95,549 targeted farmers or 53 percent have so far been reached. In 2000, under its Program Beneficiaries Development services, DAR conducted 12 cooperative strengthening or organizing training programs participated by 909 agrarian reform beneficiaries. DAR-ARMM also facilitated the construction of a number of physical infrastructures.

There are three foreign-assisted projects supporting the Agrarian Reform Communities (ARCs) in the ARMM. The DAR-Asian Development Bank Agrarian Reform Communities Project (ADB-ARCP) covers four ARCs and P68.7 million pesos worth of farm-to-market road and bridge projects. The Overseas Economic Cooperation Fund (OECF)-assisted Agrarian Reform Infrastructure Support Program (ARISP) has ongoing farm-to-market road, post harvest facility, and communal irrigation projects with a combined cost of P17.22 million in two ARCs in Maguindanao. Finally, the International Fund for Agricultural Development (IFAD)

will extend P33.9 million worth of projects on credit, savings, infrastructure, and support services to Tawi-Tawi.

In 2001, the Department of Agriculture and Fisheries (DAF) continued to provide production support, post harvest facilities, and research and extensions services in the [region](#). It also distributed seeds and seedlings, intensified artificial insemination services, and provided facilities for fishery production under *Ginintuang Masaganang Ani* (GMA), its banner program. The war-ravaged municipalities of Matanog, Buldon, and Bariria, all in Maguindanao, received special attention from the DAF in 2001. Six corn shellers, 308 heads of carabao and 750 bags of hybrid corn were provided the said towns. The Department also donated food items to evacuees from the Shariff Aguak and Datu Piang towns of Maguindanao. Rapid Field Appraisal Findings on the ARMM Decentralization Regional autonomy was granted to the provinces of Maguindanao, Lanao del Sur, Sulu, and Tawi-Tawi pursuant to Republic Act 6734 (Organic Act for the Autonomous Region in Muslim Mindanao of 1989).

In keeping with this, some national government agencies (NGA) were devolved to the ARMM in 1990. Then President Corazon Aquino issued Executive Order 425 setting forth the specific guidelines for the transfer, control, and supervision of NGAs, including social welfare and development, science and technology, labor and employment, environment and natural resources, and tourism to the Regional Government. Legislating its own decentralization process, ARMM passed the Muslim Mindanao Autonomy Act No. 25 (MMA 25) in 1993. This piece of legislation, in turn, passed on to the LGUs under the region "exercise of powers, functions and responsibilities" necessary, among others, for basic services delivery. In a similar scheme existent in other regions in the country, MMA 25 devolved to LGUs the direct provision of services like agricultural support, health and social welfare, infrastructure, and others.

In practice, however, the Regional Government has yet to relinquish supervision and control of NGAs. The Regional Governor, instead of the Provincial Governor, appoints the Provincial Heads of Offices. The Regional Government pays for the salaries and operational costs, effectively influencing the provincial operations of these agencies.

The complicated set-up, as revealed by the 10th Rapid Field Appraisal (RFA) Report for Maguindanao in [2000](#), has marginalized the LGUs in terms of basic services delivery. The LGUs' programs and projects deemed responsive to the needs of their constituents are constrained by limited local resources. Planning for development also has been affected due to lack of coordination that results from the LGUs' having no jurisdiction over devolved NGA personnel and programs. Regionally devolved personnel are said to have reasoned out that national programs are flexible enough to be applied to any area in the country. However, municipal governments still make an effort to tap their own or the province's or donor agencies' resources to deliver services especially for social development.

Another major finding of the RFA concerns citizen participation, a feature of decentralization. In areas where the *datu* system characterizes governance, citizens hand over to the *datu* the determination of the communities' welfare. Under this system, not only is "consultation perceived to indicate weakness in the *datu's* ability to decide," community mobilization is dependent also on whether or not the *datu* supports it. In cases where the Barangay Captain is not the community's *datu*, the former does not wield power as much as when the two positions are held by the same person. The RFA concludes that citizen participation is weak in the ARMM due to cultural practices in the region. Traditional leadership practices also affect

local governance since traditional leaders cannot distinguish public responsibility from personal fiefdoms.

