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MINDANAO 2020
PEACE AND DEVELOPMENT FRAMEWORK PLAN (2011-2030)



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FRAMEWORK PLAN
(2011 - 2030)

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MALACAÑAN PALACE
Manila

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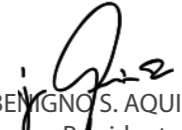
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It is my pleasure to greet our fellow Filipinos in Mindanao, and I also convey my warmest greetings to the Mindanao Development Authority, for the publication of the Mindanao 2020 Peace and Development Framework.

In light of our goal to establish stability and progress, we must act as one people and be earnest in fulfilling these ideals. The 20-year roadmap for peace and development in Mindanao is a great challenge, but one that we can tackle if we are to sustain our collective efforts, for in this framework are the voices of the Mindanawons, all yearning for the renewal of their region. I am thus heartened by the resolve to effect holistic growth in Mindanao among our government and our people.

May the Mindanao Development Authority remain as among our steadfast partners in the promotion of significant inter-regional developmental programs in Mindanao. And it is my wish that the diverse ethno-cultural, sectoral, and socio-economic background of the Mindanawons will serve as a profound inspiration for the revitalization of the land of promise.


BENIGNO S. AQUINO III
President
Republic of the Philippines

Republic of the Philippines
MINDANAO DEVELOPMENT AUTHORITY



While Mindanao's economic performance in the past years has been encouraging, we know that there is much more that can be achieved for this island-region if its people are to reap the benefits of development widely and equitably.

I commend all Mindanawons for rallying behind a common Mindanao agenda as embodied in this Mindanao 2020 Peace and Development Framework Plan for 2011-2030.

This 20-year peace and development roadmap for Mindanao which was made possible through the support of the Australian Agency for International Development (AusAID), addresses the various challenges and opportunities of the island-region not only within the context of securing peace amid a history of conflict but also in terms of harnessing its inherently rich socio-economic potentials for the benefit primarily of Mindanawons.

It should be emphasized that this blueprint for Mindanao's future goes well beyond economic and infrastructure development, and addresses the other key dimensions that are integral to Mindanao's holistic sustainable development, such as peace and security, human development and social cohesion, and governance and institutions.

As a development framework, this holistic, integrative and multi-dimensional plan is hoped to transform Mindanao into a peaceful, integrated, cohesive and dynamic island-economy that will be at the forefront of our country's sustainable development within the next twenty years.

We, at the Mindanao Development Authority (MinDA), together with key stakeholders from across Mindanao enjoin all our fellow Mindanawons to set aside our past divisions based on ethnic, historical, religious, socio-economic and political lines, and work in partnership towards the common good of Mindanao.

As the overall coordinator for inter-regional development, MinDA will sustain its unwavering commitment in consolidating the island's socio-economic development necessary to achieve a long-term peace and security in Mindanao.

Together, let us build on the gains of peace and development in the past years and look forward to a peaceful and more progressive island-region in the years ahead.


LUWALHATI R. ANTONINO
Chairperson

COMMITMENT OF SUPPORT

to the

MINDANAO 2020

Peace and Development Framework Plan (2011-2030)

We, the people of Mindanao from all across cultural and socio-economic backgrounds, have forged a collective effort to define our goals and chart our future through the formulation of the Mindanao 2020 Peace and Development Framework Plan,

We, as Mindanawons, pledge our unwavering commitment and support to this long-term roadmap that will guide and serve as a 20-year blueprint for Mindanao's peace and socio-economic development.

We, from the government, private sector, NGOs/civil society, academe, interfaith groups, women, youth and media in Mindanao, took part in the participatory process that led towards the formulation of this plan, particularly during the assessment, consultation, focus group discussions, validation, finalization, quick survey, scenario building workshop and advocacy activities carried out by the Mindanao Development Authority (MinDA) together with key partners and stakeholders in Mindanao.

We recognize and appreciate the value of this Plan for Mindanao, as it embodies the priorities for the island-region and aims not only for enhanced trade and economic activities, greater mobility of people, goods and services within and across national boundaries, but also for the promotion of a true and sustainable peace among Mindanawons.

We will continue to champion the cause of Mindanao and bring Mindanao's development issues to national government priorities.

We aim for Mindanao to be valued as an island with rich socio-economic potentials necessary for our national development.

We, as stakeholders of Mindanao, will intensify efforts in building peace and development in the island-region and enjoin others for a more meaningful participation and stronger influence in shaping the future of Mindanao.


REP. ARNULFO GO

Chair, House Committee on Mindanao Affairs


MR. VICENTE LAO

Chair, Mindanao Business Council


MS. PATRICIA SARENAS


Chair, Mindanao Coalition of Development NGO Networks


OLIVIA SUDARIA

President, Mindanao Communicators Network


TIMUAY SANTOS UNSAD

Commissioner, Central Mindanao Ethnographic Region
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GOV. RODOLFO DEL ROSARIO


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ASEC. EARL SAAVEDRA

Commissioner for Mindanao,
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EXECUTIVE SUMMARY

Introduction

Mindanao must change. This is an imperative aspired for by every well-meaning citizen of Mindanao.¹ The pockmarked and turbulent history of Mindanao that is marred by division, dashed hopes, fear and frustration must give way to a future marked by unity, optimism, pride and contentment. This is a future that will not come to Mindanao from without, but one that Mindanawons must work together to secure for themselves under an empowering national governance environment.

This need for a better future for Mindanao and its people is the impetus for the formulation of the Peace and Development Framework Plan for Mindanao, timeframe 2011-2030 (Mindanao 2020), which was spearheaded by the Mindanao Development Authority (MinDA). The process was designed and undertaken in a highly participatory process, consisting of countless forums, workshops, focus group discussions, interviews, surveys and consult of writings in various forms; to forge ownership, hence strengthen support and commitment to plan implementation.

Mindanao 2020 covers the next 20 years up to the year 2030. The name connotes a clear vision for the future, one that is not difficult for Mindanawons to define in the context of their long history of peculiar difficulties and challenges. Mindanao 2020 is, at the outset, envisioned to provide a holistic and multi-dimensional framework, with greater emphasis than heretofore given to Mindanao history, culture and social development. As a plan for both peace and development, it

aims to integrate the work from a wider range of disciplines than previously undertaken, and by a wider range of social actors.

As a framework plan, Mindanao 2020 is not intended to be a detailed blueprint, but a guide that puts in coherent form the aspirations and imperatives expressed and espoused by Mindanawons regardless of ethno-cultural, sectoral and socio-economic backgrounds; sets general directions; defines broad strategies; and identifies a number of key concrete initiatives for the short, medium and long term, without any claims for comprehensiveness or exhaustiveness.

As such, it will serve as basis for more detailed plans and budgets of shorter duration within its 20-year time frame. It will also help guide more geographically specific regional or local plans to ensure consistency and coherence within a Mindanao-wide perspective. Notwithstanding its intent to be a broad long-term framework, it also captures, out of respect for the participatory process undertaken, a number of specific and shorter-term initiatives that were espoused by Mindanawons in various consultations.

In the formulation of Mindanao 2020, the following guiding principles were adhered to:

1. Holistic and integrative planning, which addresses the social, economic, environmental, cultural, political/institutional and spiritual dimensions of human welfare as interrelated and mutually reinforcing concerns.
2. Environment and natural resources as the foundation for the peace and development roadmap to the future of Mindanao, implying that these must endure and be judiciously sustained into the future.
3. Consideration for the larger national, regional and global context, i.e. planning with full consideration of the dynamic changes in the national and international landscapes.
4. Subsidiarity, asserting that units of governance closest to the people must be the primary determinants of actions and interventions to address problems and issues that begin in communities.
5. Pluralism and cultural diversity as a strength that can be harnessed through appropriate attitudes and motivation.
6. Paramount importance of good governance in effectively addressing injustice and poverty, and in promoting sustainable development.
7. Participation of women and youth as essential elements for the success of various peace and development interventions.
8. Affirmative action and a preferential option for Mindanao to redress traditional injustices and restore conflict-damaged facilities and institutions.
9. Sensitivity to the various dimensions of conflict in addressing traditional challenges.
10. Wide ownership secured through a participatory plan formulation process, critical to gaining wide support towards its successful implementation.

¹ "Minnanawon" is the term used in this document to refer to the citizens and inhabitants of Mindanao. This has been observed to be a widely-accepted version of the word that others have spelled as "Mindanaoans" or "Mindanaons."

What We Must Build On

Background, Context and Directions

Mindanao is, for the most part, a beautiful place of peaceful and prosperous communities, with lands and waters blessed with abundant natural resources and rich cultures; reaping the fruits of vast plantations, pioneering entrepreneurship, and a full range of resource-based economic activities. But it is also a place known for areas of extreme poverty, stark inequalities, wanton natural resource destruction and depletion, and violent conflict. The contradictions of Mindanao are so stark, and the possibilities for reconciling these extremes so elusive, that any initiative toward yet another round of analysis and planning is burdened by a history of very mixed results.

Numerous analyses and prescriptions have been put forward to reconcile these extremes. In the 1990s, it was a popular notion that poverty lies at the root of the Mindanao peace and development challenge², prompting interventions that were dominantly economic in nature. Without underestimating the destructive impact of poverty, historical injustice is now

commonly regarded as the underlying root of the Mindanao challenge.² This injustice has come in various forms: social, political, economic, cultural and environmental (Figure 1). Thus, attainment of lasting peace and development in Mindanao must hinge on addressing and redressing these various forms of injustice.

Meanwhile, Mindanao must position itself to adequately meet the challenges of and tap opportunities from key global trends that have important implications on its strategic directions. Among these are threats from climate change, aging populations in affluent countries, continued migration of Filipinos abroad, technological change, changing resource availabilities, evolving market preferences, growing regional economic integration, longer-term implications of the outcomes and responses to the 2008-2009 global financial crisis, and the shifting of global economic fulcrum to Asia.

Figure 1 The Mindanao Problem

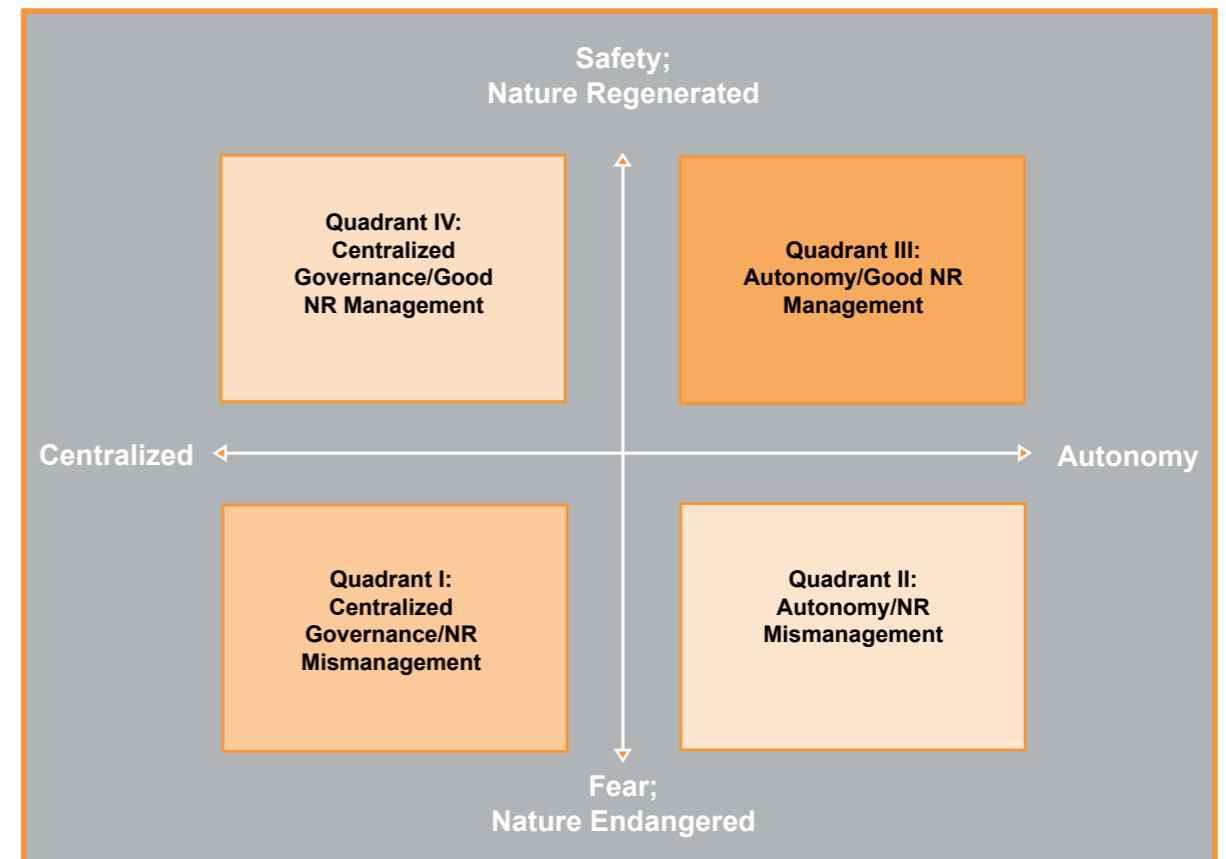


² World Bank (2005), Joint Needs Assessment for Reconstruction and Development of Conflict-Affected Areas in Mindanao, World Bank Manila Office.

The Mindanao 2020 process employed a tool that lends the plan flexibility to adjust to new developments and respond to unforeseen risks or disruptive events. This is in recognition of the fact that long-term planning for a complex, highly diverse and often volatile area like Mindanao is far from being straightforward. More than 60 learned Mindanao scholars were gathered for a scenario building exercise to define alternative trajectories that Mindanao could conceivably take within the next 20 years. The exercise identified governance, human security and natural resources as key peace and development drivers, with governance at all levels tagged as the most critical driver.

The exercise identified four possible scenarios (Figure 2; also see Annex) that were considered in the planning exercise, with a view towards, (a) maximizing the likelihood for realization of the positive scenarios; and (b) preventing the negative scenarios from transpiring.

Figure 2 Scenario Quadrants



The Environment in Mindanao's Past, Present, and Future

Mindanao is endowed with rich natural resources, highly diverse cultures, and strategic location in a complex and rapidly growing region. Its economy has traditionally been based on primary resource-using production activities, dominated by agriculture and agribusiness. While there are pockets of industrial development, these are also mostly based on exploiting primary resources especially forests and minerals, often located within ancestral domains. Large numbers of Mindanawons, especially indigenous peoples (IPs), live in abject poverty and substantially rely on natural resources for subsistence and livelihood. In many instances, they find themselves in a losing competition with large investors for use of their own resources. Mindanawons also suffer the consequences of environmental degradation caused by unsustainable management and use of resources by enterprises introduced and owned by outsiders. This development path is clearly unsustainable due, among other things, to the social and environmental tensions it creates and exacerbates through time.

Against this background, Mindanao 2020 provides due focus on environment and natural resources and recognizes that Mindanao's future development rests on it. Mindanao 2020 thus espouses an ecosystem-based approach to planning for the island-region's future development and economic activities. This approach would translate into interventions that transcend administrative boundaries, impelling cross-cultural and cross-border communication and cooperation in the process, and better promote human security and social cohesion by situating all development initiatives within a holistic framework. Such ecosystem-based approach means that planning must build on



the tangible and intangible natural endowments of Mindanao, i.e. its human and natural wealth.

Mindanao's human and ENR base has faced serious challenges over decades of resource-using economic activities that had brought substantial gains to a relatively narrow segment of the population. While certain business interests prospered, the wider majority of Mindanawons were left behind, evidenced by high levels of poverty that are among the worst in the entire country. At the same time, the welfare of future generations of Mindanawons had also been compromised in the course of reaping present gains from extracting wealth out of a rich but fragile environment.

The economy-environment tradeoff has been manifested in several common economic resource-use patterns that typify development at the cost of environmental degradation, deterioration and destruction, to wit:

- Construction of river dams for hydroelectric power generation that led to massive disruptions in the natural ecology of river systems; submerged human settlements in affected areas; and complicated the downstream problems associated with logging and deforestation (i.e., siltation of dams leads to significant reduction in power generation capacity of hydroelectric power plants);
- Unsustainable agriculture practices (e.g. slash-and-burn) relied upon by upland populations for subsistence, that further exacerbated forest destruction;
- Mining activities without requisite environmental safeguards, leading to release of large amounts of toxic chemicals and mine and mill wastes into the environment, and to soil erosion, degraded lands and landslides;

- Excessive fishing activity beyond sustainable catch levels, leading to a depletion of fishing ground and drastically reduced fish catch;
- Manufacturing activities built on extractive industries and/or groundwater use without proper consideration of resource carrying capacities or groundwater recharge rates; and

In light of the above, the following considerations and approaches should characterize Mindanao's journey into the next 20 years:

1. Agriculture and agriculture-based industries will continue to be the most prominent driver of the Mindanao economy well into the future, for inherent reasons. The optimum balance between large plantation agriculture and smallholder farming needs to be sought, for reasons of both social inclusiveness and environmental sustainability. There must be stronger effort to move deliberately toward non-traditional high value crops, with corresponding greater value-adding through processing, as required by their highly perishable nature. At the same time, Mindanao will inevitably be looked upon for production of the traditional staples of rice and corn, given its superior agro-climatic conditions. Further research must increasingly target sustainability concerns as an explicit objective (e.g., more efficient use of water), apart from increasing yields.
2. Organic farming and Halal food production will be an expanding component of Mindanao's farm sector, given its natural suitability for these specialty niche segments of the market. As these are inherently associated with sustainable production practices, their expansion will also be in keeping with the imperative of planning Mindanao's future around an increasingly fragile environment.
3. The forestry industry can no longer rely on logging of old growth forests, which are close to depletion in Mindanao. Forest products must henceforth be derived from sustainable forestry based on well-managed commercial tree farming. Such reforestation can present substantial employment and livelihood opportunities for communities, especially if mechanisms for payments for ecological services (PES) are expanded.
4. Coastal and marine fisheries will have to be pursued in more carefully measured steps, to avoid the further depletion of fishery resources that has already impacted on the lives of millions of Mindanawons. Mariculture will figure more prominently in Mindanao's fisheries sector, particularly as efforts to rejuvenate marine fisheries via fishing moratoriums will reduce production from that source in the short to medium term.
5. Mining is in Mindanao to stay; there is no room for extreme positions on this. A number of large mining projects are just starting or are in the pipeline, and it is widely agreed that the key imperative is to ensure responsible mining operations, whether by large, medium or small firms. Defining clear parameters for responsible mining is an immediate imperative. There is also need to pursue greater



domestic value adding in the industry, by encouraging more processing of mineral and metal products within the country and minimize if not avoid the direct export of raw mineral ores.



6. The prospects for manufacturing, particularly beyond those based on processing of agricultural and other primary products (fish canning, minerals processing) will be severely constrained by energy availability and cost through the medium term. Large hydroelectric dams and power plants are now faced with greater risks to efficiency and profitability by siltation and loss of surface water. Thus, there must be a move towards smaller hydroelectric plants, along with other renewable energy facilities (solar, wind, biomass).



7. Tourism development, particularly ecotourism, can be a win-win for the economy and environment, and must be pursued vigorously through policy reform and public investments. Much has been done in preparing the groundwork for this under a tourism cluster approach. A Mindanao-wide consensus must be reached on the prioritization of tourism development initiatives, as well as in packaging tourism attractions.