On the brighter side, the LGUs covered in the RFA have learned to adapt to the reality of regional devolution and some have installed management systems to help them along. The towns of Sultan Kudarat and Datu Paglas have shown that development is possible under the ARMM. Datu Paglas is now famous for its transformation from a war zone to an economic zone. Development and gender-oriented planning processes have been facilitated with the help of capability-building programs funded by the Canadian International Development Agency. Inter-LGU alliances also have been forged providing venues for collaboration to address common concerns.

Finally, the RFA outlined the following recommendations for better governance in the ARMM:

- Review the provisions of the Organic Act;
- Strengthen the inter-LGU alliances;
- Intensify capability-building interventions for barangays;
- Install management systems in LGUs like the information technology systems in Sultan Kudarat and Datu Paglas towns in Maguindanao; and
- Strengthen the municipal gender and development advocacy.

In closing, this section attempted to record how in recent years, ARMM has received increasing attention from the government and from overseas development agencies. Budget allocation has increased, more support particularly for education, agriculture and infrastructure has poured in, and more Muslims and *lumad* leaders have become part of governance. However, implementation of development programs and projects suffers delay because of armed conflict, the strained peace process, and the inefficiency of the bureaucracy. The government's focus on relief and emergency operations has taken its toll on long-term development efforts.

III. GOVERNANCE AND DEVELOPMENT IN MINDANAO: ISSUES AND GAPS

State-Muslim Relations in Mindanao

From a historical perspective, what has been the relationship of the state with the Muslims and lumads and how is this continued to be manifested in ARMM?

The "ugly twists in Mindanao's history" (Rodil) define the relationship of the Muslim and *lumads* with the state. Fundamentally, the conflict stems from the issue of land, which Muslims and *lumads* complain were taken away from them. This started with the non-recognition of the independent Moro sultanates at the turn of the 20th century, carried on when the state pursued a massive relocation program in Mindanao, and in more recent times, manifested when permits were issued for logging and mining in the ancestral lands of Mindanao's eighteen ethno-linguistic tribes. Through force and legal means, the state pushed the Muslims and *lumads* toward "minoritization" (Rodil). Consequently, this resulted in armed calls for self determination and [self-government](#).

Employing new lenses in looking at the Mindanao problem, Adriano posits that the relationship of the state with Mindanao communities, especially where Muslims and *lumads* reside, is asymmetrical (meaning, hierarchical and not egalitarian). He

explains further that unity is strong within the same groups (say, among Muslims) but weak between and among unlike groups (say, between Christians and Muslims). These forms of social capital exhibited in Mindanao translate to "low social cohesion", which is a "fertile breeding ground for conflict, and a contributory factor for underdevelopment." The key to getting away from this undesirable condition is to build "networks of civic engagements" at the micro (within the same community), meta (between like and unlike communities), and macro (between the state and the communities) levels, and by fostering the values of trust, reciprocity and [civic responsibility](#).

Two cases will be represented to demonstrate this asymmetrical relationship. The first is linked with the MNLF-GRP talks that ended in 1996 with a peace pact. The second concerns the state's unfulfilled commitments after the peace agreement to rehabilitate Muslim and *lumad* areas, especially those seriously devastated by the "all-out war" policy.

In relation to the first case, many Muslim scholars like [Nagasura Madale](#) have been forthright with their unease over how diametrically opposite the perceptions were of representatives of the GRP and of the MNLF during the conduct of the peace talks. The government panel, Madale lamented, did not accept at the very least the "social reality" of the Bangsa Moro. Muslims have a clear notion of nation, he said, citing Ben Kadil who wrote that "the concept of Bangsa found among the Iranun, Maranao, Maguindanaon, and Tausug, is attracted to the word *agama* (religion), the existence of a mosque, *shariah* (Islamic law), *adata* (customary practices), as instituted by the Sultaniyyah through the *panglima* and other officials of the Sultanate."

In contrast, the government panel was described as being "shortsighted" because it insisted on anchoring any discussion on "Philippine sovereignty, constitutional integrity and inviolability of its territorial integrity." Madale cites other examples of this contrast in perception (see Table 8-3.1). Looking at them, the peace talks did not really "bridge" relations between the state and the Muslim communities as represented by the MNLF, explaining why the pact has been threatened many times over, the most serious when Nur Misuari, a signatory to the peace pact, revolted against the government before the ARMM elections last November 2001.