8. Finally, peace and security is likely to be compromised anew within the next 20 years in the face of tightening water supplies; competing claims over agricultural and mineral lands; depleting fisheries; air, soil and water degradation due to pollution from mining and industrial activities; and the effects of climate change. This makes it even more imperative that ecosystems and economic activities are planned and managed in a way that will prevent such pressures from even arising.

Where We Are Now: Situation and Challenges

Historical injustices lie at the root of the conflict in Mindanao: from colonization, annexation of the Moro homeland to the Philippine state; a series of government policies that led to the minoritization of the Moro and indigenous inhabitants; and on to newer and various forms of injustice, whether real or perceived, coupled with the politics of exclusion and years of neglect have exacerbated these divides that add volatility to the struggle for ancestral domain and self-determination. The Bangsamoro assertion of their right to self-determination has been central to the peace negotiations with both the Moro National Liberation Front (MNLF) and Moro Islamic Liberation Front (MILF).

Mindanao's multi-ethnic inhabitants and multi-faith communities are usually categorized into the three groupings of indigenous peoples (IPs) or Lumads, the Bangsamoros, and the Christian settlers from the Visayas and Luzon. Unfortunately, this same ethnic diversity has become a key element in the conflict,

creating divides between and among these groups more marked than elsewhere in the Philippines.

Armed conflict with Muslim groups began with the outbreak of the separatist war waged by the MNLF in the early 1970s and evolved in the last 40 years. Efforts to solve the conflict started with the signing of the Tripoli Agreement in December 1976 between the Republic of the Philippines (GPH) and the MNLF. However, the parties could not agree on the implementation of the agreement, particularly on the processes and the structure of autonomy. The GPH thus undertook measures such as including a provision creating an Autonomous Muslim Mindanao in the Constitution; and creating the Autonomous Region in Muslim Mindanao (ARMM) through R.A. 6734. Further negotiations led to the signing of the Final Peace Agreement (FPA) between MNLF and the GPH in 1996. The FPA mandated the crafting of the Organic Act for ARMM (RA 9054), which expanded the



territory and devolved more powers to the ARMM. Again, due to differences in understanding of the proper implementation of the FPA, past efforts have had little impact on resolving the conflict. Meanwhile, the MILF gained prominence after the promised peace and development had remained unfulfilled, and has assumed the role of 'vanguard' of the Bangsamoro struggle.

The struggle of the Lumads receives far less attention and their claims remain largely hidden from the public view. The Lumads do not have an organized armed liberation front to assert their ancestral domain and right to self-determination in their local affairs but this does not diminish the legitimacy of their claims. The conflicts in IP communities arise mainly from conflicting and overlapping tenurial instruments and worldviews, exacerbated by the entry and use of resources by foreign and local investors in ancestral domains without having obtained genuine free, prior and informed consent (FPIC).



The ideological struggle of the National Democratic Front, Communist Party of the Philippines and New People's Army (NDF-CPP-NPA) has also been a long-standing issue. This basically involves two sectors – the workers in the urban areas, and the peasants in the rural areas. Part of the resolution process was the signing of the Comprehensive Agreement on Human Rights Law and the International Humanitarian Law (CAHRIHL) between the GPH and the NDF, but its implementation has remained contested.

There are many other lines of conflict that lead to violence such as the terroristic acts of the Abu Sayyaf Group, and clan feuds (rido). All these have sowed fear, displaced people, cost lives, limbs and properties, driven away investment and economic opportunities, restricted service delivery, etc. in conflict-ridden areas, leading to an atmosphere of fear, poverty and social division. Unfortunately, even if affected areas are just a small fraction of Mindanao, the entire island region has suffered from the adverse effects.

Apart from conflicts, there are other natural and man-made factors that compromise people's security. Foremost of these is climate change whose impacts have been exposing people to health and safety risks such as droughts, sea-level rise, and more and stronger typhoons. The last one is compounded by the destruction of forests and natural resources leading to devastating typhoons, landslides and further displacement of people.

There have been numerous efforts to address the peace problem, including peace negotiations and all out war. The administration of President Benigno S. Aquino III is formulating a comprehensive National Security Policy that focuses on good governance, delivery of basic services, economic reconstruction and sustainable development, and Security Sector Reform (SSR). The SSR is built on a framework that hinges on the emerging concept of soldiers as peacebuilders, and expands the concept of security to include physical safety, economic and social well-being, respect for dignity and worth as human beings and most of all, the protection of human rights and fundamental freedoms.

Human Development and Social Cohesion

Poverty and deprivation remain the single most important human challenge in Mindanao (see Figure 3). Most of its provinces have a human development index (HDI) below the national figure (See Figure 4), with ARMM provinces, especially Tawi-Tawi and Sulu, having the lowest. Through most of the past decade, about half of Mindanawons have lived below the poverty line, well beyond the national average of 33%. In 2009, six of the country's 10 poorest provinces were in Mindanao, with Zamboanga del Norte being at the bottom with 52.9% poor families. Life expectancy is shorter at an average of 65 years against the national average of 70 in 2006. Five of the 10 provinces with the lowest life expectancies nationwide are in the ARMM, with Sulu registering the lowest at 55.5 years. In education, Net Participation Rate (NPR) in the elementary level stood at 78.5% in 2006-2007, well below the national NPR of 83.2%. Mindanao accounted for six out of 10 provinces with the lowest high school completion ratio in 2006, with Sulu again at the bottom with a ratio of 23.1%.

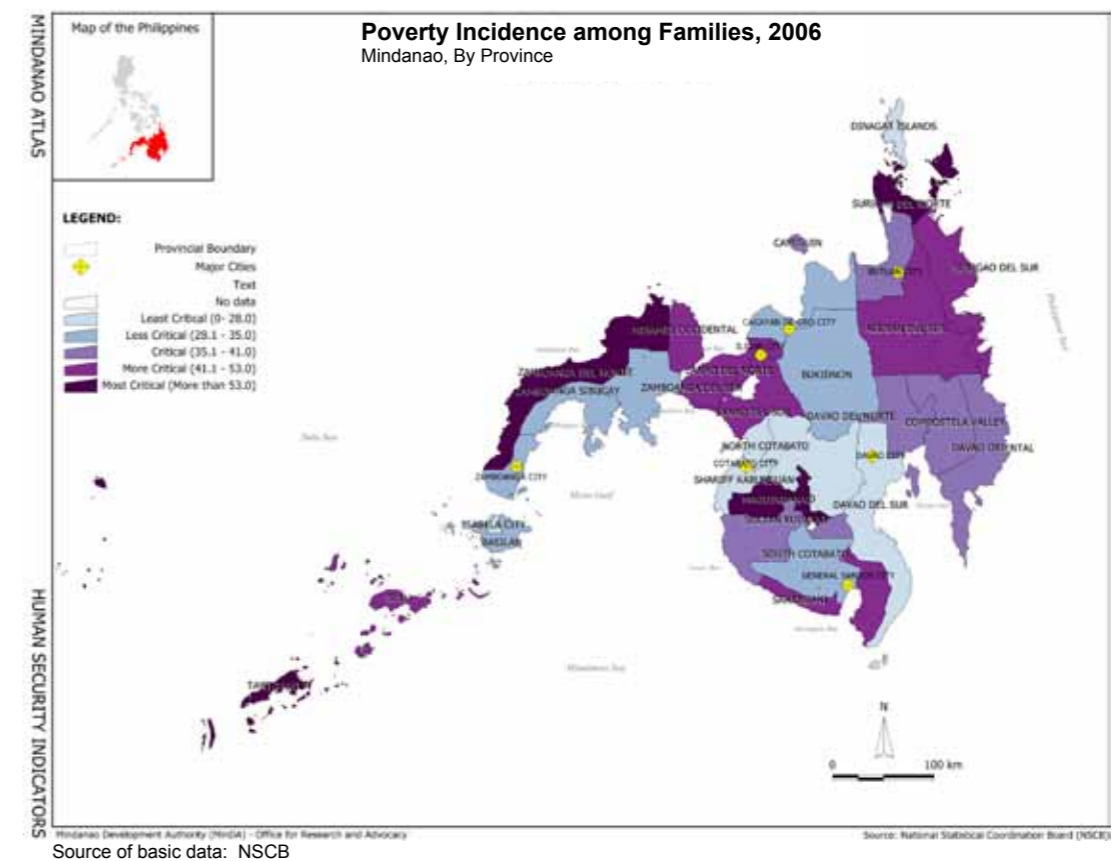
Income and consumption disparities are particularly wide. Lanao del Norte registered the highest consumption inequality in the country in 2003, with the richest 10% accounting for 41.4% of consumption, while the poorest 20% accounted for only 5.6%. The complexity of the challenges in Mindanao may be discerned from wide variations and apparent paradoxes in reported human development indicators. For example, ARMM provinces, while

among the poorest, also posted low levels of consumption inequality, with Sulu posting the lowest consumption inequality in the country. With worst poverty accompanied by lowest inequality, the picture that emerges is one of equity in adversity.

The high poverty situation is exacerbated by armed conflicts in certain areas, displacing around 985,412 persons in 2000-2001 alone. Most adversely affected are women and children whose health suffer from poor and unsafe living conditions. Mindanao women have the highest fertility rates in the country, averaging five children per woman. Maternal mortality rates are also high, birth spacing is short, and access to reproductive health services is limited and sometimes totally absent. For the same reasons, infant mortality rates are also very high especially in far-flung areas. In ARMM, only 16 out of every 100 women had births attended to by health professionals. On top of these basic difficulties, women and children contend with constant violence in the form of physical abuse, rape, incest, illegal recruitment, and involuntary prostitution. Mindanao has 8 out of the 10 provinces with lowest gender sensitivity and equality rankings nationwide.

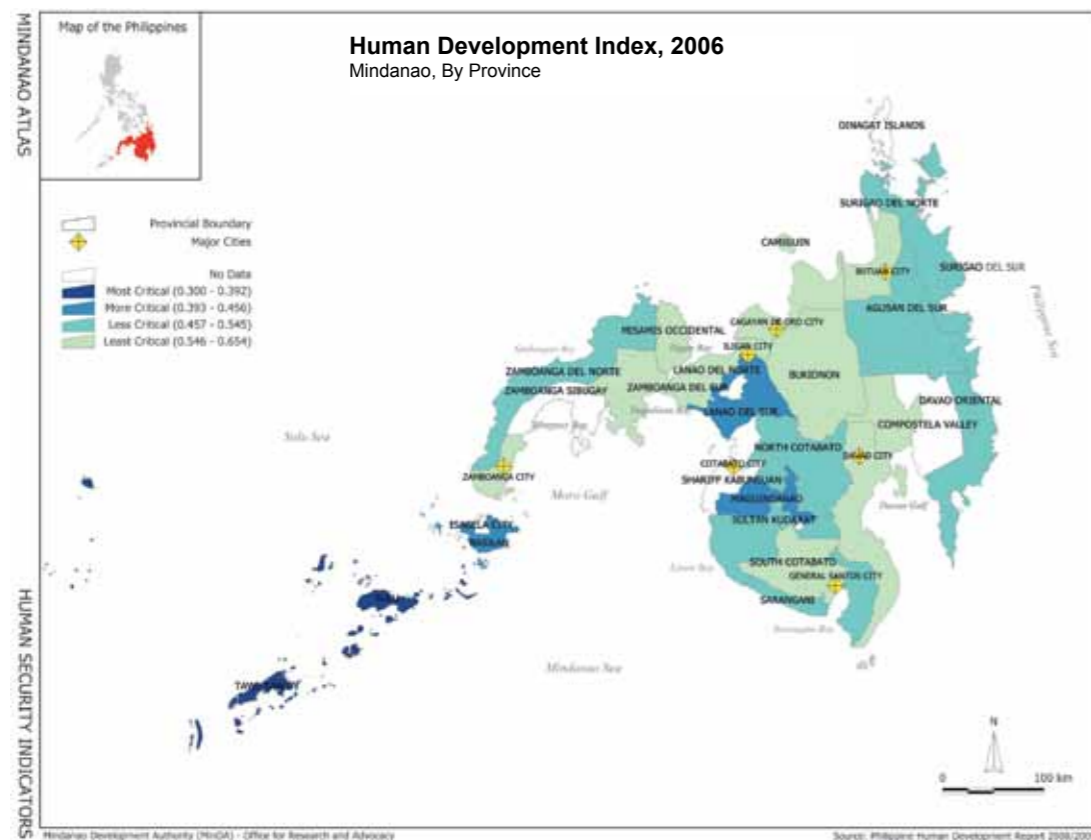
Social cohesion, defined as the capacity of a society to ensure the well-being of all its members, minimizing disparities and avoiding marginalization, has been weak in Mindanao. This is largely due to the prevalence of fear, arising from protracted conflicts, land

Figure 3 Poverty Incidence among Families, 2006



3 The nationwide average poverty incidence of 33 percent is for 2006. The methodology for calculating poverty incidence has been changed in 2009; thus the 2009 figures subsequently cited are not comparable to this.

Figure 4 Human Development Index Map of Mindanao, 2006



Source: Philippine Human Development Report 2007/2008

grabbing, family feuds, proliferation of private armies, hunger, environmental degradation, human rights violations, and displacement due to disasters. The uneven relations of Muslim Filipinos with the State, and the lack of harmony among the various ethno-linguistic groups in the island, especially between Muslims and Christians, are linked to high poverty levels and inequality in the ARMM. Mindanao's social fabric is impaired by feelings of offense, hurt and consequent mistrust that have persisted and grown through time among various groups.

Also palpable is a common lack of trust for political leaders, certain government agencies, and other institutions, bred by many years of perceived government insincerity towards Mindanao. The mistrust for leaders is manifested in recurring calls for greater sincerity and public accountability not only on the part of the government but also on the Moro Islamic Liberation Front and its leaders. Lack of cultural cohesiveness, marked by cultural insensitivity and ethno-centrism has been seen as a formidable obstacle to efforts to uplift human welfare and security in the island group.

Lumads commonly lament being left out of discussions, negotiations and agreements, and initiatives for Mindanao. For the Lumads in general, their concept of peace is equated with food adequacy, cohesive family and clan relations, and self-governance – all anchored on their right for self-determination and land ownership. Consultations with Lumads often lead to

assertions that the National Commission on Indigenous Peoples (NCIP) needs to improve its capacity in attending to their ancestral domain claims.

Notwithstanding the above challenges, consultations consistently indicate that Mindanawons as communities and individuals are eager to take part in peace and development initiatives. Indigenous communities have strengthened their own mechanisms for providing basic services to their populace.

Artists and musicians dedicate their art to peace; business groups have invested in conflict affected areas; academics direct more relevant research toward Mindanao challenges; parents resolve to teach their children respect for other groups; along with many other demonstrations of goodwill. All these reflect a continuing hope that the common aspiration of peace and general well-being is possible in Mindanao in the foreseeable future.

Economy and Environment

Mindanao's economy, which contributes 18% to the national economic output, has kept pace with growth in the rest of the country, even exceeding the latter in 2009 (Figure 5). Agriculture has traditionally been the dominant sector, where its comparative advantage comes from favorable agro-climatic conditions, fertile soils, even tropical climate largely insulated from typhoons, rich biodiversity, and extensive river systems. There has been little industrial development through the decades, mainly driven by manufacturing, dominated by food manufacturing (agricultural processing and fish canning). The services sector has grown rapidly in recent years, absorbing a larger portion of the Mindanao labor force evidenced by an increased employment share from 33.1% in 1994 to 42.3% in 2006.

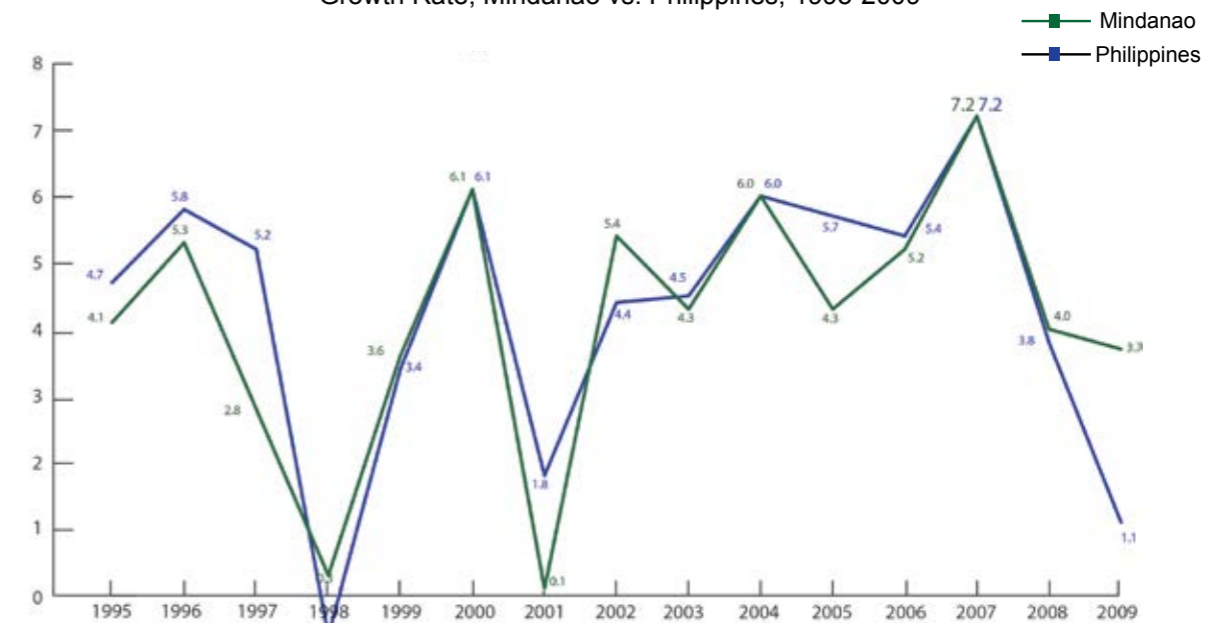
There remains wide scope for further and faster growth in the Mindanao economy, particularly from the following:

- Mindanao has consistently been a net exporting economy, with export earnings, mostly from agri-based exports, reaching US\$2.19 billion in 2009. It has had a long tradition of export orientation, possesses strong market shares in key products, and is a world player in the agricultural export markets for products such as coconut, rubber, pineapple, and banana, among others. Its prospects for further expansion of various export products remain wide.
- Tourism has great potential in Mindanao given its rich and varied array of tourist attractions for various interests, including history and culture, natural beauty and adventure.

- The huge and growing Islamic market in Asia and the Middle East provides opportunities for Halal industries, especially for producers in Muslim Mindanao. The same trend raises prospects for wider opportunities in Islamic finance.
- The potentials for ICT-based industries have been enhanced with the installation of the necessary information infrastructure in recent years; still, there remains much scope for improvement. More public and private investments are being programmed in support of the requirements of the business process outsourcing (BPO) industry, which promise to give Mindanao a stronger role therein.
- Mining is seen to have strong growth potential, given abundant mineral resources in Mindanao. There is strong interest in Mindanao from foreign investors especially in mining, but due care must be taken to ensure that (1) social and environmental responsibility is the norm among all mining enterprises, (2) the state obtains its due share in the value of the natural resource, and (3) there is sufficient domestic value-adding to the benefits from mining development.

The prominence of plantation enclaves and the historical lack of road interconnections among the regions had contributed to a fragmented development in Mindanao, leading to extremes of economic performance and very wide disparities. In 2008, Northern Mindanao (Region X) was the fastest growing region in the country and the biggest regional economy in Mindanao.

Figure 5 Gross Regional Domestic Product (GRDP) Growth Rate, Mindanao vs. Philippines, 1995-2009



Source of primary data: NSCB

Table 1 Gross Regional Domestic Product (GRDP)
in Million Pesos at Constant Prices, Mindanao Regions, Year 2008-2009

REGION	2009 GRDP	2008 GRDP	Growth Rate	Share in Mindanao Total (%)
IX	38,197	35,762	6.81	14.65
X	73,207	71,133	2.92	28.08
XI	67,367	63,928	5.38	25.84
XII	50,556	49,897	1.32	19.39
Caraga	18,958	18,466	2.66	7.27
ARMM	12,409	12,099	2.57	4.76

Source of raw data: NSCB

As indicated above, high levels of poverty, income inequality and wide disparities persist in Mindanao. The pace of poverty reduction has been slow, and as in the rest of the country, poverty incidence has actually risen since 2003, while income distribution has not improved in the face of high economic growth. Meanwhile, environmental degradation has continued unabated, and environmental disasters are occurring with alarmingly increasing

frequency. The basic challenge, then, is to stimulate broad-based economic activity that would have wide benefits across the geographical, social and cultural divides prevalent in Mindanao, while avoiding irreparable damage to the environment. Given Mindanao's peculiar history, context and needs, much higher levels of investment are needed to stimulate not just more economic growth, but to attain quality growth that is both inclusive and sustainable.

The most crucial impediments to attaining this goal are well known, but are also very difficult to overcome. These are the following:

- A generally negative peace and order image for most of Mindanao;
- Remaining wide gaps in infrastructure in many places, notwithstanding the progress made in the last 15 years, with energy now a binding constraint;
- Weak or lopsided value chains that effectively lead to the exclusion of certain areas or sectors, higher costs, inequitable benefits and concentrated market power;
- Inhospitable local political and business climate, particularly where the local economy is dominated and controlled by powerful political leaders;
- Low levels of productivity due to poor access to inputs, weak infrastructure, lack of farm credit, environmental degradation, weak technology support;
- Unresponsive government programs due to excessively top-down governance while LGUs are ill-equipped to address persistent development challenges.





Governance and Institutions

Mindanao is at a crossroads in governance. On one hand, there is the lingering prospect of the resumption of armed conflict. On the other, opportunities are emerging to improve governance and to address the roots of conflict and persistent poverty once and for all. In the end, it is appropriate and responsive governance that would usher in peace and security, and in turn, economic and social development in Mindanao. There is great potential for the establishment of a new governance model in Mindanao that offers a pragmatic response to the formidable logistic, administrative and political challenges facing it.

A key governance challenge concerns the conflict over Moro lands and other ancestral domains. Competing claims over land will continue to have a powerful inhibiting effect on private investments, even if peace accords are successfully concluded. Settlers, whose families have invested labor into the land for two or three generations, and the indigenous peoples, whose attachment to the land reaches back through the centuries, will need to be assisted in reaching an acceptable settlement of claims.

Policy overlaps and inconsistencies engendered by laws relating to natural resource management complicate the governance challenge over conflicting land claims. Provisions of IPRA and the Philippine Mining Act of 1995 disagree with respect to the mandated process and the authority over resource permits and land use development. Similar conflicting provisions may be found with the Integrated Protected Areas Act.

Lack of capacity and weak institutions undermine quality of governance in Mindanao, as in other parts of the country. These weaknesses have fostered corruption, which is aggravated by the proliferation of armed groups, political warlordism, undue

domination of local business by political leaders, the Muslim secessionist movement and extreme poverty. In particular, some studies⁴ on ARMM showed that the region is faced with governance challenges that would require capacitating the region in the areas of transparency and accountability, and efficiency to deliver basic services.

Lack of state and local capacity to intervene at critical points of escalation of conflict is a major challenge. Clan conflicts with deep-seated historical and cultural origins (exemplified by rido) have led to armed confrontations on the ground that have little to do with the larger state-insurgency conflict. There is thus need to strengthen the capacity of civil society and community-based leaders to manage conflict, arrest their escalation, and formulate effective responses and interventions.

In many cases, effective governance in Mindanao is impeded not so much by the lack of developmental vision and plans, but rather by complex institutional arrangements with too many actors involved. President Corazon C. Aquino created the Mindanao Economic Development Council (MEDCo) in 1992, recognizing the need for a governance mechanism to coordinate government development initiatives across the Mindanao regions. Congress upgraded it into the Mindanao Development Authority (MinDA) in 2010 through R.A. 9996, to “address the need for a coordinated and integrated approach to island-wide development challenges.” It is a sub-national governance mechanism envisioned to forge a working partnership with the national government on one hand and the regional and local government structures on the other, as it charts and guides efforts to secure the future of Mindanao.

Achieving the envisaged effective coordination of Mindanao-wide initiatives remains an outstanding challenge, inasmuch as other similar coordinating bodies albeit with more limited geographical or sectoral scope have been existing and operating with varying degrees of effectiveness, even prior to MEDCo and MinDA. These include the Regional Development Councils, NEDA Regional Offices, along with the Mindanao regional offices of other central government line departments and agencies, ARMM, Southern Philippines Development Authority (SPDA), among others. Deliberate efforts are thus needed to clarify and affirm MinDA’s institutional mandate and authority relative to such other coordinative bodies.

Through the years, the calls for autonomy and self-determination have not been confined to the Muslim insurgency, but has come from a wider base of Mindanao constituents who lament the perceived neglect of Mindanao by “imperial Manila.” Calls for Mindanao autonomy have included outright secession, and proposals for a federal form of government via Constitutional amendment that would define (a) separate state(s) for Mindanao. It is clear that Mindanao cannot move forward unless such clamor for self-determination and self-reliance is satisfactorily addressed. Planning for the future of the island group will thus entail achieving wide consensus on a governance structure that will guarantee a level of autonomy and self-determination to the satisfaction of the wide mass of Mindanawons.

◀ President Benigno Simeon Aquino III speaks before the Mindanao stakeholders during the launching of the Mindanao 2020 Peace and Development Framework Plan (2011-2030) in Malacañang on 30 November 2010.

4 Rasul (2007) and Bacani (2005)

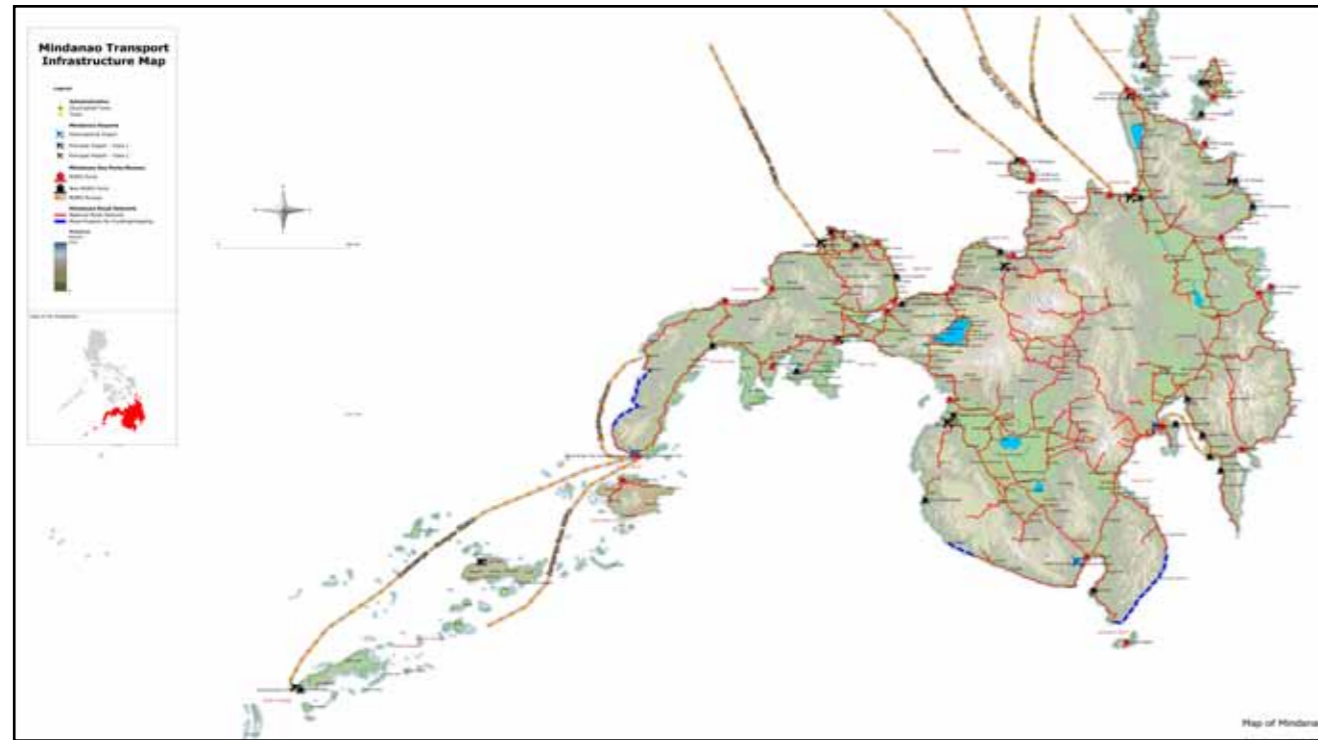
Enabling Conditions

1. Infrastructure

Mindanao has achieved much in infrastructure development, but remains deficient relative to actual needs for various reasons that include the following:

- Lack of coherent plans (e.g., integrated roads, bridges and logistics; water resource management, etc.);
- Inadequate government financial resources for infrastructure development and maintenance;
- Underinvestment by the private sector, due to a weak policy environment for implementation of development projects under public-private partnerships;
- Criminality such as pilferage and vandalism of service infrastructures, and peace and order problems in some parts of Mindanao.

Figure 6 Mindanao Transport Infrastructure Map



Source: DOTC

Major challenges and opportunities facing infrastructure development in Mindanao include the following:

- A serious power shortage persists in Mindanao, with little relief anticipated in the short term, but requiring at least 1,000MW of new capacity by 2020 and still another 1,500MW by 2030. The outlook for cheap hydroelectric power is compromised by siltation of river systems and dams tracing to deforestation, compounded by climate change impacts. The share of fossil fuels in the energy mix is thus rising, contrary to the desired direction toward clean, renewable and indigenous power sources to minimize foreign exchange and environmental costs. Meanwhile, there is strong need to manage electricity consumption growth and address substantial losses due to inefficiencies (system loss), pilferage, and wasteful use.
- Large portions of national roads (34.8%) and barangay roads (95%) remain unpaved, while 39.2% of paved roads are in poor condition.
- There is wide clamor for a circumferential railway system, whose economic feasibility is under question



given its substantial investment requirement. An 82.5 km stretch between Cagayan de Oro and Iligan City is deemed warranted and is being pursued with external financing.

- Ship calls are declining on Mindanao's 128 ports of various categories, in spite of steady growth in cargo traffic (2.5% annually). The decline is attributed to inappropriate policies (e.g., cabotage law), unduly high shipping and handling costs, and safety issues due to aging vessels.
- Expansion and replication of "Roll-On, Roll-Off" (RO-RO) facilities would widen its benefits, manifested in heightened economic activities in the traversed depressed areas, substantial reduction in transport time

(up to 10 hours) to/from Luzon, and more convenient transport at reduced cost.

- Existing airports need to be improved and rationalized in consideration of short- to long-term natural risks (e.g., geologic and climate change phenomena) and requirements of inland areas that are located up to 4 hours of land travel away from the nearest airports lying at the coast.
- Interdependent challenges face the ICT sector such as relatively low access and usage tracing to low average incomes, keeping costs high thereby further limiting access including by schools. This in turn impairs their ability to produce the necessary skilled human resources to support the sector's growth;

2. Knowledge Support

Science & technology and research & development are critical drivers of growth and development, and yet receive very little attention especially in Mindanao. Mindanao 2020 thus seeks to address the following in order to attain its goals and objectives:

- Dearth of basic research and weak adaptation and transfer of advanced technologies required by the production sector, tracing to lack of financial, physical and human resources; inadequate and unresponsive research agendas; restrictive bureaucratic rules and regulations that impair the responsiveness of the research system, and constrain R&D partnerships with the private sector and knowledge generation in general.
- Inability of higher education institutions to produce enough scientists, and their tendency towards courses that cater to needs of other countries (e.g., nurses and seamen). On the other hand, many have focused on social and political sciences, which may be of value in clarifying and addressing the complex social and political issues in Mindanao, but often at the expense of science and technology.



Financing Peace and Development

On average, LGUs are 80% dependent on national government for their income, with the IRA persisting as the one main source of income for provinces and municipalities. This dependence compromises Mindanao LGUs' advocacy for self-determination, especially regarding their budgets and expenditures.

Program funds and Special Purpose Funds going to Mindanao have steadily increased at an annual average of 11.3%, much faster than Luzon's 8.8%. In 2010, the total allocation for Mindanao came up to P148.1 billion, further augmented by an allocation P 1.1 billion per year from the Priority Development Assistance Fund. Other sources of funds and incomes are fees and taxes, official development assistance (ODA), and borrowings. OFW remittances are also a potential pool of resources for development financing. Thus, there appear to be ample sources for development funds; the issue is whether LGUs are able to properly manage resources efficiently and effectively towards maximum upliftment of their constituents' welfare.

It had been a traditional lament that Mindanao was not getting its due share of the government budget and of official development assistance (ODA) given its contribution to the economy. More recent data suggest that deliberate efforts have been made to correct this. Table 2 shows that Mindanao's share in key components of the national budget has actually exceeded its contribution to overall GDP since at the least the mid-1990s.

Except for a few, Mindanao LGUs generally report surpluses every year. Many provinces had double-digit surpluses for the period 2006-2008. Municipalities almost always had excess incomes; only about 5% overspent in 2008. A very high 97% of cities underspent in 2008; 61% of them incurred double digit surpluses. These surpluses appear to be indicative of weak planning and financial management capabilities, hence low absorptive capacity.

Table 2 Mindanao's Share of Total Government Budget in Key Sectors and in GDP, 1995-2007

Sector/Year	1995	1997	1999	2001	2003	2005	2007
Economic ^a	28.7	25.62	27.24	26.73	27.41	26.79	26.58
Social ^b	20.55	21.51	22.36	21.84	22.23	21.77	21.69
Infrastructure ^c	20.69	33.58	25.49	27.65	24.62	19.56	22.59
Mindanao GDP Share	17.95	17.87	18.07	17.80	18.12	17.70	17.70

Source of Basic Data: General Appropriations Act (GAA)

^a comprises budget for DAR, DA, DTI, and DOT

^b comprises budget for DepEd, CHED, SUCs, DOH, DSWD, and DOLE

^c comprises budget for DPWH and DOTC

Where We Want To Go:

A Renewed Vision for Mindanao

Overall Vision

Mindanaons have spoken in countless consultations, forums, surveys and conversations, and their overall aspirations may be captured in the following shared vision for their homeland twenty years hence, i.e., by year 2030:

Mindanaons of all cultural or socio-economic backgrounds have attained a sustainably uplifted quality of life through their collective achievement of a peaceful, developed, autonomous and integrated Mindanao that is the vanguard for the country's sustainable development.

Overall Goals and Objectives

To be able to lead long, productive and happy lives, the following goals must be achieved for all Mindanaons regardless of age, class, gender, faith or ethnic origin:

- 1. Definite and lasting peace**, with all combatants and private armies demobilized and rendered non-existent; with families, communities and institutions rebuilt and healed from conflict and past natural disasters.
- 2. Overall well-being marked by good health, ample education and social cohesion**, evidenced by:
 - People enjoying wide and easy access to responsive health care systems and health financing;
 - Widest access, especially for the young and the marginalized, to quality formal, non-formal, alternative, and indigenous education;
 - Respect for Mindanaons' personal and communal dignity and for their individual and collective human and cultural rights;
 - Families, communities, ethnicities, institutions and organizations capable of growing according to their best traditions and innovations.
- 3. A unified, dynamic and sustainable Mindanao economy** that is technology enabled, characterized by synergy and complementation among its various economic centers, and true to its appellation as food

basket in the country and the Asia-Pacific region. Its hallmarks shall be:

- A world-class infrastructure system; and
 - Responsible and sustainable management of Mindanao's natural and cultural resources.
- 4. A participatory and culture-sensitive Mindanao governance and political framework that asserts self reliance and self-determination**, marked by:
 - Stable, self-reliant, responsive and responsible Local Government Units (LGUs);
 - Effective coordination and monitoring mechanisms at the Mindanao-wide, regional and inter/ intra-provincial levels;
 - A responsible and empowering central government that allows local governments and communities to direct development directions and initiatives;
 - Indigenous peoples being able to exercise self-determination in managing and governing their respective ancestral domains; and
 - Wide respect for the rule of law and human rights.
 - 5. Active and synergistic international economic, cultural and political linkages**, with ASEAN and Asian neighbors, the Middle East, and the rest of the world.

Overall Targets

By 2016,

1. Peace agreements have been completed and signed between the government and the MILF and NDF respectively.
2. Income poverty incidence is down to 30 percent of the Mindanao population.
3. Average life expectancy in Mindanao has improved to 67 years, and elementary and high school enrollment and completion rates have improved by 50 percent over their 2010 levels.
4. Forest cover in Mindanao has been restored to at least 30 percent of land area.
5. The Mindanao economy is growing at an average annual real GDP growth rate of 7-8 percent, average annual income of Mindanawons.⁵
6. At least 80 percent of Mindanao LGUs have up-to-date comprehensive development plans (CDPs) and comprehensive land use plans (CLUPs) that incorporate climate change adaptation measures; and Mindanao LGUs have at least 17 percent of their budgets funded by locally-generated revenues.
7. Working alliances or formal collaborative mechanisms among municipalities are present in at least 50 percent of Mindanao provinces.
8. At least 90 percent of national roads in Mindanao are paved and in good condition, and water-based (river, lake and coastal) transport services are in more active use for transport within Mindanao.
9. LGUs have made deliberate moves to promote distinctive Mindanao art and culture in the design and landscape of buildings, houses and various structures and facilities.

⁵ GDP per capita exceeds P16,000 in constant 2009 prices, and unemployment rate is no more than 3 percent.