Table 8-3.1: Contrasting Perceptions on the Conflict

	GRP	MNLF/MILF
Peace	Peace as always associated with development (western)	Peace (<i>salam</i>) as one of the 99 beautiful names of Allah
Peace process	Ad hoc, methodical	Long, but with meaningful impact
Autonomy	Within the framework of the Phil. Constitution	Based on Islam, <i>dar-ul-Islam</i> (way of life)
Goal	Preservation of sovereignty	Self-determination (i.e., resemblance of the sultanates)
Soldier/ Mujahideen	In defense of country and Constitution	In defense of Islam and Bangsa Moro

Source: N. Madale.

As regards the second case, Danguilan-Vitug and Gloria presented an accounting of the financial and technical support generated by the goodwill established by the 1996 [peace agreement](#). The United Nations, the World Bank, USAID and the Islamic Development Bank were among the major donors to an emergency assistance program that provided Muslims, through the MNLF structures, with basic needs like

food and water, livelihood projects, credit, and technical support for farming, fishing, and infrastructure.

Noteworthy here is how these programs encouraged direct transaction between the donors and the MNLF communities. Vitug and Gloria relate the following: "Direct grants to the MNLF state commanders, NGOs and women's cooperatives run by widows of the MNLF fighters were an important step. No government agency came in the way between the UN and the beneficiaries. This approach made the MNLF leaders accountable for what they received. After long years of conflict, the rebel forces had not yet regained their trust in government, and so they wanted to handle the aid themselves. Recognizing this, the government gave the UN the leeway to deal directly with the MNLF commanders."

Direct transactions between donors and beneficiaries, or the programs' "insulation for politicization" (Bhargava/World Bank) may have been the most prudent thing to do, considering the circumstances then existing. The state, however, missed an excellent opportunity at building trust with the Muslim communities by giving itself a lesser role in the emergency assistance program. Hence, symmetrical relations were not cultivated. As USAID's Paul Randolph recounted: "Whenever [we] are out in Mindanao's villages, [we] say [we] have been invited by the Philippine government to help out. [Yet], the perception that government is absent continues." Worse, to this day, the state continues to pass up the chance of "getting the social capital right" (Adriano) by not providing programs for longer-term development.

If it had not been for donor support, the peace earned in 1996 would have easily turned to disenchantment. Paul Oquist of the UNDP Asia-Pacific office wrote in his assessment of the impact of donor support: "Donor funding has been critical because government funding has been insufficient. In this context, the donors have been compensating for the lack of adequate government resource allocation priority for the [region](#)." Now that donor fatigue is imminent, the state is posed with the challenge of ensuring that the Muslim communities are not reverted back to their pre-conflict situation, which triggered the conflict in the first place. Agriculture and fisheries development holds the key to long-term development in ARMM. The state needs to pour in substantial resources to sustain what the donors have started. On top of this, the peace process with the MILF is proceeding slowly.

Decentralization in ARMM

What calibration of decentralization is culturally responsive to ARMM?

ARMM was conceived by then President Aquino to provide Muslims with a set up where the practice of self-rule would be possible. However, in the course of decentralization, some defects surfaced to demonstrate that the autonomy granted had only been in name and was in fact, empty. Some key factors why this happened are explained below.

Firstly, the geographical location of the five provinces and one city comprising ARMM imposed limitations for dynamic interaction. Lanao del Sur, Maguindanao, and Marawi City are located in mainland Mindanao, while Tawi-Tawi, Sulu, and Basilan are islands south west of Mindanao. The distance between these two area clusters sum up to hundreds of kilometers. Thus, where the areas that make up ARMM are not contiguous to each other, how could there be efficient delivery of services? Exacerbating matters, ARMM's seat of government was placed in Cotabato City. For employees of the regional government (at whose level power was devolved), travel to Basilan from Cotabato City would take 250 kilometers and to Sulu, 400 kilometers. Because of this complication, an LGSP report stated that,

"ARMM provinces have poor infrastructure, transportation and communication facilities. As such, traveling, communication, and delivery of service are time consuming and [expensive](#)."

Second, the ARMM leadership created a bloated bureaucracy of 19,000 employees, which approximates the size of a national government agency like the Department of Agriculture. The breakdown of ARMM's expenses into 5-10 percent for development projects and the rest for PS, MOOE and [CO](#) became the standard. This low priority for development projects established how decentralization in ARMM did not work for the poor. The indicators were far too many: high incidence of poverty, the topmost ranking of ARMM provinces in the list of bottom-ten provinces according to HDI, government's low spending levels for social services like education, health, and others. If the shift in decision-making and control from central to local worked for the rest of the country, this unfortunately did not apply in ARMM.

Third, another occurrence in ARMM under the decentralized set-up had been the accumulation of unaccounted expenses and the impotence of its financial controls system to fix this. Year in and year out since 1990, the Commission on Audit (COA) has reported many cases of funds mismanagement and lack of controls. Under Misuari's term, as early as his first year in office, COA had already issued a warning. It wrote in a report: "It is deemed imperative and necessary to institute a very strong internal control system to prevent further or at least minimize the unnecessary loss or waste of government funds which may someday drive ARMM 2000 into a stormy ocean of corruption."

Fourth, the creation of ARMM came at the time of the Local Government Code. For most local government units, it was the height of irony because ARMM negated what the Code wants to accomplish, which is local empowerment through decentralization. Five years after the Code was passed, Macapado Muslim objected that practically no powers were devolved to the LGUs since basic services like agriculture, health, social welfare and development, and environmental management were centralized into the regional government. More than this, the appointing power was reserved to the governor, and elected local officials had no control over field people. Because of this, Vitug and Gloria concluded: "In effect, decentralization has made the ARMM anachronistic. In essence, the ARMM has hijacked decentralization, ran away with it, leaving local governments almost powerless."

Moreover, Madale was not as critical of the ARMM administrative structure as he was of the people who composed it and those who influenced them. To him, ARMM elections are "not necessarily democratic and devoid of dirty politics." In ARMM, there are three ethnic groups competing: the Maranaos of Lanao, the Tausugs of the island provinces, and the Maguindanaons of Maguindanao. Curiously, before Nur Misuari (a Tausug), ARMM was ruled by a Maranao (Pangandaman) and before him, by a Maguindanaoan (Candao). This suggests an unwritten rule where the top post is rotated among the three tribes. This is true as well for the other key positions in ARMM, particularly in the Regional Legislative Assembly. To illustrate, at present where Parouk Hussin (a Tausug) is the governor, the next two highest posts in ARMM were handed to a Maranao and a Maguindanaoan. Beyond doubt, this is traditional politics at play.

With this background, Madale proposed that for decentralization for Muslims to be genuine, it must approximate the sultanate. Wahab Ibrahim Guialal's description of the sultanate is instructive as to what Madale's proposal meant. The sultanate, he writes, is run by the sultan and his cabinet of four members: the admiral (*Amirul Omara*), the fiscal (*Wajir*), the superintendent of polity (*Gugu* or *Medted sa Inged*) and the one in charge of appointments (*Omar Maya*). Their basis for governance is

the *paluwaran*, which is drawn from the *Shari'ah* (Islamic Law) and other indigenous customs and habits (*adat*). At the community level, there is a local head or *datu a lukes* who is selected based on his record of community service and practice of Islam. In discharging their functions, the practice of consultations and consensus building and the enforcement of the *Shari'ah* are central.

Guialal explains: "[The] elder in the community always consults his people when major decisions have to be made, such as the succession or the selection of local functionaries. Whatever decisions the community arrives at, the sultan is bound to respect and recognize through his approval and confirmation of such decision. However, complex problems unresolved in the community, such as clan feuds, are brought to the sultan for final and appropriate action. [The] form of punishment and indemnification is settled through the *bangon* system, meaning to raise one's human life or [dignity](#) (*maratabat*)." Guialal's depiction of the sultanate draws our attention to Muslims' adherence to democratic principles like popular participation and accountability. Yet, the common view is that the sultanate is autocratic and, hence, undesirable. Guialal says this far from the truth.

Role of Leadership in Mindanao Peace and Development

To what extent is leadership in ARMM, as well as elsewhere in Mindanao, accountable for the state of Muslims in Mindanao today?