By 2020,

1. A consolidated political settlement has been attained that is consistent across the different agreements reached with the MNLF, MILF and NDF.
2. Complete disarmament and reintegration of all combatant forces has been achieved, and all former conflict areas have been completely rehabilitated.
3. Income poverty is down to 25 percent of the Mindanao population.
4. Average life expectancy in Mindanao has improved to 69 years, and elementary and high school enrollment and completion rates have improved by 75 percent over their 2010 levels.
5. Forest cover in Mindanao has increased to at least 40 percent of land area.
6. The Mindanao economy is growing at an average annual real GDP growth rate of 8-10 percent, average annual income (GDP per capita) of Mindanawons exceeds P22,000 in constant 2009 prices, and unemployment is no more than 2 percent.
7. All (100 percent) Mindanao LGUs have up-to-date comprehensive development plans (CDPs) and comprehensive land use plans (CLUPs) that incorporate climate change adaptation measures; and Mindanao LGUs have at least 34 percent of their budgets funded by locally-generated revenues.
8. Working alliances or formal collaborative mechanisms among municipalities are present in at least 75 percent of Mindanao provinces.
9. All (100 percent) national roads in Mindanao are paved and in good condition, limited rail transport services are operational; and river, lake and coastal transport services continue to increase all over Mindanao.
10. Most places in Mindanao possess a distinctive Mindanao ambience, manifested landscapes and architectural designs of buildings, houses and public structures and facilities.

By 2030,

1. A general atmosphere and culture of peace is taken for granted in every part of Mindanao, where cultural pluralism is a widely accepted reality that enriches rather than divides society.
2. Income poverty is down to 15 percent of the Mindanao population.
3. Average life expectancy in Mindanao has improved to 72 years, elementary and high school enrollment rates are at 100 percent, with 90-95 percent completion rates.
4. Forest cover in Mindanao has stabilized at no less than 40 percent of land area.
5. The Mindanao economy is growing at an average annual real GDP growth rate of 8-10 percent, average annual GDP per capita exceeds P50,000 in constant 2009 prices, and full employment prevails in Mindanao.
6. All Mindanao LGUs have up-to-date comprehensive development plans (CDPs) and comprehensive land use plans (CLUPs) and are considered climate change-resilient; and Mindanao LGUs have at least 66 percent of their budgets funded by locally-generated revenues.
7. Working alliances or formal collaborative mechanisms among municipalities are present and common in all Mindanao provinces, with the majority of Mindanao municipalities being part of such an alliance.
8. All national and provincial roads in Mindanao are paved and in good condition, rail transport services linking several provinces are in active use, and water-based transport services are a common feature of an integrated multi-modal Mindanao transport system.
9. All places in Mindanao possess a distinctive Mindanao ambience, manifested in landscapes and architectural designs of buildings, houses and public structures and facilities.





Peace Once and For All

Vision

A peaceful and prosperous Mindanao, whose inhabitants feel safe and secure, and live in harmony with and among one another regardless of ethnicity, religion or cultural background.

Goals and Objectives

1. Peaceful and negotiated political settlement with MNLF and MILF, and a similar political settlement with NDF, marked by attainment of satisfactory autonomy and genuine self-determination for Mindanawons, and redress and elimination of age-old injustices in various forms.
2. Successful implementation and completion of a generally acceptable disarmament and re-integration that involves all former combatants from all sides of the conflict.
3. An entrenched policy environment for sustained peace, development and human security in Mindanao, supported by massive public investments and consolidated and effective institutions for sustained peace and development.
4. Wholesale reconstruction of conflict areas, with vital social and economic infrastructures and facilities restored and enhanced, thereby transforming them into focal points of development.
5. A firmly-entrenched culture of peace and social healing sustained through the integration of peace education in curricula at all levels.
6. Supremacy of the rule of law within a justice system widely perceived to be fair, responsive and equitably accessible to all.

Strategies and Initiatives

1. **Make peace a government-wide concern:** Involve all government instrumentalities and address all policy and institutional impediments to sustained peace, development and human security in Mindanao.
2. **Pursue a unifying peace:** Secure a consolidated peace agreement with MNLF & MILF that provides for satisfactory autonomy and self-determination for all Bangsamoros; and a definitive political settlement with NDF that satisfactorily addresses fundamental issues on social and economic justice.
3. **Pursue a widely acceptable disarmament and re-integration program** involving all former combatants from all sides of the conflict.
4. **Rebuild lives, livelihoods and communities:** Complete the reconstruction and rehabilitation of conflict-affected areas and the normalization of the lives of affected communities.
5. **Restore justice and the Rule of Law:** Reform and strengthen the justice system towards wide accessibility and responsiveness to peculiar needs of Mindanao societies, and establish and uphold the rule of law.
6. **Firmly implant a Culture of Peace:** Nurture and entrench a culture of peace and security among all Mindanawons.
7. **Widen partnerships for peace:** Harness private sector, civil society and international cooperation in addressing peace, security and development.
8. **Forestall potential new threats to peace and security:** Anticipate and pro-actively manage potential conflicts, particularly those arising from environment and natural resource issues and mismanagement.

A Mindanao Free of Want, Free of Fear

Vision

A Mindanao where no one is deprived – where people are able to develop their potentials as individuals and as communities; build trust and solidarity across regions and diverse cultural identities; and live and work in full respect of the ecological and spiritual systems of which they are part and draw sustenance from.



Goals and Objectives

1. Good health and overall well-being among the entire population, where families enjoy easy access to responsive health care systems and financing that are appropriate to local contexts and cultures.
2. Maximum access to quality, relevant, and culturally sensitive education for all, enabling people to affirm both local cultures and universal values, and gain knowledge and skills that are appropriate to real life and global challenges.
3. Empowered communities that assert their distinct identities and share social values that promote the common good; provide opportunities for personal growth and oblige collective accountability; and possess the wherewithal to resolve internal conflict and inspire active participation in the public life.
4. Enhanced geographic linkages that foster harmony and cross-cultural exchange among communities that recognize and respect each others' differences; and help erase the distinction between the "two Mindanaos" by bridging the gap between depressed and vulnerable areas and dynamic growth areas.

Thrusts

Partnerships and active community empowerment will be the twin thrusts towards human development and social cohesion in Mindanao – summed up as Partnerships Enabling Active Community Empowerment (PEACE).

This is in recognition that no single entity or group, no matter how powerful and endowed, can effectively undertake the needed tasks for securing Mindanao's desired future. The answer lies in harnessing active partnerships: across sectors and stakeholder groups (especially between the public and private sectors, among donor institutions, between donors and government at various levels, etc.); across cultural, religious and ethnic lines; and among communities and localities (e.g., inter-LGU collaboration at barangay, municipal/city or provincial levels). It is also recognized that communities are the appropriate units of intervention for initiatives directed at uplifting the lives of Mindanawons' families, who are in turn the basic units of Mindanao society. Freedom from want and freedom from fear, where everyone's well being equally matters – the essence of human security with social cohesion – are thus best served when initiatives are community-driven.

Strategies and Initiatives

1. **Focus on the attainment of the Millennium Development Goals (MDGs) and the logical progression therefrom beyond 2015.** Efforts must be intensified toward meeting targets that are lagging behind, by synergizing efforts among LGUs, civil society, and religious organizations in providing and delivering social services

2. **Harness public-private partnerships (PPPs) in the provision of social services:** Develop new and innovative modalities for PPP, particularly in the provision of health, education and other social services and facilities. It is crucial to provide a strong enabling policy environment for fostering and facilitating PPPs of various forms.
3. **Rely on community-led initiatives:** Emphasize and maximize community-led approaches to poverty reduction and social upliftment. This will entail scaling up and providing greater budget support to interventions that are based on and led by communities.
4. **Assert gender sensitivity:** Deliberately promote gender sensitivity and balance in all development and social protection concerns. Women's access to capital and financing facilities, information, technology, technical assistance, and livelihood opportunities needs to be improved. There is also a need to guarantee women's right to protection and security from all forms of gender-based violence.
5. **Practice culture sensitivity and multiculturalism:** Institutionalize and internalize cultural sensitivity and true multiculturalism in governance, education and development work. Peace education promoting cultural sensitivity and solidarity must be integrated into the formal, non-formal and informal education curriculums.
6. **Actively pursue cross-cultural communication, exchange and collaboration, while maintaining and asserting distinctive group identities.** Mindanao's beauty and rich and diverse cultures should be asserted through various modes of artistic expression, such as the conscious application of culture in architectural designs of public and private facilities like buildings, lampposts, gateways, etc.
7. **Harness spiritual leaders: Systematically harness the role of spiritual and moral leaders** and institutions in promoting human security and social cohesion. Apart from inter-faith dialogue, it is particularly important to organize and sustain an intensive program for intra-faith reflection and renewal.
8. **Provide meaningful roles for children and youth: Actively involve children and youth** in development initiatives in ways that fully recognize and harness their potential intellectual and creative contributions. This includes supporting and encouraging creative and artistic initiatives among the youth, and expanding current mechanisms for harnessing volunteerism among the youth.

In Quest of a Dynamic, Inclusive and Green Mindanao Economy

Vision

A vibrant Mindanao economy that is unified and integrated, driven by socially and environmentally responsible enterprises that are internationally competitive, built on judicious and sustainable management of its rich human, natural and cultural endowments, and providing wide employment and broad and equitable benefits to all Mindanawons.

Goals and Objectives

1. Self reliance and self-determination in securing a dynamic and sustainable development for the entire Mindanao, where the wide mass of Mindanawons are the prime beneficiaries of a wide range of economic activities that responsibly and sustainably harness its human, natural and cultural wealth.
2. Broad-based entrepreneurship drawing on the unique assets, opportunities and challenges arising from region's rich river basins and archipelagic geography, and enabled by facilitative economic governance marked by creative resource generation and sound fiscal management.
3. A unified and integrated Mindanao economy marked by active interlinkage, synergy and complementation across its regions and various economic centers, along with strengthened integration with the national, regional and international economy. It will be distinguished by:
 - A dynamic and sustainable agriculture and agribusiness sector with world-class, socially and environmentally responsible farms and firms bringing about a progressive and food secure Mindanao;
 - A vibrant services sector driven by active domestic and international trade, ecologically friendly tourism, and flourishing knowledge-based industries; and
 - A widened industrial base built on a range of light, medium and heavy industries appropriate to the peculiar endowments and requirements of the Mindanao regions.

Thrusts

- Economic & ecological integration and inclusive wealth creation shall be the twin thrusts toward Mindanao's sustainable economic development.
- Economic integration implies pursuing Mindanao's development within the broader national, regional and global contexts (external integration), and with stronger attention towards internal integration of the Mindanao economy, in two dimensions: (1) fostering more complementary relationships among Mindanao's economic growth centers, and (2) linking leading growth centers more strongly to depressed lagging areas through their respective complementary roles in the economic value-chain. Ecological integration implies planning Mindanao's sustainable development based on its rich ecosystems, dominated by marine resources, fertile riverbasins and watersheds. It means planning with full cognizance of the carrying capacity of the environment and natural resource base. Economic and ecological integration implies seeing economic development and responsible stewardship of the environment not as incompatible goals, but as mutually reinforcing objectives that lead to sustainable development. One without the other is shortsighted and of limited benefit. It is only when both ends are jointly served that the ultimate goals of development are attained.
- Inclusive wealth creation recognizes that the key to the upliftment of Mindanawons' lives lies beyond mere income generation, but in wealth creation that builds up the natural, human, social, physical and financial capital in the island-region. In the context of wealth creation, inclusiveness implies equal access by men and women; Muslims, Christians and Lumad; and rich and poor from all corners of Mindanao to various opportunities for harnessing the various forms of capital in the island-region.



Strategies and Initiatives

1. **Focus on key strategic economic drivers:** Provide focused attention and resource support to identified sectors, industries and initiatives determined to hold strong potential for propelling high, inclusive and sustainable growth of the Mindanao economy.
2. **Formulate area development plans based on watersheds, riverbasins and other ecosystems as units of planning:** Plan investments in economic activities of all scales with explicit stocktaking of the natural resource base and its carrying capacity in the ecosystem that will host the investments.
3. **Address gaps and weaknesses in the value chain:** Fill gaps, reinforce weak links, and make more inclusive the various key product value-chains, with the end in view of reducing costs, diffusing market concentration, improving producer prices, linking lagging areas to growth centers, and broadening the base of the rural economy.
4. **Pursue massive enterprise development:** Undertake a massive and government-wide effort supported by non-government sectors for enterprise development, especially of micro, small and medium enterprises all across Mindanao.
5. **Broaden and deepen the agriculture/agribusiness sector:** Promote greater diversity and increased value-adding in the range of agricultural and fishery products produced in Mindanao, as continuing linchpins for broad-based Mindanao development.
6. **Promote a vibrant services sector via trade, tourism and ICT-based services:** Undertake focused initiatives to strengthen these three strategic services subsectors as key job generators, and hence drivers of inclusive growth in Mindanao.
7. **Widen Mindanao's industrial base:** Provide the enabling environment for increased industrial activity over the medium to long-term.
8. **Pursue win-win approaches towards ecological integrity and economic development:** Consciously pursue environmentally-friendly production and consumption, and promote mechanisms for payments for ecological services (PES).

Self-Reliance and Self-Determination Fulfilled

Vision

A culture-sensitive, self-reliant, responsive and accountable governance with each political unit at various levels able to assert self-determination, while integrated by a soundly defined relationship of complementarity with each other and with the national government.



Goals and Objectives

1. Empowered, self-reliant, accountable and responsive LGUs;
2. A stable, autonomous, self-reliant and effective governance mechanism for the Bangsamoro people that is widely acceptable and finds active support from its citizenry;
3. Effective coordination and monitoring mechanisms at the Mindanao-wide, regional and inter/intra-provincial levels;
4. An empowering relationship with national government that is supportive of local development plans and initiatives;
5. Indigenous peoples with the ability to exercise self-determination in managing and governing their respective ancestral domains, within a framework that respects boundaries, history and cultures;
6. Wide respect for the rule of law, human rights and hallmarks of good governance, such as transparency and social accountability;
7. An active and empowered citizenry and effective law enforcement that maintains integrity and a high regard for human rights, working together to break the backbone of corruption, criminality and impunity in Mindanao.

Strategies and Initiatives

1. **Strengthen and empower Mindanao LGUs and communities** who shall be the prime-movers of a bottom-up development, and whose leaders shall become the foremost champions of Mindanao 2020;
2. **Address the traditional weaknesses of the ARMM government** towards definitive achievement of a stable and effective autonomous governance mechanism for the Bangsamoro people that is widely accepted, actively supported by its citizenry, and finds strength in its complementary relationship with the remainder of Mindanao;
3. **Tighten Mindanao-wide coordination** with a view towards eliminating duplication and overlaps and maximizing complementation;
4. **Facilitate inter-LGU cooperation and collaboration** towards managing a shared resource base, furthering historical and cultural ties, and/or tapping opportunities for synergy through pooling of assets and resources;
5. **Optimize the mix of modern and traditional elements of governance** that is respectful of history and culture while responsive to contemporary governance challenges;
6. **Reform the electoral system** towards improving the quality of candidates for local public office and ensures the integrity of the electoral process;



Requisites for Realizing Mindanao 2020

Vision

Infrastructure, knowledge and financing support systems are well in place, effectively propelling a wide array of peace and development initiatives in Mindanao towards successful outcomes beneficial to all Mindanawons.

Goals and Objectives

1. Reliable, efficient and climate-resilient infrastructure featuring:
 - An integrated inter-modal transport and logistics network, with high-standard highways and strategically-located, climate-resilient ports, airports and land transport stations that allow faster movement of people, goods and services; reduce logistics costs; promote productivity and competitiveness; and seamlessly connect Mindanao with the rest of the country and the world;
 - A dependable power system that optimizes the use of renewable energy, minimizes adverse impacts on environment and ecosystems, and ensures reliable transmission and efficient distribution of affordable electric power up to the most remote barangays;
 - Widely accessible water supply systems with the capacity to provide water for drinking and hygiene, complemented by environment-friendly sewerage and sanitation systems that protect public health and promote well-being;
 - State-of-the-art ICT infrastructure that provides reliable, affordable and high speed connectivity; links peoples and systems; allows efficient exchange of information and knowledge; and ensures universal access; all for purposes of promoting economic growth, strengthening institutions and governance, and empowering common people and communities;
 - Ample and reliable support infrastructure for education, health, agriculture, tourism and disaster risk management.

2. A responsive knowledge support system from a strong and well-equipped Mindanao S&T community that (a) undertakes active and relevant R&D generating new knowledge to address the region's peculiar challenges and requirements through innovative and adaptive technologies; and (b) features an active network of centers of excellence from which continuously emerge highly-acclaimed scientists and technologists.
3. Ample financial resources that effectively tap a variety of local and external fund sources, and assert Mindanao's self-reliance both in the sourcing of funds and in the development activities that they support. The financial environment will be marked by:
 - A policy environment conducive to private investments and partnerships with national and local governments;
 - LGUs capable of mobilizing and properly managing financial resources for their development needs; and
 - Mindanawons taking charge of their own destiny by investing in infrastructure development and productive economic activities within Mindanao.
2. Promote self-reliance, cooperation and sustainability in infrastructure provision. LGUs must be equipped and capable of providing most of their infrastructure requirements individually or collectively, in a way that is both responsive and forward-looking.
3. Establish an effective M&E system complemented by a mechanism of rewards and sanctions for good and bad performance respectively. A participatory M&E mechanism will particularly help ensure quality and responsiveness of infrastructure projects to actual needs.
4. Promote transparency and wide understanding of infrastructure policies and programs through an effective information and communication system. Where citizens understand the nature and significance of infrastructure initiatives, citizen involvement can more easily be harnessed to ensure faithful and timely provision of infrastructure requirements.

Strategies and Initiatives

Infrastructure and Logistics

The following strategies are common to all infrastructure sub sectors:

1. Formulate a Mindanao-wide long-term infrastructure development plan and infrastructure sub-sector development plans. These must be done simultaneously and interactively to ensure internal consistency, and founded on reliable data and scientific knowledge.

Strategies that are specific to each infrastructure sub-sector include:

Transportation and Logistics System

- Widen the role of inland, coastal and inter-island water-based transport in the Mindanao transport and logistics system.
- Reform policies and regulations that have rendered the transport and logistics system inefficient and costly (e.g. cabotage law and high import tariffs on steel products), along with industries linked to them.
- Integrate land, air and water transport systems into a coherent and interactive array of interdependent networks.
- Upgrade main arterial roads into world-class all-weather highways, and build new ones where necessary (e.g., Mindanao's east and west links).
- Promote alliances among LGUs and partnerships among government and community in the construction of municipal and barangay roads through the provision of an enabling legal environment and a system of incentives.
- Prepare a long-term plan for a railway system that is closely coordinated with the other infrastructure plans mentioned above, to complement the proposed inter-modal transportation and logistics superhighway.
- Prioritize the upgrading, expansion or modernization of existing airports, particularly the community airports located inland, and pursue construction of a state-of-the-art airport in the Mindanao heartland out of one of such existing inland airports.
- Strengthen implementation of policies on user payments for infrastructure facilities to address inefficiencies in resource mobilization and utilization.



Information and Communications Technology Support

- Formulate a coherent long-term ICT plan for Mindanao.
- Develop a coherent information infrastructure program.
- Establish an island-wide multi-level and multi-stakeholder information governance structure.
- Update and rationalize the national policy and regulatory framework.
- Foster centers of excellence in IT education.
- Ensure wide access by small producers to ICT tools and the Internet.