Nurullaji Misuari and Zamboanga City's mayor, Maria Clara L. Lobregat, are at opposite sides of the fence. Misuari has led the MNLF for 30 years and was eased out only very recently by the so-called Council of 15 that is composed, ironically, of some of his most trusted lieutenants in the movement before. Meanwhile, Mayor Lobregat unofficially represents the strong Christian bias against the Muslims. De Quiros referred to her as "the Christian equivalent of a super [Muslim chieftain](#)." Irreconcilable and perennially at odds, Misuari and Lobregat exemplify the kind of leadership Mindanao has had for a long time.

Given the present situation in Mindanao where there exists "low social cohesion and high conflict, leading to un-peace and underdevelopment," (Adriano) the type of leaders needed must be capable of "bridging" peoples and relations and of fostering the values of trust and solidarity in order to put the region ahead. Unfortunately, Misuari and Lobregat's record of public service make evident how, truly, culture and history limit a leader's capacity to form social capital. Historically, Mindanao's tripeoples are divided, even though within the same group (say, among Muslims), unity is strong. This being the case, the challenge for leaders lies in reaching out and in creating new and enhanced forms of social capital to raise people up the scale of human development. Vitug and Gloria writes that in the case of Misuari, "he realized that he would have to build bridges between Muslims and Christians and between the MNLF and the Mindanao majority." Ultimately, this would be the test of his leadership; it would be from the same lens that Lobregat's leadership too would be assessed.

"El Cabatangan, di aton ya!" (Cabatangan is now ours!), so declared Mayor Lobregat at the end of the two-day hostage-taking drama in Zamboanga City last [November 2001](#). The Cabatangan complex in Pasonanca is a piece of property owned by ARMM that Mayor Lobregat has doggedly wanted to purchase for the city government, even though Muslim leaders have repeatedly said that this was not for sale. If, for Lobregat, Cabatangan is only prime real estate, it is a symbol of pride for Muslims. Noralyn Mustafa recounts that the entire 96-hectare land where the complex sat was purchased by Rear Admiral Romulo Espaldon, a most powerful man in Mindanao during Marcos' time. He oversaw the planning for the building,

which Mustafa described as follows: "The ground plan was unique; the building's architecture, with its dome and minarets, was Middle Eastern poetry in steel, glass and concrete. The grounds would be laid out in a cloverleaf design with the autonomous government building in the center, and the offices of the regional line agencies around the 'leaves.' This would facilitate delivery of services to the constituents and enhance inter-agency transactions, as well as the supervision of the functions of the different agencies." The late Ulbert Ulama Tugung, Espaldon's successor, implemented the plan, "[even] commissioning renowned Muslim artist Saudi Salipyasin to paint a mural on the inside of the dome, depicting the region's history." It was to be these two men's legacy for Western Mindanao, for Muslims and Christians alike. Unfortunately, Mayor Lobregat does not see it in the same way.

In the case of Misuari, much has been written about his performance as leader of the Moro people with three hats: head of the SDCPD, governor of ARMM, and chief of the [MNLF](#). He was faulted for being away most of the time from ARMM and for being inefficient as a bureaucrat. Yet, the often repeated and most serious criticism against him is how he has become like his predecessors who are known to have profited from public money. Early on, COA reported that the P4.6 million spent for his inauguration did not have the proper supporting documents. On top of this, before the year 1996 ended, Misuari also inked a questionable deal with the White Orchid Printing and Publishing House, owned by one Lolita Sambeli. Without the benefit of public bidding, ARMM approved a sizeable P70-million contract to White Orchid to supply textbooks for Muslim school children. When the utilization of the Poverty Alleviation Fund (PAF) was being monitored in 1998, the general finding was that "it was difficult to track down the money. Projects were reported as accomplished but were really not." These accusations, when made public, put Misuari's integrity into question.

What was lacking were two tenets of good governance: transparency and accountability. The White Orchid deal is a classic example. As of 1998, it was claimed that the amount of P68.2 million had been released through the efforts of ARMM's liaison office in Manila. However, White Orchid's Sambelli maintains that ARMM still owes her money and that she has not received any payments for the textbooks already long delivered. In the end, none of the three people involved in this deal – the DECS-ARMM secretary, the solicitor general, and one of Misuari's three most trusted aides, his finance person – have received any sanctions. Curiously, Misuari was hardly blamed for not having a program of government. Perhaps, it was because the MNLF that he headed was perceived to have a solid ideological foundation.