Energy and Power

- Formulate a Mindanao Power and Energy Development and Sustainability Plan that would set the stage for the long-term reliability of power.
- Reform energy pricing policies to rectify infirmities that inhibit investments in further energy development in Mindanao.
- Deliberately address losses in power generation, transmission and distribution systems with clear targets for reduction through time.
- Strengthen mechanisms for attracting private power investments and public participation.
- Further diversify the energy mix by expanding the share of renewable and indigenous power.
- Prioritize the building of small hydroelectric plants over large ones in order to maximize the use of hydropower without adversely compromising environmental integrity.
- Prioritize the development of renewable energy facilities by providing dedicated funds for the conduct of exploratory and feasibility studies.
- Foster a competitive electricity market by laying the groundwork for establishment of the Mindanao Wholesale Electricity Spot Market by 2014.
- Undertake a comprehensive strengthening of Rural Electric Cooperatives.
- Strengthen and sustain an information and education campaign on energy conservation and energy policies and programs.

Water Supply, Irrigation and Sanitation

- Adopt an integrated approach to watershed planning and management.
- Develop a coherent Mindanao-wide program for establishing, upgrading and maintaining water supply systems and services.
- Capacitate BAWASAs to be able to upgrade themselves into viable economic enterprises or cooperatives.
- Adopt and adapt irrigation methods or technologies that are economical and environment-friendly, and consistent with local cultures and contexts of the farmers and irrigable lands served.
- Provide needed infrastructure for sewerage and sanitation systems.
- Embark on a sustained mass education program on watershed protection and rehabilitation.

Science & Technology and Research & Development

1. Build and sustain a strong Mindanao-focused scientific and R&D community and culture, and improve capabilities for undertaking scientific and empirical researches and analyses that support the region's peculiar development needs.
2. Set up an independent, multi-disciplinary and state-of-the-art Mindanao Research and Development Center to be professionally run as a corporate entity, to (a) provide evidence-based policy analysis and advice; (b) serve as coordinating entity and clearing house for all Mindanao-pertinent knowledge resources; and (c) emerge world-class Mindanao scholars.
3. Establish a Mindanao Knowledge Network as an organic part of the above research center, that will have nodes in various academic or research institutions at national, regional, provincial, municipal levels.
4. Enhance technological support for Mindanao-based industries and to serve overall economic and human development.



Financing

1. Strengthen fiscal decentralization, responsibility and accountability through improved local revenue generation and expenditure management by LGUs.
2. Address bottlenecks and issues confronting access and utilization of ODA funds in the medium-term, and plan for the eventual downplaying if not phase-out of ODA as a critical source of development financing.
3. Provide LGUs and their communities greater leeway in determining the uses and in managing funds for local programs of national government agencies.
4. Establish a multi-stakeholder monitoring and evaluation mechanism to ensure that funds are optimally utilized and graft and corruption curtailed.
5. Build capacities of LGUs for entrepreneurial governance so that they may manage their offices like a business enterprise that balances and optimizes the triple bottom line comprised of people (social responsibility), profit (economic development) and planet (environmental integrity).

The Way Forward

Translating Mindanao 2020 into appropriate action and ensuring that what was set out to be accomplished will be done so in a faithful and timely manner will entail a number of key activities that form part of the complete planning cycle. These include (a) policy reforms that could be effected by administrative action or via legislation, (b) a private-public investment program that embodies program and project interventions that will help achieve identified development objectives, (c) implementation mechanisms that will define needed inter-agency coordination, responsibilities and accountabilities, and timeframes of accomplishment and (d) a monitoring and evaluation (M&E) system.

The long-standing challenge for Mindanao and the Mindanawons is to unite and rally behind a widely-shared vision, and collectively and collaborative work in its pursuit across the cultural, political, economic and social divides that have fragmented the island group since time immemorial.

It is hoped that the participatory and consultative exercise that led to the articulated vision, goals, thrusts, strategies, and initiatives embodied in this Mindanao 2020 document will impel Mindanawons to bridge those divides, and with 20/20 vision, set their sights on the common goal 20 years hence that they have herein articulated: That of a peaceful, developed and integrated Mindanao that makes a sustainably uplifted quality of life a reality for all Mindanawons.



A young girl with dark hair is smiling broadly, showing her teeth. She is pointing her right index finger towards the camera. She is looking through horizontal wooden slats, possibly from a window or a screen. The background is slightly blurred, showing other people's faces.

CHAPTER 1

Wanted: A New Mindanao

Introduction

Mindanao must change. This is an imperative now accepted by every well-meaning citizen of Mindanao.¹ Its pockmarked and turbulent history marred by division, dashed hopes, fear and frustration must give way to a future marked by unity, optimism, pride and contentment. This is a future that will not come to Mindanao from without, but one that Mindanawons must work together to secure for themselves under an empowering national governance environment. This document seeks to summarize and put in coherent form the aspirations and imperatives expressed and espoused by Mindanawons of various ethno-cultural, sectoral and socio-economic backgrounds through the years, in countless forums and workshops, focus group discussions, interviews, surveys and writings of various forms. It seeks to be a blueprint for the future, owned and committed to by the very stakeholders who will make it happen and who will reap the benefits of its faithful implementation.

Mindanao, for the most part, has beautiful, peaceful and prosperous communities having rich cultural heritage; with lands and waters blessed with abundant natural resources; teeming with a full range of resource-based economic activities brought about by vast plantations and pioneering entrepreneurship. But it is also a place known for its extreme poverty, stark inequalities, wanton natural resource destruction and depletion, and violent conflicts. The contradictions of Mindanao are so blatant, and the possibilities for reconciling these extremes so elusive, that any initiative toward yet another round of analysis and planning is burdened by a history of very mixed results.

It was against this backdrop that the Mindanao Economic Development Council (MEDCo), now the Mindanao Development Authority (MinDA),² spearheaded in the mid-1990s the formulation of the Mindanao 2000 Development Framework Plan encompassing a 15-year period leading into the first decade of the 21st century. In its assessment of the Plan's implementation undertaken towards the end of its period of coverage, MEDCo found that most of the Plan's targets, goals and objectives remained unmet, even as it noted significant progress in a number of areas, including in infrastructure and trade expansion.

The experience with Mindanao 2000 yielded lessons that call for changes in the approach to planning for Mindanao's future. Thus, this successor plan – the Mindanao 2020 Peace and Development Framework Plan – consciously seeks to be more holistic and multi-dimensional, and trains its focus well beyond economic or infrastructure development which includes history and culture, peace and security, governance and institutions, human development and social cohesion as equally important dimensions in the sustainable development of Mindanao.

Mindanao 2020, notwithstanding its name, is a framework plan that covers the next 20 years of Mindanao's future, or up to the year 2030. The name connotes a clear vision for the future, something that is not difficult for Mindanawons to define in the context of their long history of peculiar difficulties and challenges.

As a framework plan, it is not intended to be a detailed blueprint, but a guide that sets general directions, defines broad strategies, and identifies a number of key concrete initiatives for the short, medium and long term, without any claims for comprehensiveness or exhaustiveness. As such, it will serve as basis for more detailed plans and budgets of shorter duration within its 20-year time frame. It will also help guide more geographically specific regional or local plans to ensure consistency and coherence within a Mindanao-wide perspective.

Despite its intent to be just a long-term framework, Mindanao 2020 still captured some specific and shorter-term initiatives that were proposed by Mindanawons as a show of respect to the participatory process. It also tried to be internally integrated and cohesive thus cross-cutting strategies appear in more than one chapter.

Refocusing Lenses: Recent Historical Perspectives

The MEDCo Assessment of Mindanao 2000 pointed to a need for a stronger discussion on the socio-cultural and historical dimensions of the development process. Thus, Mindanao 2020 is, at the outset, envisioned to provide a holistic and multi-dimensional framework, with greater emphasis than heretofore given to Mindanao history, culture and social development. As a plan for both peace and development, it aims to integrate in it the work from a wider range of disciplines than previously undertaken, and by a wider range of social actors.

The need to broaden the interest areas of planning for Mindanao came about, in the intervening decade, largely from political and military occurrences that took increasingly heavy tolls in terms of human suffering and environmental destruction; Intensifying conflict; the on-and-off peace talks; the reality of growing refugee populations; the impact on economic growth of sporadic violence, of prejudice, of cycles of retribution and so on which make it imperative to take a more careful account of the historical and cultural underpinnings that determine outcomes in Mindanao.

¹ Henceforth, "Minnanawon" will be the term used in this document to refer to the citizens and inhabitants of Mindanao. This has been observed to be a widely-accepted version of the word that others have spelled as "Mindanaoans" or "Mindanaons."

² MEDCo was upgraded to the MinDA by Republic Act 9996 enacted on February 17, 2010.



term activities, long term planning, funding and implementation between the central government and the ARMM spanning a period of at least 50 years. This is aimed at reducing dependence on both the central government and the foreign donors, thereby building up self-reliance.

Mindanao 2000: What Had Been Achieved, What Remains To Be Done

Mindanao 2000 Thrusts, Goals and Targets

The Mindanao 2000 Development Framework Plan (Mindanao 2000 for short) highlighted the importance of high and sustained economic growth to reduce poverty and facilitate social development amid a long history of poverty, underdevelopment and political strife.

Mindanao 2000's professed mission for Mindanao was the transformation of its once fragmented and backwater economy into an integrated, dynamic, robust, sustainable and development-oriented economy. Four main goals were set forth towards Mindanao's transformation by 2010, namely: (1) Global competitiveness; (2) Internal and external integration; (3) Sustainable development, and (4) People-centered development.

To permit assessment of the achievement of the Mindanao 2000 vision, the following development targets for 2010 were set:

- An annual growth rate of 7% during the planning period;
- A decrease in agriculture's share to total GRDP by 11 percentage points as the industry sector's share goes up by 13 percentage points;
- An increase in per capita income in 1985 prices to PhP20,028 by 2010;
- A rise in the number of employed persons from 5,941,000 to 8,301,000 or an increase of 37.7%; and
- A decline in poverty incidence to 15% in 2010 from 48% in 1994.

Mindanao 2000 also introduced a spatial planning approach through identification of area development zones (ADZs), and economic growth clusters (EGCs). The ADZ was defined as the basic spatial unit for planning. An ADZ is composed of spatially contiguous urban and rural centers that display strong economic and socio-cultural ties. An EGC was defined as a consolidation of ADZs with economic and socio-cultural commonalities. The Mindanao 2000 Framework Plan saw the EGC as the mechanism to ensure economies of scale in production and establish a critical mass for global marketing.

A strong and varied literature has emerged in the past decade to advocate greater levels of social cohesion in Mindanao and to understand what influences it. Attention has particularly been focused on re-weaving Mindanao's fragmented society by addressing the requirements of social cohesion.³ Analyses have stressed the importance of strong ties and trust that foster unity across different groups and strengthen the social connections and linkages through which information is communicated and knowledge shared. These are collectively captured in the term social capital, which, it is now argued, merits as much attention as the other more familiar forms of capital (financial, physical, human and natural) in examining the requirements for Mindanao's development.

In the course of the last decade, there has been increasing appreciation of the role of historical injustice in perpetuating conflict and underdevelopment in Mindanao. This is a departure from the popular thinking in the 1990s, when poverty was commonly cited to be at the root of the Mindanao peace and development challenge. This had led to an approach overly dominated by economic interventions. While the destructive impact of poverty is not underestimated, historical injustice is now regarded by all major stakeholders, including donor agencies, as the underlying root of the Mindanao challenge.⁴ This injustice has come in various forms: social, political, economic, cultural and environmental (see Figure 1-1). Thus, attainment of lasting peace and development in Mindanao must hinge on addressing and redressing these various forms of injustice.

Against the historical backdrop of injustice in Mindanao described above, a more recent grievance expressed among Muslim circles relates to the perceived failure of government to rehabilitate conflict-affected communities and to provide livelihood for the Bangsamoro people in the aftermath of the 1996 Peace Agreement with the MNLF. The challenge, then, is for the government to demonstrate greater sincerity and build greater confidence among the peoples of Mindanao in addressing the traditional challenges that have held back the island group for much too long. In particular, what appears needed is to put in place a machinery for a decisive joint effort for peace and development, including governance – spanning short

³ Adriano, Fermin and Adriano, Lourdes. Peace and Reconstruction Imperatives for Mindanao's Enhanced Development (PRIMED): A Suggested Public Sector Action Agenda for 2001-2004, Working Document, 2001 (unpublished).

⁴ World Bank (2005), Joint Needs Assessment for Reconstruction and Development of Conflict-Affected Areas in Mindanao, World Bank Manila Office.

Figure 1-1. The Mindanao Problem



Source: World Bank (2005), Joint Needs Assessment for Reconstruction and Development of Conflict-Affected Areas in Mindanao, World Bank Manila Office.

Outcomes

Overall, Mindanao fared reasonably well in the last 15 years on economic growth and infrastructure development. Recent performance suggests that its potential for economic development is high, especially if given a proper environment for high and sustained growth. Through the years, Mindanao has gradually become an active player in the global market, buoyed by the competitiveness of its agricultural products.

Growth in the production of goods and services, measured as gross regional domestic product (GRDP), fluctuated widely during the 15-year plan period and grew at an average annual rate of 3.9 percent. The target growth rate of 7% was achieved in 2007, suggesting that the target is achievable given the right conditions. The average annual income of PhP11,213 in 2007 was well below the Mindanao 2000 target of PhP20,028.

Mindanao's economic structure moved in the direction of a more balanced economy, but fell far short of target. The share of agriculture decreased five percentage points from 41% to 36% (instead of the targeted 11 percentage points), while the share of the industry sector increased three percentage points from 25% to 28% (instead of the targeted 13 percentage points).

Employment level as of 2007 was 8.12 million, equivalent to a 96% employment rate, thereby exceeding the Mindanao 2000 target employment rate of 95%.

Agriculture and agri-industry were identified as leading growth sectors in Mindanao 2000. There remains much scope for expanding agricultural production and productivity in Mindanao in both breadth and depth, especially in the face of rapid growth in demand for horticultural products (fruits, vegetables and nuts) in rich countries in Europe and North America, as well as within Asia itself.

Mindanao 2000 envisioned that "by 2010, the industry and service sectors shall take over the lead roles from agriculture and agri-industry, and will become, henceforth, the prime movers of Mindanao's economy."⁵ This goal proved to be overly ambitious and unrealistic under prevailing circumstances, and subsequent developments further militated against it.

Experience over the past 15 years indicates that agriculture and services continue, and will probably continue, to be the main drivers of the Mindanao economy. While wider industrialization, especially in non-agri-based industries, remains a worthy goal in the long term, this will entail overcoming various constraints that will continue to prevail in the foreseeable future.

Mindanao 2000 sought the physical integration of the Mindanao economy through infrastructure development, including land, sea and air transport infrastructure that would link

⁵ Mindanao 2000 Development Framework Plan: A Renewed Industry and Service Sector, page 8.

production areas to domestic and international markets. While major headway was made in transport and communications infrastructure, Mindanao's infrastructure development continues to lag behind that in the rest of the country, and more so relative to its Asian neighbors.

Mindanao's modest gains in economic development did not appear to translate into a significant reduction in poverty and gains in human development outcomes. Poverty incidence fell to 40.3% in 2007, but still far from the Mindanao 2000 target of 15%.

Economic growth and the demands of the rapidly growing Mindanao populace have taken a heavy toll on the environment. Population pressure, poverty and paucity of livelihood opportunities, dearth of values and the open access nature of most biological resources all contributed to the overexploitation and non-sustainable use of the country's bio-diversity. Mindanao 2000 recognized the imperative of mobilizing partnerships among the community, local governments and the private sector in preserving and protecting the environment. While some headway was made in this regard, there remains much scope for expansion of community-driven approaches to environment and natural resources management in the years ahead.

Mindanao 2000 saw better governance and appropriate institutional reforms as primary keys for the achievement of economic development in Mindanao, and took the economic formula approach for good governance. The primary instrument for this was the creation of a Mindanao-wide body that would have the resources and authority to pursue strategic development projects and to coordinate with local initiatives and programs. The creation of the Mindanao Economic Development Council (MEDCo) as a coordinating body thus sought to address the gap. MEDCo (now MinDA) was envisaged to be representative, consultative, and participatory, and open to evolve and adopt support systems that can sustain inter-regional coordination.

Persistent Challenges and The Unfinished Agenda

As indicated above, some headway had been achieved in the Mindanao 2000 plan period particularly in the areas of economic growth and provision of basic transport and communications infrastructure. Still, many of the targets of Mindanao 2000 remain unmet and will continue to be valid goalposts to pursue in the successor plan. These include the following:

A just and lasting peace. The peace and order situation is a crucial ingredient in the development of the island, whether via tourism and investment, or delivery of basic services, all of which are impeded by lack of peace and order.

Poverty reduction and broad-based growth. Forty percent of Mindanao's families continue to live below the poverty line, and the gap between the rich and the poor in Mindanao remains high.

Upgrading education and health. LGUs need to assume stronger roles to complement the efforts of the Department of Education in providing quality and relevant basic education to

the children of Mindanao. The 1991 Local Government Code had put local governments in the forefront of health service delivery, but LGUs have yet to achieve their full potentials to provide an effective health services system.

MDGs and beyond. More focused efforts are needed towards meeting the targets of the Millennium Development Goals, particularly on improving maternal health, mitigating HIV/AIDS, malaria and other diseases, reducing child mortality, and ensuring full access to safe water and basic sanitation for all regions in Mindanao. This requires deliberate partnerships among government, civil society and the private sector to be most satisfactorily and sustainably achieved.

Environmental sustainability. The successor plan must take a more deliberate approach of pursuing an environmentally sustainable economic development path, especially with much of Mindanao's wealth being in the form of natural wealth.

Agricultural competitiveness toward wider and broader benefits. Further investments are needed in more and improved infrastructure, knowledge support, and improved access to capital especially by small agricultural and agribusiness producers.

Food security. While food security policy was not prominently addressed by Mindanao 2000, the successor plan would do well to take a more explicit approach to food security, especially in asserting the key role of local governments in this pursuit.

Tourism development. Much work remains needed towards (i) securing lasting peace in troubled areas, (ii) overcoming the misplaced negative image of Mindanao to the outside world, and (iii) providing necessary tourism amenities and conveyance mechanisms.

Mining development. Efforts toward finding a widely acceptable approach to mining development need to be pursued with open-mindedness and sincerity among all stakeholder groups concerned. Good governance must be the starting point for any meaningful progress to be made towards the desired win-win approach and outcomes.

Wider industrialization in the longer term. Significant headway towards further industrialization in Mindanao can be achieved within the next twenty years, but forward-looking initiatives need to be undertaken now to pave the way for achieving this long-term goal.

Sub-regional cooperation. The momentum for cooperation within the BIMP-EAGA framework needs to be restored, and requires collaborative partnerships within the member countries (i.e. between government and private sector) and across them.

Infrastructure gaps. The major gaps and unfinished agenda for infrastructure development in Mindanao include providing for adequate and inexpensive power, world-class ICT infrastructure, and full transport integration.

Effective and widely acceptable Mindanao governance. Long-standing governance weaknesses need to be addressed, including weak planning and implementation capacities at the local government level, and graft and corruption at all levels. There is also general clamor for achieving satisfactory autonomy and self-reliance in Mindanao governance. Finally, it is crucial to achieve an effective Mindanao-wide governance mechanism that will orchestrate its march into the future.