This was far from real, as revealed by Samuel K. Tan's study on Muslim rebellion. Misuari's ideology, which eventually became the MNLF's too, "[is] a concoction of Islam, socialism a la Libya, and Marxism-Leninism," (Vitug and Gloria). When Misuari spelled out his vision of Mindanao for the 21st century before the University of the Philippines [community](#), he listed a litany of infrastructure projects, from the Mindanao railroad, a medical city, to a 10-lane road around the island of Jolo. Likewise, when he was talking peace with then President Ramos, it was disturbing that he appeared to be more concerned about generating jobs for his comrades. Vitug and Gloria writes: "What was apparent to Misuari – when he agreed to the SPCPD concept and to the integration of his troops into the police and military – was employment. He was more interested in how many posts the MNLF would occupy in these twin processes rather than the power that they could exercise to push for their own programs."

The tragedy of Misuari's leadership was on his failure to improve the lot of the Moro people he represented for a long time. It became doubly pitiful when he clung on to

power as the ARMM election drew near last year, and when unsuccessful, led a mini-revolt that killed over a hundred people. No one would have imagined in 1996 when Misuari signed the peace accord that six years after, he would be in jail, discredited, and cast off as a has-been.

Civil Society Participation

Is civil society able to make up for the state's weaknesses to bring about peace and development in Mindanao?

Because of varied interests that compete for state resources, modern state theorists posit that poverty outcomes will depend on the presence of coalitions of the poor in a country. They maintain that, "The prospects for poverty alleviation in a country are better [if there are strong] coalitions of the [poor](#)." This could be extended to Mindanao, which has a history of conflict and low cohesion. It could very well be that the responsibility of peace and development in the region will rely on the strength of peace groups and development NGOs and POs. Where civil society is strong, the prospects of peace and development become more real.

A recent survey of peace groups in Mindanao yielded a variety of initiatives, originating from the Church, people's organizations, NGOs, academic institutions, and media. A substantial part of this work emerged from the labor of Muslims and *lumads*. In assessing the impact of these groups, [Rafael Gomez](#) said "[these efforts at] peace building and conflict resolution . . . have been widely recognized as important, if incremental, steps toward ultimately reaching the goal of establishing [a Mindanao society]" with tri-people harmony. Yet, the challenge remains to build a critical mass around the cause of peace groups and to coordinate their activities, which are micro and sporadic, in order that a consolidated program with a unified vision is established. Concretely, it was recommended that a "common framework of action for peace workers and institutions [be drafted to come up with] more planned, unified and rational approaches to peace advocacy and constituency building."

Ultimately, however, sustainable peace and development in Mindanao will be anchored on strong grassroots' support for it, which unfortunately, does not exist now. A formidable barrier to achieving this is the deep-seated prejudices that Christians and Muslims have against each other. Muslims see Christians as land-grabbers and opportunists. Christians see Muslims as traitors and violent. Nowhere is this bias more evident than in the carnage that occurred in Jolo, Sulu, not too long ago where 23 died, 12 Christians (nine Marines and three Scout Rangers) and 11 Muslims (four MNLF integrated into the army and police in 1996 and seven civilians). The versions as to what happened and who fired the first shot vary, depending on source.

One unmistakable detail that no one contested was what a woman named Mustafa referred to as "raw hatred [ran] [amuck](#)." Her story is gripping: "They mauled a Marine to death. They made mincemeat out of the dead Scout Ranger. It was a scene of raw, naked hatred, grimly anachronistic, an unexpected occurrence in the 21st century. It brought back images of the so-called Moro *juramentado* who reportedly hacked to pieces any Christian he met for no reason except for being Christian. Those Scout Rangers were killed and hacked to pieces for no apparent reason except that they were soldiers – and Christians." Here lies the danger. Unless addressed, the perpetuation of stormy Christian-Muslim relations in Mindanao will only beget more Jolo-like carnages.