Guiding Principles

In the context of the continuing challenges discussed above, Mindanao 2020 shall adhere to the following key guiding principles in addressing the challenges that face the island group. Some of these reaffirm principles that also guided Mindanao 2000, its predecessor plan:

Sustainable peace and development in Mindanao needs to be pursued holistically and integratively. Human welfare, and hence sustainable peace and development, has social, economic, environmental, cultural, political/ institutional and spiritual dimensions. Each of these dimensions needs to be recognized and addressed as interrelated and mutually reinforcing concerns.

Peace and development in Mindanao are critically linked to its environment and natural resources. Mindanao's environment and natural resource base is the platform on which Mindanao 2020, as its roadmap to the future, must be built. This implies that this same platform must endure and be judiciously sustained indefinitely into the future. Mindanao's inherent wealth lies in its rich watersheds and river basins, and its marine and coastal resources. As an archipelagic area, Mindanao's future must be planned in a way that avoids inordinate focus on land-based resources and activities, but fully consider its water-based endowments and challenges as well.

Mindanao's future directions must be situated within the larger national, regional and global context. Mindanao's future development will not occur in a vacuum, but is transpiring amidst dynamic changes in the national and international landscape, which will both affect and be influenced by what transpires in Mindanao in the next 20 years.

Subsidiarity is crucial. Top-down planning and decision-making has been a particular bane for Mindanao and its peoples, whose futures have traditionally been charted in distant Manila by central government officials. Units of governance closest to the people themselves must be the primary determinants of actions and interventions to address problems and issues that begin in communities. Mindanao 2020 must therefore assert the principle of subsidiarity through appropriate mechanisms for governance decentralization and devolution, and promotion of community-driven approaches to managing local resources and securing peace and development.

Pluralism and cultural diversity is a key attribute of Mindanao society. Mindanao's wealth is most clearly manifested in its natural, human and social capital, with the last being particularly enriched by the cultural diversity found in the island groups. Divisions along cultural, religious and political lines are not inevitable and can be overcome with the proper attitude and motivation among all concerned.

Good governance is paramount in effectively addressing injustice and poverty, and in promoting sustainable development. Decades of experience within Mindanao and elsewhere have clearly pointed to the strong inhibiting role of weak governance to even the best-designed plans and programs.

Women and youth are critical to shaping Mindanao's future. It is equally important to assert the crucial roles they can play towards the success of various peace and development interventions, and how the same would in turn impact on them.

Affirmative action and a preferential option for Mindanao are justified and imperative in the short- to medium-term, to redress traditional injustices and restore conflict-damaged facilities and institutions. For instance, Mindanao needs to be given more than equitable access to development resources and decision-making mechanisms in government and disproportionate share of both attention and resources for reconstruction of conflict-affected areas.

Conflict sensitivity is crucial in addressing Mindanao's traditional challenges; the numerous conflict lines that exist in Mindanao must be properly recognized and addressed to be effective in attaining lasting peace and development. A definitive approach to a lasting peace in Mindanao must be sensitive to the various dimensions of conflict and injustice, and the solutions required to resolve them.

Ownership of the Plan is a key factor, and participation is crucial to securing wide support and faithful and effective implementation. Mindanao 2020, to be successful, must not only be widely known, but more importantly, widely owned. This requires that the Plan embody the aspirations of ordinary Mindanawons from all walks of life and socio-political-cultural backgrounds. This can only be secured through a participatory process for Plan formulation, which the formulation of Mindanao 2020 has deliberately and painstakingly sought to uphold.

CHAPTER 2

Emerging Trends, Alternative Scenarios



Introduction

Mindanao looks to a future that is shaped by both various external trends transpiring in the international arena, and internal developments within Mindanao itself and in the broader Philippine national context. It is thus inevitable and appropriate that a long-term strategic plan take cognizance of such external and internal trends and scenarios that lie largely beyond the control of the inhabitants of Mindanao. Only as such can Mindanao 2020 be a plan that is in tune with the future, and thus ready for it.

Various key global trends of environmental, demographic, economic or geopolitical nature are relevant to Mindanao's future. Of the first, the threats from climate change are clearly the most prominent, and Mindanao must position itself to adequately meet the challenges that will come with these threats. Demographic trends include aging populations in affluent countries, and continued migration of large numbers of Filipinos abroad, also partly conditioned by this aging phenomenon. Economic trends have been influenced by technological change, changing resource availabilities, evolving market preferences, growing regional economic integration, and most recently, longer-term implications of the outcomes and responses to the 2008-2009 global financial crisis and economic downturn. Finally, geopolitical trends are conditioned by the shifting power balance across and within countries, and are closely linked to economic trends (such as the shift of the global economic fulcrum to Asia, especially with the dominance of China and India). These and their implications for Mindanao's strategic directions are considered in turn below.

Long-term planning for a complex, highly diverse and often volatile area like Mindanao is far from being straightforward. Under such conditions, traditional planning approaches are either not applicable or not flexible; meaning their plans usually lack flexibility to adjust to new developments, not having been designed to respond to unforeseen risks or disturbances. A crucial element of the Mindanao 2020 formulation process, therefore, was a deliberate exercise to define alternative trajectories that Mindanao could conceivably take within the 20-year period covered by the Plan. To define these alternative trajectories, a two-day scenario-building (SB) workshop brought together about 40 leaders from a broad range of sectors, including education, academe, indigenous peoples, business, military, government, and others.

Global Megatrends

Environmental Trends: Climate Change

Global warming due to greenhouse emissions and the resultant climate change is probably the most prominent among the megatrends facing the world today. The imperatives consist of mitigation, especially for countries responsible for major amounts of greenhouse gas emissions into the atmosphere; and adaptation, especially for the vulnerable island and archipelagic countries. The Philippines is a relatively insignificant source

of greenhouse gas emissions; hence, its primary imperatives regarding climate change have to do with adaptation. The matter is of particular concern for Mindanao, which is considered to be more vulnerable to the threats of climate change relative to other parts of the country.

Mindanao's vulnerability to climate change arises from a long coastline and a strong dependence on agriculture and hydropower. Mindanao has the highest risk of temperature rise (Fig. 2-1) and El Niño drought in the country. It is thus imperative for Mindanao to adapt its agriculture to impacts of higher temperatures and their possible impacts such as pestilence and water and power shortages.

Physical planning will be particularly influenced by potentially drastic changes in the coastal landscape that would result from a rise in the sea level due to melting snow caps and glaciers, one of the major consequences of global warming and climate change. Simulations of the impacts of various degrees of sea level rise on coastal areas suggest that a substantial amount of historical and existing physical facilities as well as thickly-populated areas could be submerged and rendered useless. Indications of this can be seen from Figures 2-2 to 2-4, illustrating simulations of sea level rise on some major centers of Mindanao and Basilan Island.

Demographic Trends

Aging Populations Abroad

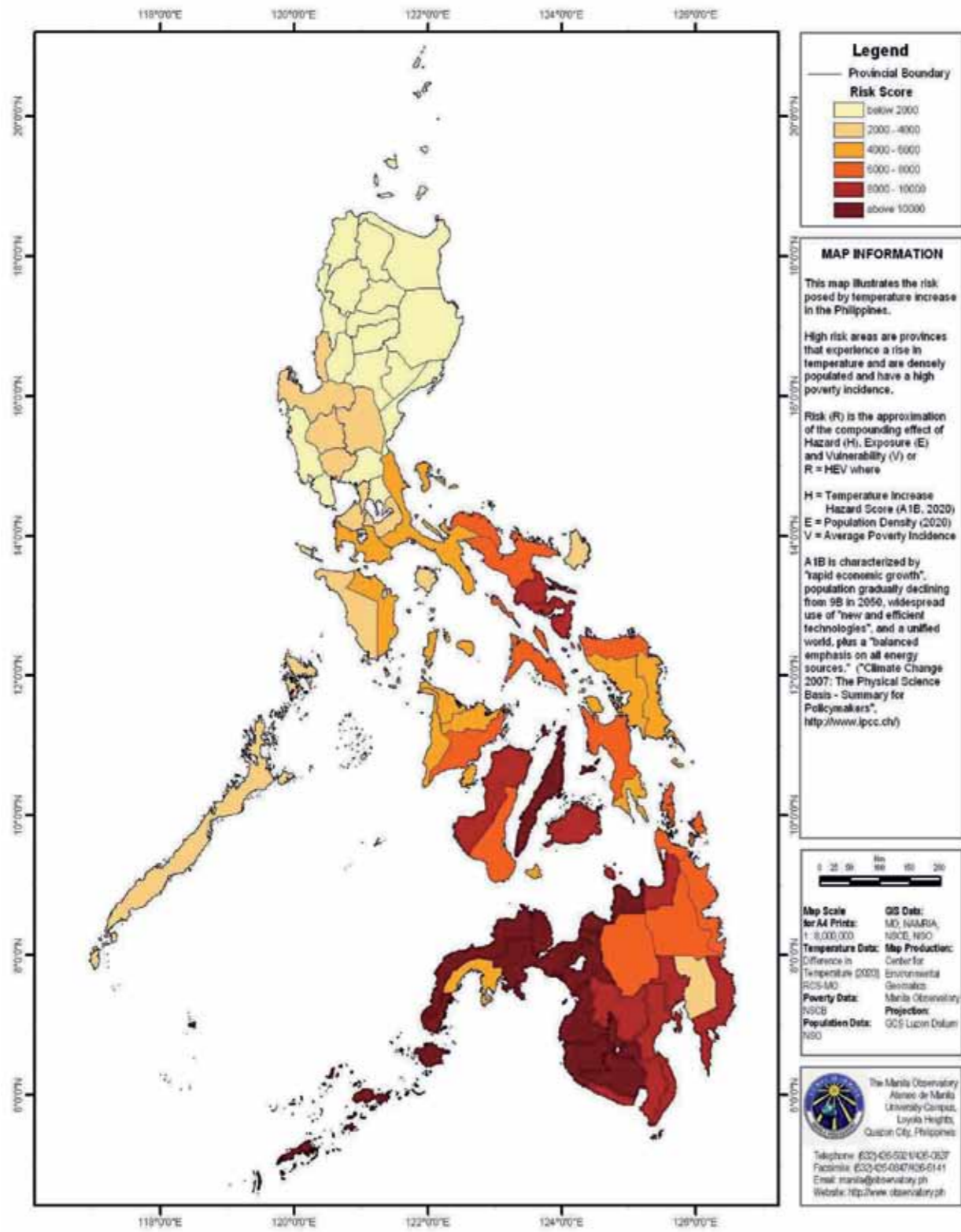
The United Nations projects that the number of people aged 60 and over will double from around 600 million in 2000 to 1.2 billion in 2025, and rise further to 2 billion by 2050. Two-thirds of all older people currently live in the developing world; the UN projects this figure to rise to three-quarters by 2025.

The coming cohort of senior citizens would be the first generation to age with a relatively high level of health and education. This comes from the improvements in public health and education owing to dramatic technological improvements in general. Public health has been uplifted by advancements in the medical sciences and technologies for disease prevention and control. The level and reach of education has likewise been enhanced by technological advancements in the neurosciences and in information and communication technology.

The new cohort of senior citizens will also generally have unprecedented levels of economic security, due to increased incomes from rapid economic growth, and the deliberate attention given to public and private social security schemes especially in advanced societies.

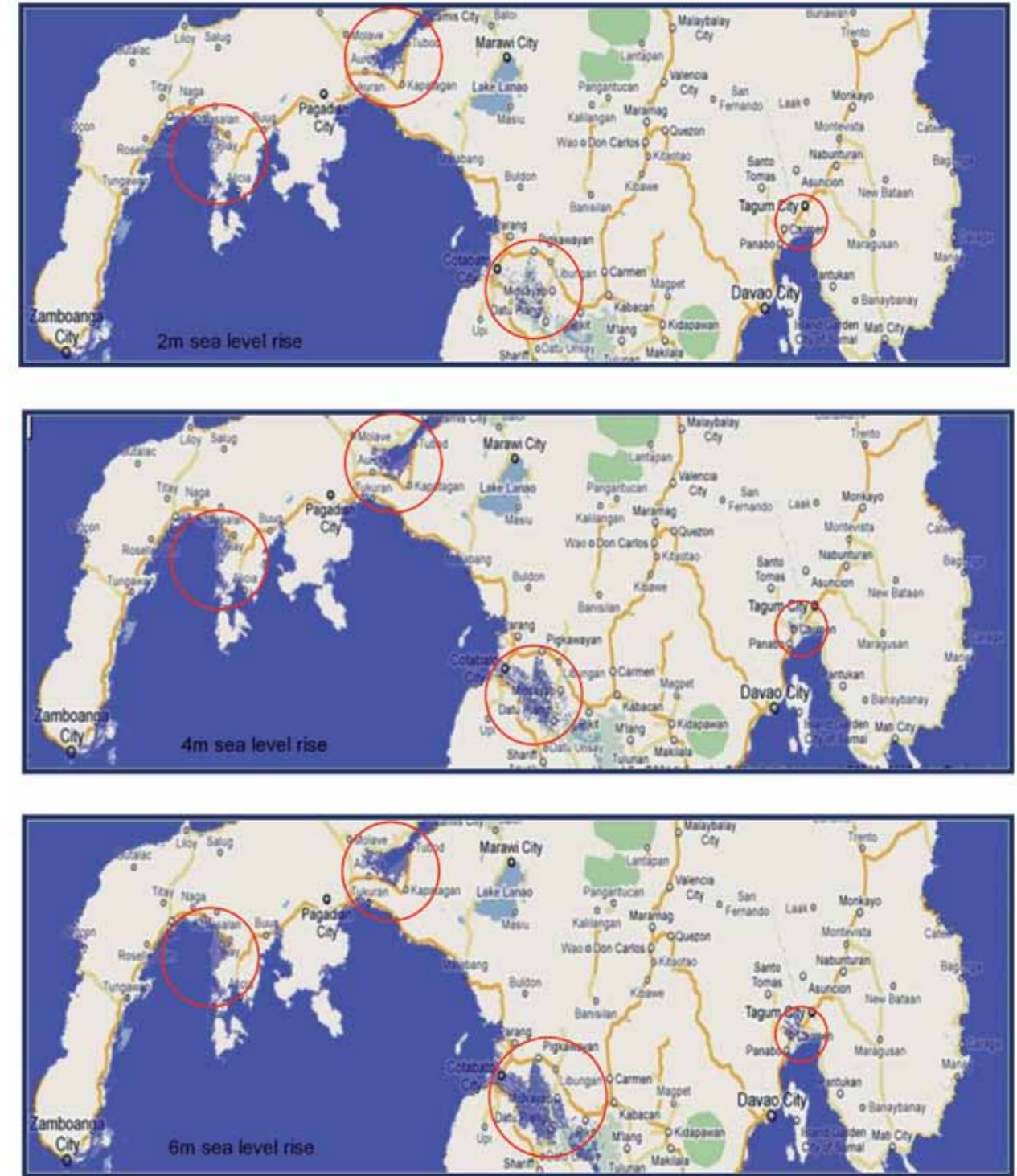
Both challenges and opportunities emerge for Mindanao from these global aging trends. The demographic pattern in the Philippines has been different from much of the world, especially neighboring Asian countries, because of a persistently high population growth rate. The result is a population profile where the working population continues to be dominant, thereby providing a large pool of labor seeking employment and livelihood opportunities. Opportunities therefore arise in geriatric products and services, including organic foods, caregiving/hospice centers and retirement estates.

Figure 2-1 Temperature Increase Risk Map



Source: The Manila Observatory

Figure 2-2 Effects of Sea Level Rise on Mindanao Coastal Areas



Source: <http://flood.firefree.net/?ll=-6.6864,124.2279&z=9&m=0>

Figure 2-3 Effects of Sea Level Rise, Northern Mindanao Coastal Areas



Source: <http://flood.firetree.net/?ll=6.6864,124.2279&z=9&m=0>



Figure 2-4 Effects of Sea Level Rise, Basilan Island Coastlines

Source: <http://flood.firetree.net/?ll=6.6864,124.2279&z=9&m=0>

At the same time, the high dependency ratios (i.e., ratio of non-working to working population) due to growing numbers of retired persons will lead to further tightening of labor markets in advanced economies. This means that both blue- and white-collar jobs for Filipino workers overseas will remain high and growing in the next 20 years. High demand for expatriate workers overseas is projected to put pressure on domestic labor markets, and it is quite likely that Mindanao's own economic growth prospects may begin to be constrained by such tightening in the labor market in the long term, i.e., beyond the next ten years. It may be noted that even at present, Mindanao enjoys higher employment rates (lower unemployment rates) relative to the rest of the country. Based on this, external demand pressures could impinge on Mindanao's labor markets even sooner than in the rest of the country.

The other effect of tightening labor markets abroad is to further raise demand for outsourced services. This suggests that Mindanao will increasingly attract more and more BPO enterprises as well in the years ahead, especially with labor pools for the BPO industry already tightening in Luzon and the Visayas. The challenge for Mindanao, then, is to prepare its human resource pool in a way that responds to the various competing labor demands likely to emerge within the next 20 years, both at home and abroad. The educational system spanning basic to tertiary education must gear itself for this future in a very deliberate way.

Continued Diaspora

An estimated 2,000-3,000 Filipinos leave the country everyday to work overseas. Despite long-standing predictions of a slackening in the exodus of overseas Filipino migrants, there is no indication that the flow will significantly change in the foreseeable future. This is because the combination of push and pull factors that sustain the flow are not likely to diminish for time to come. The push is coming from a rapid population growth rate (which is even faster in Mindanao than in the rest of the country), and an economy unable to keep pace with the job requirements of the growing population. On the other hand, the pull pressure comes from rising labor demands in host economies abroad in the face of declining or slowing growth in working-age populations, further exacerbated by the aging trends as discussed above. Moreover, foreign employers are known to have preferential demand for Filipino workers over other nationalities, for various reasons that include their industriousness and dependability, their caring and responsible attitude, and even superior personal hygiene.

This implies that overseas labor migration will present a two-bladed challenge for the future of the Mindanao economy. There is the traditional challenge of generating significantly improved employment opportunities through the invigoration of the local economy via increased investment. At the same time, any new major investment decisions will be conditioned by the availability of required human resources. But the competing lure of overseas employment for the potential pool of available workers may

actually present an element of uncertainty for potential investors that could in itself deter the very entry of such investments.

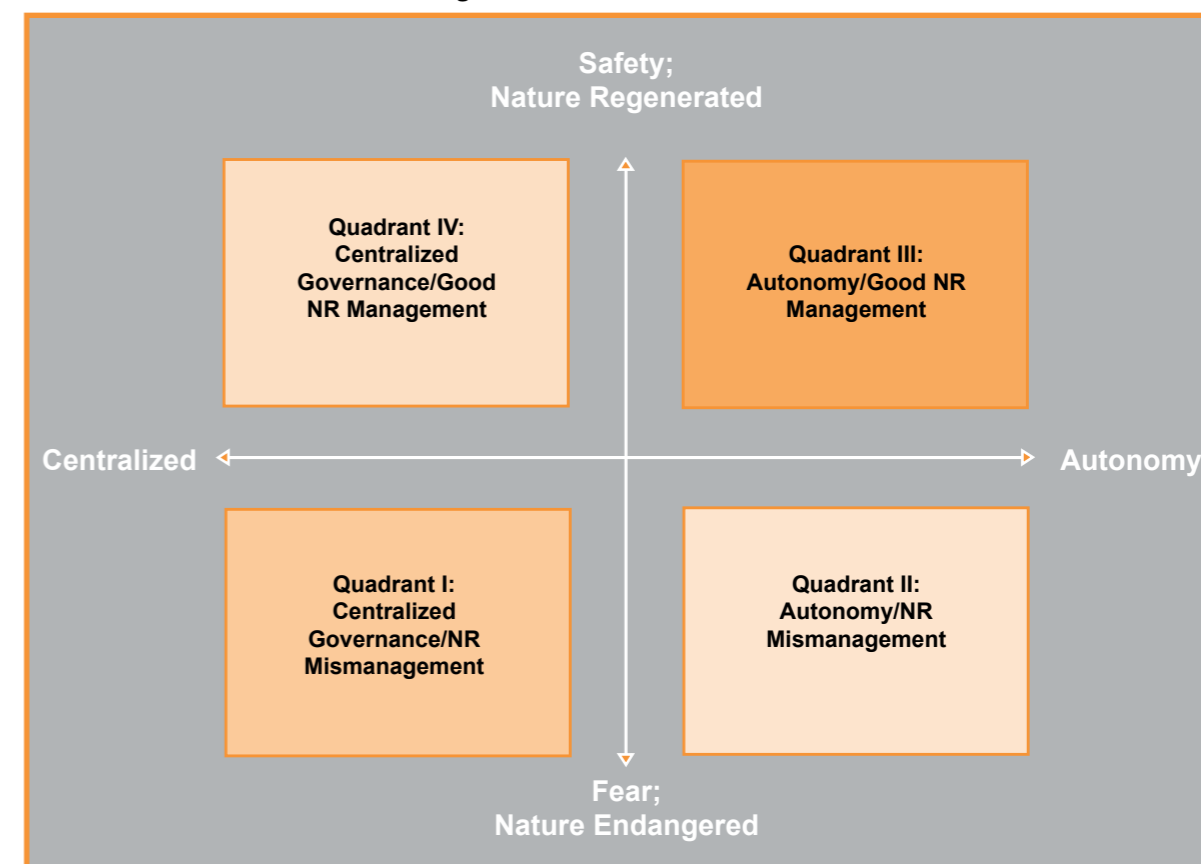
Economic Trends

Rapid advances in technology have conditioned the nature of both the products (goods and services) and the markets in the world economy. Biotechnology and nanotechnology prominently influence the product side, while transport systems and information and communication technology are changing the nature of markets faced by enterprises large and small alike. Biotechnology, particularly genetic engineering, has been touted to revolutionize agriculture and boost productivity to dramatically higher levels. However, this has generated a backlash motivated by concern over food safety and environmental considerations, which has created a special and rapidly growing niche market for organically grown farm products. Mindanao's comparative advantage in agriculture, and its growing capacity in organic agriculture, will be among the strengths that could be harnessed to respond to these technologically-induced economic trends.

Meanwhile, changing resource availabilities also condition the supplies and costs of producing both primary and manufactured products. These include the prospect of declining oil resources based on the assertion that the peak of the world's fixed oil reserves is about to be reached, if not already reached; shifts in availabilities of mineral supplies; depleting fisheries; tightened labor markets due to the demographic changes discussed above, and others. Mindanao's rich natural resource endowments, especially minerals and marine resources (fisheries, offshore oil), will be a prominent factor in responding to changing world market conditions induced by such resource shifts in the world economy. The general trend towards business process outsourcing (BPO) due to high labor costs in advanced economies is also an opportunity that Mindanao has begun to take advantage of.

Preferences in world markets are shifting in response to some of the trends mentioned above. As already mentioned, aging populations are spurring rapid growth in demand for geriatric products and services. Demand for organic products is likewise undergoing rapid growth, especially in wealthier markets that now place a premium on "natural" products. In addition, rapid income growth in the giant economies of China and India is spurring new demands for food, apparel and the whole range of consumer products, and has also created a corresponding high-growth segment in the international tourism market. Demand for horticultural products (fruits, vegetables, nuts, beverages) has seen rapid growth in developed countries of the West, as well as in Asia itself. Meanwhile, per capita consumption of cereals, including rice, has seen a decline in Asian countries, accompanied by a corresponding rise in per capita consumption of livestock and meat products. Growing Muslim populations in Western countries, the Middle East and in Asia are also rapidly expanding the demand for Halal products, which Mindanao is well positioned to meet. All these market trends would have

Figure 2-5 Scenario Quadrants



implications on how Mindanao should position itself to meet the demands of changing world and regional market demands.

Moves toward stronger regional economic integration, especially in East Asia (within ASEAN, and ASEAN plus China, Japan, and Korea) have been ongoing on both multilateral and bilateral fronts. The broader context of East Asian economic integration, including liberalized trade and investment and financial sector cooperation, present both opportunities and threats for the Mindanao economy. As Muslims comprise a majority in the Southeast Asian region, regional integration increases the opportunity for production activities geared toward Muslim markets, such as Halal industries and Islamic finance. The BIMPEAGA sub-regional initiative promises to be a key instrument and venue for propelling Mindanao's economic growth. Beyond economic integration, Mindanao is also the logical front-liner to the social, cultural and political dimensions of the country's closer integration within the broader Southeast Asian community, as it best exemplifies the Philippines' commonalities with its ASEAN neighbors.

The global financial and economic crisis of 2008-2009 spurred moves to restructure financial markets and the financial sector in global and national contexts. There is also growing sentiment within Asia on the need for "rebalancing" of the region's economic growth away from dependence on Western export markets, and more towards domestic and regional (i.e. Asian) markets. These trends provide new opportunities for the economic activities that Mindanao is uniquely engaged in, as already discussed above. The positive combination of its rich human and natural resource base, along with emerging opportunities in the regional and global economy, provide good basis to expect that Mindanao will be the frontrunner for the economic growth of the entire Philippine economy in the next 20 years.

Alternative Scenarios: What Could Be

Scenario Drivers

The scenario-building (SB) workshop listed key concerns and drivers that determine the vital aspects of Mindanao's present day condition such as biodiversity, human resources, guns, identity politics, water, autonomy, negative image, China's power, overseas workers, prejudice, elites, religious fundamentalism, survival, presidential succession, funding agencies, and so on – each of which represents extremely complex sets of developments. Consolidating closely related drivers according to opposing possibilities based on Mindanao realities resulted in a list of 16 major drivers that may impact on Mindanao (Table 2-1).

Among these key drivers, governance, human security and natural resources were considered the most important and subject to greatest uncertainty. Governance at all levels emerged as the most critical driver since it is believed that addressing problems therein would pave the way for resolution of most other concerns. The opposing main outcomes were seen to be centralization as the undesirable outcome and greater autonomy as the desirable one, reflecting the common strong sentiment against Manila's undue control over Mindanao's future. Human security broadly defined emerged as the second most critical driver, reflecting strong sentiments on lack of peace and security as a key impediment for progress in Mindanao. Natural resources came in third in importance among the scenario drivers, influenced by strong concern over the adverse impacts of climate change, fragile biodiversity, and environmental destruction especially from mining operations, among others.

Alternative Scenarios

The above three key drivers form the main bases for describing key alternative scenarios that could emerge in Mindanao's future. Their combination, taken together in consideration of the other drivers, defines the four general scenarios depicted in Figure 2-5 and described in brief below (see full scenario stories in Annex 2-A).

Scenario 1 is characterized by greater fear and centralization marked by intolerance and endangered natural environment. Armed conflict resumes due to the permanent stalling of the peace process. Violence spills over other Mindanao areas resulting in a Mindanawon diaspora. "Imperial Manila" dictates development planning, allocation of resources and war against rebels and terrorists are directed from Manila. Local government is synonymous with warlord reigns. Natural resources are endangered, waterways run dry, potable water is scarce. Similarly, basic requirements like medicine and food are scarce. With depleted natural wealth, poverty is high and there is violent competition for resources.

Scenario 2 is marked by greater fear but also greater autonomy, with the concomitant dynamics yielding bad local governance. There is diversification of communities, warlordism and an open season on killings, general apathy, negative reportage, and disempowered women. There is a total breakdown of governance systems and structures. Local government is synonymous to dynasties, predicated on greater local autonomy combined with greater fear. Mindanao would be controlled by "the highest bidders," and its resources will be ground down. Violence is an instrument for central control to diffuse uncontrolled local fronts.

Scenario 3 is characterized by greater safety of the population, and greater and wider autonomy. It is marked by harmonized relationships among locals, greater empowerment, and internally driven growth. Mindanao is peaceful and communities feel secure thus there is multi-ethnic cultural harmony and engagement. Community stewardship of natural resources lead to a healthy environment that provides the food and livelihood requirements of the population. Overseas workers are attracted back by the wide opportunities offered by the Mindanao economy. External assistance is incrementally lessened with the rise of local cooperatives as leading investors. Conflict-affected areas are completely rehabilitated.

Scenario 4 is marked by greater human security, greater decentralization, with the concomitant dynamics fostering holistic planning and a representative government. It is characterized by a rigid and non-pluralistic educational system, externally driven development, and external exploitation of natural resources. Rights of all marginalized sectors are respected. Tradition-based, indigenous political-social structures are successfully integrated with modern systems. National leadership works to strengthen local leadership. There is peace agreement and Mindanao sub-regions have autonomy. Dynastic arrangements are eroded and clan rivalries diminished. Infrastructure development flourishes resulting in economic dynamism. However, the benefits thereof are not widespread, and income inequities remain distinct.

Key Scenario Elements

Several key elements will dominate the shape of things to come, and hence nature of prevailing conditions in Mindanao in the year 2030. Some of these are the following:

The Philippines by 2020 would have (or not) adopted a new federal Constitution that allows for the formation of two or more Federal States in Mindanao (Southwest and Northeast Mindanao) and a special territory for the Bangsamoro. This might imply consolidation of the all Bangsamoro peoples with a common platform for peace, development and self governance within the federal states of the Philippines.

With or without federalism, the ARMM would have (or not) been re-framed as a special Bangsamoro territory with higher budget, freed of graft, transparent governance and a distinct electoral system that is free and credible.

Full implementation of the Final Peace Agreement would have (or not) been achieved, complemented by a Final Peace Agreement reached with the MILF, and a similar Peace Agreement with the NDF that legalizes the participation of the Communist Party of the Philippines in the political, economic and social realms. The final peace agreements with each group would or would not be consistent and complementary to one another, thereby satisfactorily addressing all key areas of conflict with all groups.

Effective mechanisms to mediate in clan and individual based conflicts (rido) would have (or not) been instituted at all levels.

Mindanao would have (or not) been fully integrated into the regional (ASEAN) Security and Development framework, specifically the consolidation of the BIMP – EAGA growth corridor

A new generation of young Bangsamoro and IPs would have (or not) been mainstreamed in the shaping of policies that affect

Mindanao in general, and their respective constituencies in particular.

Intensifying climate change impacts would represent more severe pressures on economic and social life, and adequate adaptation measures would or would not have been in place to satisfactorily neutralize these threats. This would either lead to an outcome where livelihoods are adequately protected and sustained or one where a heavy toll is taken on Mindanao's water and biological resources, leading to heightened conflicts over water resources and land areas.

The above scenarios all represent realms of possibilities that must be taken into account in planning for Mindanao twenty years hence. As such, they must be consciously considered in the process of formulating strategies that (a) would ensure the realization of the positive scenarios; and (b) prevent the negative ones from transpiring.

Table 2-1. Key Drivers to Mindanao's Present and Future Development

No.	Positives	Key Drivers	Negatives
1	Increased remittances	Migration	Displacement
2	Responsible reportage	Negative reputation	Negative reportage
3	Internally driven	Social mobilization	Externally driven
4	Equal opportunity	Equality	Lack of opportunity
5	High technological development	IT/technology	Low levels of technology development
6	Strong commitment	Youth sector	Growing apathy
7	Harmony	Multi-ethnic relationships	Conflict
8	Peace and tolerance	Culture and identity	More violent expressions
9	Greater local autonomy	Governance	Greater centralization
10	Tolerance	Morals	Intolerance
11	Plural system	Education	Mono system
12	Fully represented	Women	Disempowered, invisible
13	Low donor priority for Philippines	External powers	High donor priority for Philippines
14	Safety	Human security	Fear
15	Diversified	Land	Controlled and unified
16	Regeneration	Natural resources	Depletion

CHAPTER 3

The Environment in Mindanao's Past, Present, and Future



Introduction

Mindanao is endowed with rich natural resources, multiple and highly diverse cultures, and strategic location in a complex and rapidly growing region. Its economy has traditionally been based on primary resource-using production activities, dominated by agriculture and agribusiness. While there are pockets of industrial development, these are also mostly based on exploiting primary resources especially forests and minerals, often located within ancestral domains. Large numbers of Mindanawons, especially indigenous peoples (IPs), live in abject poverty and substantially rely on natural resources for subsistence and livelihood. In many instances, they find themselves in a losing competition with large investors for use of their own resources. Mindanawons also suffer the consequences of environmental degradation caused by unsustainable management and use of resources by enterprises introduced and owned by outsiders. This development path is clearly unsustainable due to the social and environmental tensions it creates and exacerbates through time.

Against this background, it is prudent and imperative that Mindanao 2020 not only provide due focus on environment and natural resources, but also recognize that Mindanao's future development rests on it. Mindanao 2020 thus prescribes an ecosystem-based approach to planning for the island-region's future development and economic activities. This would translate into interventions that transcend administrative boundaries, i.e., across cities/towns, provinces and regions. Such approach is warranted under environment-stressed circumstances such are now prevailing in Mindanao. Furthermore, it has the added virtue of impelling cross-cultural and cross-border communication and cooperation, so essential to achieving sustainable peace and development in Mindanao. To the extent that differing cultural communities can find unity in the shared stewardship of the

natural resource system that they live in, the divisions traditionally impeding peace and security in Mindanao could be downplayed and possibly erased. Moreover, an ecosystem approach better promotes human security and social cohesion by situating all development initiatives within a holistic framework.

The ecosystem-based approach espoused by Mindanao 2020 thus means that its vision of peace and development and the long-term strategies adopted to pursue it must build on the tangible and intangible natural endowments of Mindanao – that is, its human and natural wealth – with a view to sustaining the benefits that such wealth will bring forth indefinitely into the future. Hence, this chapter proceeds by taking stock of the natural wealth Mindanao is abundantly endowed with; examines how its past and present development have impacted on its environment and natural resource base; and finally, how this same environment and natural resource base should shape the nature of development activities that could best sustain a broad-based upliftment of the lives of Mindanawons far into the future.

Mindanawons and Their Ecosystems

The Mindanao People

Mindanao's population was about 21.6 million in 2007⁶ or close to one-fourth of the country's total population. Region XI and ARMM are the most populated regions with more than four million people each (Table 3-1). The most populous locality is Davao City wherein about 1.4 million or 8.5% of Mindanao's

Table 3-1. Mindanao Population and Annual Growth Rates, 1995, 2000, and 2007

Region	Total Population ('000)			Annual Growth Rate (%)		
	Sep 1995	May 2000	Aug 2007	1995-2000	1995-2007	2000-2007
Philippines	68,616	76,507	88,567	2.36	2.16	2.04
Region IX	2,568	2,831	3,230	2.12	1.94	1.83
Region X ¹	3,197	3,506	3,952	1.99	1.79	1.67
Region XI	3,289	3,676	4,160	2.41	1.99	1.72
Region XII	2,847	3,222	3,831	2.69	2.52	2.41
ARMM	2,362	2,803	4,121	3.73	4.78	5.46
CARAGA	1,943	2,095	2,293	1.63	1.4	1.25
TOTAL	16,206	18,134	21,587			

Sources: Census of Population (1995; 2000; 2007), National Statistics Office
 Note: Population counts for the provinces do not add up to regional total and include cases like the 150 persons residing in areas disputed by Bukidnon and Misamis Oriental

6 This was the year of the last mid-decade population census taken in the Philippines.

Table 3-2. Mindanao Population by Sex

Region	Male	% Share	Female	% Share
Region IX	1,566,743	50.7	1,524,465	49.3
Region X	1,397,684	50.9	1,349,901	49.1
Region XI	2,648,187	51.0	2,541,148	49.0
Region XII	1,313,149	50.9	1,265,061	49.1
Region XIII	1,071,249	51.1	1,024,118	48.9
ARMM	1,189,804	48.9	1,242,355	51.1
Mindanao	9,186,816	50.7	8,947,048	49.3

Source: Census of Population, 2000, National Statistics Office

Table 3-3. Mindanao Population by Ethnic Group, 2000

Region	Christians	% Share	Muslims	% Share	Lumads	% Share
Region IX	2,264,031	73.4	557,511	18.1	263,780	8.5
Region X	2,524,811	92.0	19,430	0.7	199,653	7.3
Region XI	4,318,369	83.3	141,681	2.7	721,249	13.9
Region XII	1,755,702	67.7	727,039	28.1	108,731	4.2
Region XIII	1,957,662	93.6	8,638	0.4	125,205	6.0
ARMM	204,116	8.5	2,146,957	89.1	59,762	2.5
Mindanao	13,024,691	71.9	3,601,266	19.9	1,478,380	8.2

Source: Census of Population, 2000, National Statistics Office

population reside. Population in all regions has been increasing at an annual average growth rate for Mindanao of 2.4%, a level higher than that of the Philippines. ARMM, with a rapid recorded population growth rate of 5.5%, is responsible for pulling up the Mindanao average beyond the national growth rate.

Overall, males outnumbered females by 239,768 or 0.7 percentage point in the 2000 Census (Table 3-2). This trend ran throughout Mindanao except for ARMM where there were 52,551 more females than males.

The many and varied peoples and cultures of Mindanao generally fall under three major groupings. The first group is composed of 35 tribes, collectively known as Lumads. Each ethnic tribe has a specific history and language of its own, and particular territory considered as its ancestral domain. The present status of claims over their ancestral domains ranges from a simple claim filed at the National Commission on Indigenous Peoples (NCIP) to actual recognition of their ownership with legal titles called the Certificates of Ancestral Domain Titles (CADTs).

The Lumads, who traditionally occupied the mountains of Mindanao, consist of the Manobos (Dulangan, Aromanen and the Mt. Apo group); Teduray in Maguindanao and Sultan Kudarat; the Bagobo, Talaingod and Mandaya in the formerly undivided

province of Davao, the Subanen in the formerly undivided province of Zamboanga, and the Higaunon also known as Bukidnon who inhabit the whole stretch from Agusan to across Misamis Oriental to Bukidnon and Iligan City in Lanao del Norte.

It is a common lament that the Lumads have been given little cultural reference or acknowledgement in mainstream society. The smaller tribes or cultures have found the need to integrate with dominant IP groups or cultures in order to participate and benefit from basic services and economic development programs. As integration is normally not consistent with traditional practice among cultural groups, many smaller tribes have become more isolated, with others going deeper into the mountains or forests as lowland settlers advance toward their abodes.

Lumads echo the desire to be 'masters of their destiny' by exercising autonomy in their internal affairs, including governance within their ancestral domain. The basic law that recognizes the rights of the IPs is the Indigenous Peoples Rights Act or IPRA (RA 8371) enacted in 1997. Similarly, ARMM enacted the Muslim Mindanao Autonomy Act 241 known as Tribal Peoples Rights Act.