Concerned peace groups who envision an end to the carnage and an alternative society of harmony and economic progress find inspiration in the example of the

Bishops-Ulama Forum (BUF), a gathering of 21 Mindanao Catholic bishops, 21 Muslim religious leaders (*ulama*) and 18 Protestant bishops. Last December 16, 2001, in a rare coincidence, the Muslim 40-day fasting called Ramadan ended on the same day the Christians celebrated the first day of the Christmas festivities called Misa de Gallo. Members of the BUF alternately visited churches and mosques in Cotabato City to mark its 17th assembly. The [report](#) was that "Islamic preachers explained to the bishops and priests their manner of praying and the meaning of each religious act. Bishops and priests reciprocated by explaining to Muslim religious how Christians pray." The tri-peoples in Mindanao, but more particularly the state, should learn from this symbolic display of solidarity. It would be wise for the state to review and heed the recommendations of the National Unification Commission (NUC). Formulated a decade ago, these recommendations remain relevant. The NUC favored a peace process with three distinct features: community-based; directed at establishing a pluralistic society; and, steered toward ending armed conflicts, with "neither blame nor surrender, but with dignity for all concerned."

IV. GOVERNANCE AGENDA FOR MINDANAO

Summary of Trends

First, at the root of the problem in Muslim Mindanao, is the absence of social cohesion. The high incidence of poverty and inequality in ARMM is a consequence of the asymmetrical relations the Muslims have with the state and of the lack of harmony among the tri-peoples in the region, and more so, between Muslims and Christians. Long-standing state neglect of Muslim needs and aspirations came to be addressed when the MNLF and then President Ramos signed a peace pact in 1996. Because the pact entailed heavy costs, donor agencies through the ODA stepped in when the national government could not provide the resources. However, with donor fatigue imminent, the state is being challenged to provide directions (and resources) for the long-term development of the Muslim areas. Securing tri-people harmony in Mindanao is a function of leadership. Unfortunately, the public record of Mindanao's leaders demonstrates how history and culture limit and preclude them from carrying out effectively the bridging roles expected from them to create trust and solidarity among the tri-peoples.

Second, conflict, a natural result of low social cohesion, exacerbates the already lamentable ARMM situation. With conflict as both a potential and actual threat to Muslim-dominated areas, it is nearly impossible to achieve economic progress and stability for the poor in ARMM. Ultimately, peace and development in Mindanao rests where grassroots support for it is strong and sustained. The work of civil society organizations to address deep-seated biases and prejudices are not yet harmonized and till need to be dispersed. Nevertheless, they contribute significantly to creating new and enhanced forms of social capital. Their contributions need to be heightened both in number and in terms of scope. The current peace talks between the GRP and the MILF will not prosper for as long as parties conflict cling to fixed perceptions on how the conflict is best resolved. Appointing all Mindanaoans to both panels augurs well for the talks. This does not guarantee success, though, as there are competing interests to be mutually satisfied. The metaphor used to describe the talks ("it is like seeing a good movie with a very complex plot and numerous subplots") point to this reality of competing interests.

Third and last, ARMM faces limited prospects for long-term development, inasmuch as its situation of conflict compels government to focus a substantial part of its resources to relief and emergency work. The record of ARMM's regional agencies in

the past two years (2000-2001) attests to this reality. Likewise, even under conditions of relative peace, the problems are just too overwhelming. Of late, the general framework to achieve development and genuine peace has been laid down, with the assumption of Dr. Parouk Hussin as new ARMM governor. One observable difference in his program of government is how it moves beyond infrastructure, which characterized the government of his predecessor. Structurally, there are two major issues that the new ARMM leadership needs to address. One is the set of flaws in the law that created the ARMM. Two is the lack of capability of the local government units. These two are interrelated and solving one without the other will not break the status quo in ARMM.

Recommendations

Address the deeply rooted discord in Mindanao, resulting from its history and culture, and work toward greater social cohesion. As an end-goal, target the mainstreaming of Muslim or lumad life into Mindanao society.

1. Recognize the complexities of the Mindanao situation, especially as it relates to the identification of beneficiaries to any public action agenda and development program. Prioritize those living in less progressive areas where conflict is just as pronounced and widespread as poverty.
2. Ensure proper utilization and maximization of the ODA funds raised for ARMM's growth and development. Increase further ARMM's share in resources provided by government. Where these funds are already available, keep the systems simple to widen participation, introduce accountability and transparency mechanisms, and more importantly, insulate the same from too much politics.
3. Adopt community-based and culturally sensitive processes and mechanisms when enhancing social relations between and among the tri-peoples in Mindanao. Discover from the Muslims' way of life creative and suitable means to harness their interest and to spur collective action toward rebuilding and reconstructing their severely damaged communities.
 - 3.1 Study how to devise a system of governance in ARMM that approximates the sultanate, where firmly established community mechanisms that safeguard democracy and promote good citizenship are reinforced.
 - 3.2 Support the re-writing of Mindanao's history to reflect the rich Muslim struggle and culture, and thereafter, pursue its incorporation into the curricula for basic, tertiary, and higher education.
 - 3.3 Tap the Shari'ah courts and other indigenous conflict resolution mechanisms in securing peace and harmony in the ARMM or in particular, when resolving grievances and keeping law and order at the community level.

Work toward generating wide grassroots support for the peace talks, and for a culture of dialogue as a path to peace. Expedite the peace process and mobilize all the resources necessary for it to succeed.

1. Agree on adequate mechanisms for the resolution of any problem that might arise from the negotiations between the MILF and the national government to pave the way for the signing of a peace accord at its original timetable – by the end of year 2002.
2. Support civil society initiatives at building more trust and solidarity among the tri-peoples in the region by popularizing these in tri-media, explaining the importance and effect of these in putting the nation ahead, assisting how these many

undertakings may be not only coordinated for greater impact but also extended in scope and number. Determine how the OPAPP can assist in these imperatives.

3. Intensify community support for the peace process by forming peace zones around Mindanao, and along with these zones, develop a sense of stakeholdership in each community member for the success and sustenance of the peace process.

Implement a peace and development program for Mindanao, one that has agriculture and fisheries modernization and basic education at its core. Invest in human capital of two forms: one, undertaking poverty alleviation, especially among the most vulnerable in ARMM; and, two, building the capacity of government institutions and civil society groups for more effective services delivery, greater equity, and participatory governance.

1. Re-think the decentralized set-up in ARMM and make the necessary revisions in MMA No. 25 in order that the latter captures the true spirit and intent of decentralization and autonomy.

2. Cut the bloated ARMM bureaucracy into a manageable size and work toward its professionalization. Reinforce current initiatives at building the competence of the local government units in ARMM through a leadership formation program and various skills-enhancement training seminars for the rank-and-file. Among other things, focus on how to improve ARMM's revenue-generation and civil society participation records.

3. Hasten the implementation of the "catch-up" plan meant to raise human development levels in ARMM provinces. Specifically, direct all efforts at making the ARMM on par in terms of income, functional literacy, and health, even with national or Mindanao averages.

4. Increase public investments for agricultural and fisheries development in ARMM, through the following means: expansion of the agricultural areas served by irrigation systems; increase in ARMM's share in farm-to-market and post-harvest facilities; and, more funding for research and development.

4.1 Assist the Regional Legislative Assembly of ARMM to come up with counterpart legislation for agrarian and fisheries reform, natural resource management, and other poverty- and social justice-related issues and programs.

5. Provide an enabling policy environment to entice private sector involvement in the creation of employment and enterprises in ARMM, with sufficient guarantees that the benefits from any economic growth in the region accrue primarily to its people.

6. Push for the implementation of the Mindanao Basic Education Development Program (MBEDP) now put on hold. When being implemented, provide ways to link the Muslims' Madrasah school system with the public educational system, assuring complementation and not disagreement.

6.1 More immediately, grant to ARMM LGUs additional funds for the repair of schools used as evacuation centers at the height of the conflict. Make available psychosocial healing services for children traumatized by the conflict.

Conclusion

The Mindanao agenda on governance presented above is based on an analysis of the various forces in Mindanao – peoples and institutions, government action and societal events, elements like culture – and how their interaction affects the standing of the second largest region in the country. National attention on Mindanao has been sealed, owing to a growing recognition of the region's importance to the over-all economic development of the country. In proposing a governance-based agenda, the intent is to:

- Provide a focus for both the state and the local government to work on;
- Pinpoint areas where reform is most urgent and appropriate; and
- Spell out specific directions that will guide government action.

When realized, the hope is that the agenda will result in improved lives and sustained peace. These are twin goals that, having eluded Mindanao for so long, merit fervent commitment and continuing action from all.