The second group consists of the 13 ethno-linguistic Bangsamoro peoples. There are 4 to 6 dominant groups that also represent the major territorial ethnic identities within the ARMM. They are the

Maranao (in Lanao), the Maguindanao (former empire province of Cotabato). Tausug (Sulu Archipelago), Sama (Tawi-Tawi), the Yakans (Basilan) and the Iranon (former Sharif Kabungsuwan). The Bangsamoro peoples comprised about 3,420,742 or 19.2% of the inhabitants of Mindanao in the 2000 Census (NSO 2000).

The divisions and loyalties within the three Liberation Fronts in the ARMM are largely identified with and tied to the three major ethno-linguistic groupings that have shaped the Bangsamoro identities through the centuries. The MNLF is identified with the Tausugs; the MNLF Reformists with the Maranaos; and the MILF with the Maguindanaos.

The third group consists of the various ethno-linguistic Settlers, mostly Christian, who began to settle in large numbers in Mindanao around the second decade of the 1900s. This arose from the settlement program begun by the American colonial government and subsequently continued by the national government after the Americans' departure. The mostly-Christian settlers presently constitute the majority population of Mindanao. Most Christian-dominated provinces enjoy a relatively higher level of development and functional governance.

The 2000 Census placed the Moro population at around 3.6 million or 20% of the Mindanao total, the Lumad population at 1.5 million or 8.2%, and Christians at 13 million or 71.9% of Mindanao's total population (Table 3-3).

The Physical Environment

Ecological Sub-Regions

Mindanao may be grouped into four distinct sub-regions based on ecosystem linkages:

Northern Mindanao is a strip of lowlands running along the north coast that is cut off from the interior by plateau escarpments and hills. It has a number of narrow river flood plains and two important rivers, i.e. the Tagaloan and the Cagayan. It was one of the earliest areas to be settled by people from the Visayan Islands, and now one of the most densely populated and developed areas in Mindanao.

Eastern Mindanao is a strip of land separated from the interior by the Diwata Mountain Range and the Pacific Cordilleras. It is sparsely populated, less developed and dependent on mountain areas for water. It has the highest biological diversity in Mindanao and considered one of five major centers for endemic species in the country but hosts several mining activities. It covers the Davao-Agusan valley, a geological fault line that runs the vertical length of Mindanao and is located between the Pacific Cordillera and the Pantaron Range.

Southwestern Mindanao includes Pulangi Valley and a number of smaller connected valleys. On the west of this valley lie the Tiruray Highlands, also known as the Cotabato Cordillera, home to the

famed Tasaday tribe. The region's lowland areas highly depend on water running off the Pantaron, Kalatungan, Balokong and Kidapon Range ridges.

Island Ecosystems. Mindanao is dotted with 653 islands and islets. The biggest 20 islands comprising about 9.9 million hectares are listed in Table 3-4. The remaining 634 islets only account for about 12% of Mindanao's total land area. Island ecosystems are highly fragile, hence quite vulnerable to both man-made and natural causes, especially to climate change. They play very important roles in Mindanao's peace and development since some of them are the bedrocks of conflicts on one hand, and production areas of key commodities on the other.

Forests and Uplands

The national forest cover (usually defined generally to include mangroves, plantations and mossy forests, which are found in the upper elevations of ridges) was placed by an ESSC study⁷ at 21.7% in 2002. The total forest cover of Mindanao more or less follows the national average of around 21% of its total land area (Table 3-5).⁸ Figure 3-1 shows the location and extent of various types of forest cover. Broadleaf open canopy category occupies about 67% or 14,114 square kilometres, around 45% or 6,000 square kilometres of which is in Caraga.

Upland areas are estimated at 52,051 square kilometres or about 52% of Mindanao's total area. Only 40% of these areas have forest cover. Mossy or cloud forests can be found in the upper sections of mountains and ridges. These significantly contribute to the forests' water absorption, hence are critical to water production. Region X has the largest mossy forests, most of which (89%) are in Bukidnon.

Control of the upland ancestral domains has long been a contentious issue. As of mid-2010, NCIP had awarded almost 19,000 square kilometres of land in Mindanao to Indigenous Cultural Communities through 74 Certificates of Ancestral Domain Titles (CADT) and 27 Certificates of Ancestral Land Titles (CALT) (Table 3-6). These CADT and CALT areas cover around 19% of Mindanao's total land area. Region XIII has the most number of approved CADTs while Region XII has the most number of CALTs and also the most number of beneficiaries or right holders.

The ecological, economic and security significance of mangroves especially for Mindanao's coastal areas and populations is enormous. ARMM has 43% of the entire mangrove area of Mindanao, mostly in the island provinces. Sulu, Tawi-Tawi, Zamboanga Sibugay, Surigao del Norte, and Surigao del Sur are in the top 10 provinces with extensive mangrove areas.

Watersheds

Mindanao has 262 watersheds⁹ (Figure 3-2 and Table 3-7), with the two largest being the Agusan and Pulangi watersheds. These two watersheds are drained by Mindanao's nine major and 20

⁷ Walpole (2010).

⁸ ESSC excludes plantations in the definition of forests, hence arrived at a figure lower than the government estimate of 25.2%, which includes plantations.

⁹ A **watershed** is a discrete geographical area of land from which rainwater can drain as surface runoff, via a specific stream or river system to a common outlet point which may be a dam, irrigation system or municipal/urban water supply point, or where the stream/river discharges into a larger river lake or sea. As a natural formation, a watershed does not recognize political boundaries. In most cases, it covers several barangays, municipalities, and cities. (Working definition by the Forest Management Bureau, Department of Environment and Natural Resources). A **river basin** is the portion of land drained by a river and its tributaries. It encompasses all the land surface dissected and drained by many streams and creeks that flow downhill into one another, and eventually into one river (Working definition by the North Carolina Office of Environmental Education and Public Affairs).

Table 3-4. Mindanao Key Island Ecosystems

No	Island	Area (ha)	Region(s)	No.	Island	Area (ha)	Region(s)
1	Mindanao	9,407,475	IX, X, XI, XII, XIII, ARMM	11	Sibutu	10,271	ARMM
2	Basilan	123,861	XI, ARMM	12	Pangutaran	9,632	ARMM
3	Jolo	85,116	ARMM	13	Siasi	7,702	ARMM
4	Dinagat	77,691	XIII	14	Cagayan Sulu	6,982	ARMM
5	Tawi-tawi	59,107	ARMM	15	Nonoc	5,839	XIII
6	Siargao	43,880	XIII	16	Balut	4,881	XI
7	Samal	25,212	XI	17	Pata	4,838	ARMM
8	Camiguin	24,202	X	18	Sanga-sanga	4,361	ARMM
9	Olutanga	19,360	IX	19	Simunul	4,209	ARMM
10	Bucas Grande	12,585	XIII	20	Lintian	4,142	ARMM

Source: Census of Population, 2000, NSO

secondary rivers. The Pantaron Mountain Range is at the heart of these most important water sources and influences more than half of the Mindanao mainland if one considers the total area (i.e. 45,200 square kilometres) of all watersheds originating from it. It covers an area of about 12,600 square kilometers or roughly 12.4% of Mindanao. The western slopes of the Central Pantaron where most of the rivers originate are within the province of Bukidnon, thus making it the “headwater province.” The Pantaron Range is one of the largest remaining forest blocks in the Philippines, a valuable corridor of biodiversity.

The Pulangi River Basin covers 20,508 sq.km. and influences nine provinces as Pulangi River traverses about 373 kilometers from Bukidnon to Cotabato City (Figure 3-3). The Upper Pulangi river basin comprises about 44% of the total area of Bukidnon province. The Pulangi river basin is extremely important ecologically because of its biodiversity and the high dependence on it of the vast Pulangi agricultural basin and downstream provinces. It also hosts a major dam (Maramag) that produces hydroelectric power and supplies water for irrigation. Pulangi River is an important transportation channel, used mainly in transporting agricultural products and people, and source of livelihood. It is also a sacred place for a number of tribes, who see it as a gift from Magbabaya (the Supreme Being).

The Agusan River Basin is traversed by Agusan River that runs 350 kilometers with an estimated drainage area of 12,020 sqkm. Its headwaters are at the southern end of the Pacific Cordillera near Mati, Davao Oriental and flows northward through Compostela Valley, Agusan del Sur (via Agusan Marsh), Agusan del Norte, and finally drains into Butuan Bay (see Figure 3-4). It is fed by eleven principal tributaries coming from the Pacific Cordillera and the Pantaron Range. It features the Davao-Agusan trough in its central part.

At least three groundwater basins are found in Mindanao: the Agusan River Basin, Misamis Occidental Basin, and Pulangi River Basin (Figure 3-5). Groundwater is recharged by rain and seepage from rivers. It contributes 14 percent of the total water resource potential in the country. Region XII has the lowest potential source of groundwater, while Region X has the highest surface water potential (Table 3-8).¹⁰

Wetlands

Wetlands serve as traditional source of protein and livelihood for many people and as sanctuaries for numerous biological species. Wetlands or freshwater swamps play a critical role in ecological services particularly in containing floodwaters in critical river systems. Mindanao’s two major wetlands, the Liguasan and Agusan, are integral parts of the two largest watershed systems described above, the Pulangi and Agusan, respectively.

Liguasan (or Ligawasan) Marsh straddles three provinces (Maguindanao, North Cotabato and Sultan Kudarat) and covers 20 municipalities and one city. It is the largest swamp and marsh area on the island spanning 288,000 hectares where about 1.1 million predominantly Maguindanaon Muslims live (NSO 2000). It consists of river tributaries, small lakes and ponds, freshwater marshes, and some 140,000 hectares of arable land that surfaces and gets cultivated during dry months. Thus, the primary means of livelihood of the population are fishing when water levels are high, and agriculture when the levels are low.

Because of its very rich wildlife, the marsh has considerable potential for nature tourism. It is known to support species of threatened endemic birds, including the Philippine eagle and the Philippine duck, the Philippine crocodile, and various other species. In view of this, some 43,900 hectares of Liguasan Marsh was declared as Game Refuge and Bird Sanctuary.

Table 3-5. Mindanao Forest Types by Region (In Square Kilometres)

REGION	Broadleaf closed canopy	Broadleaf open canopy	Coniferous	Mossy	Mangrove	Total forest	Land area	% forest over land area
Philippines	13,426.8	40,885	851.5	6,003.7	2,939.9	64,106.5	293,717.1	21.83
IX	241	1,054	-	34	203	1,531	14,362	11%
X	184	1,841	-	1,179	52	3,256	17,319	19%
XI	574	2,178	-	693	24	3,469	18,242	19%
XII	65	2,069	-	646	14	2,794	19,127	15%
XIII	935	6,005	-	81	262	7,283	18,491	39%
ARMM	437	968	-	842	413	2,661	12,438	21%
Mindanao TOTAL	2,436	14,114	-	3,475	968	20,993	99,978	21%

Source: Walpole (2010).

Unfortunately, the Marsh area is also a stronghold of insurgents, making access to it restricted. As such, the population’s access to economic opportunities and social services has also been limited, leading to the peace and order problem in the area.

A key feature of Agusan river basin is the Agusan Marsh, which covers about 19,200 hectares during rainy months and 14,835 hectares during dry months. It straddles eight municipalities of Agusan del Sur province. Agusan Marsh is a very important freshwater wetland to the country due to its vital roles of sustaining biodiversity and stabilizing the hydrological activity in Agusan. It is the habitat of rare and endangered flora and fauna, including migratory birds, and serves as a sediment trap and a flood retention basin that cuts peak discharge of flash floods to downstream areas. In recognition of its significance as a wetland ecosystem, some 14,836 hectares of the Marsh was declared a Wildlife Sanctuary in October 1996. It was also designated as protected area under the National Integrated Protected Areas System (NIPAS).

Some parts of the marsh are used as traditional fishponds. During dry season, the highly fertile soil that gets exposed as water subsides is planted with corn and peanut. Some other parts are totally converted to agriculture, planting commodities that are suitable for saturated soil conditions. While such conversion ensures income for farmers, it compromises the integrity of the wetland ecosystem. The introduction of new vegetation and disturbance of water flow upset the integrated ecosystem leading to biodiversity loss.

In terms of its hydrological role, Agusan Marsh stores rainwater and moderates or stabilizes the flow of floodwater downstream towards Butuan City. The controlled water flow helps maintain river flows, preserves water quality and increases the biological productivity of aquatic life.

The swamp’s complex ecosystem also makes it a good place for educational tours and scientific study. It is a place where students and the general public could learn about the unique diversity of fauna and flora, geology, hydrology, etc. and appreciate not just

beauty and nature but also the importance of watersheds and wetlands.

Marine and Coastal Ecosystems

The Philippines has one of the longest coastlines in the world, estimated to stretch some 36,289 kilometers, of which about one-third are in Mindanao. A total of 680,000 sqkm of territorial waters are also within Mindanao’s jurisdiction, containing some of the world’s richest ecosystems. As in the rest of the Philippines, the marine and coastal zones in Mindanao consist of a variety of tropical ecosystems. These include marine fisheries, coral reefs, seaweed and seagrass beds, mangroves, sandy beaches, rocky headlands, sand dunes, wetlands, estuaries and lagoons. These host an extremely diverse array of biological life earning the country global recognition as a mega-diversity area.

The most prominent marine ecosystem area bordering Mindanao on the west and south is the Sulu-Sulawesi Sea, which encompasses more than 945,000 sqkm. It is a major part of the Coral Triangle, a globally recognized mega-biodiversity area covering parts of Brunei, Indonesia, Malaysia, Philippines, East Timor, Papua New Guinea and the Solomon Islands. Located among the richest fishing grounds of the country, Mindanao accounts for more than half of total commercial fish catch nationwide. Apart from fisheries, the rich coastal and marine resources of Mindanao also present great livelihood and business opportunities in other economic activities such as the pearl trade and ecotourism. Illegal but lucrative trade in restricted marine products such as various endangered species and corals has also been a reality that calls for stronger governance efforts.

Biological Diversity¹¹

While no specific data for Mindanao are available, the island-region largely mirrors the biodiversity situation in the country, with even worse challenges. Figure 3-5 indicates the general situation of biodiversity in Mindanao and how it relates with Luzon and Visayas in terms of various forms of forests and terrestrial biodiversity.

¹⁰ ESSC (2008b).

¹¹ This section draws from Habito (2009).

Table 3-7. Watershed Classification, Mindanao

Watershed Classification	Class Size (sq km)	# of watersheds	Total Coverage
Largest	> 10,000	2	32,531
Major	1,000 to 5,000	10	16,368
Large	500 to 1,000	13	8,676
Medium	100 to 500	90	19,454
Small and Micro	< 100	147	7,417
TOTAL		262	84,449

Source: ESSC, 2010, Internal Database.

Wanton logging with little effort to provide for replacement growth, leading to forest depletion and massive reduction of forest cover, leading to wildlife habitat destruction, along with harmful downstream effects of soil erosion, siltation and flooding

Construction of river dams for hydroelectric power generation that has led to massive disruptions in the natural ecology of river systems, and submersion of human settlements in affected areas. It has also complicated the downstream problems associated with logging and deforestation. Siltation of dams leads to significant reduction in power generation capacity of hydro power plants

Swidden (slash-and-burn) farming by upland populations (usually but not always indigenous) driven farther up the mountains by invading settler populations and/or by lack of alternative livelihoods to rely entirely on unsustainable upland agriculture practices for a living

Unregulated mining activities without requisite environmental safeguards leading to release of substantial amounts of toxic chemicals and mine and mill tailings, especially from small-scale operators, into the environment, and to soil erosion, degraded lands and landslides

Excessive fishing activity beyond sustainable catch levels, leading to depletion of fishing grounds and drastically reduced fish catch, raising poverty levels in increasingly populated coastal settlements

Manufacturing activities built on extractive industries and/or groundwater use without proper consideration of resource carrying capacities or groundwater recharge rates .

Large scale monoculture plantation agriculture that has led to long-term soil degradation and fostered ever-increasing dependence on harmful inorganic fertilizers and chemical pesticides.

Each of these economic resource-use patterns and attendant environmental impacts is discussed in greater detail below.

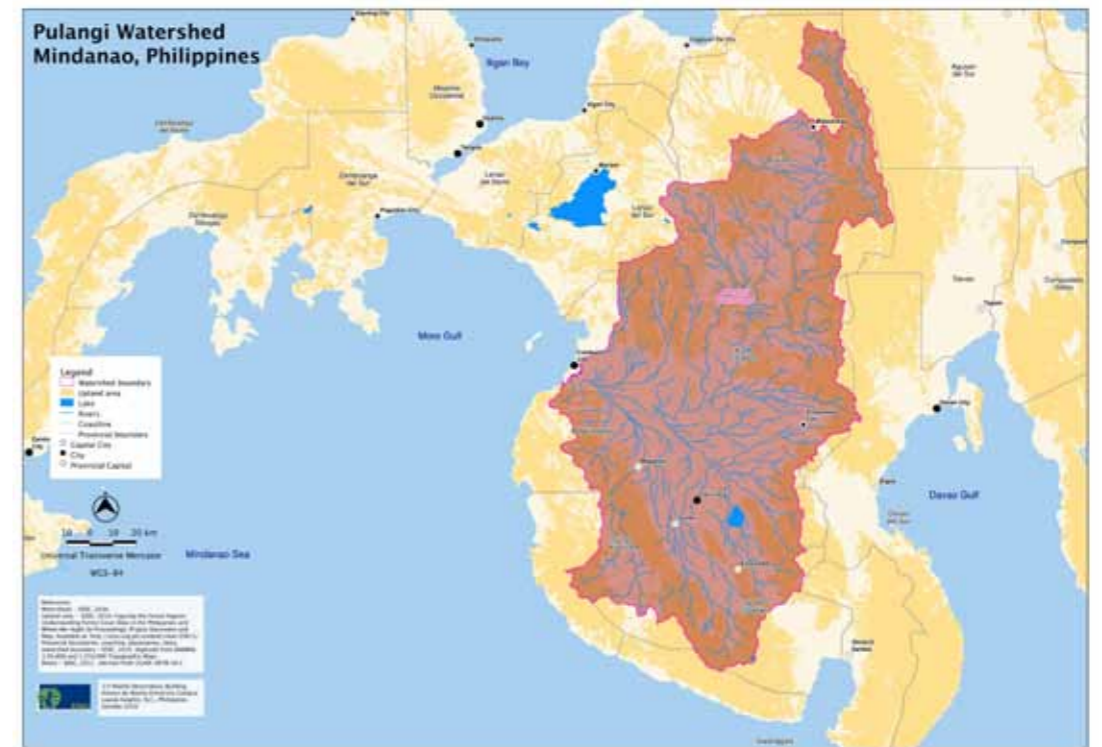
Deforestation, Soil Erosion and Siltation

Decades of inappropriate resource pricing policies and weak public sector management of forest resources fostered large-scale commercial logging activities all over the country, especially in Mindanao. This became a major source of wealth and economic power for certain individuals and families, who were able to in turn use it to gain political power as well. Apart from legal and illegal logging, other economic activities such as mining, construction of dams for power generation, slash-and-burn agriculture by upland communities, and large-scale monocrop commercial agriculture all led to massive deforestation. Added to this was indiscriminate cutting of trees and other forest vegetation for personal and livelihood uses by forest inhabitants.

Deforestation and resulting massive erosion have silted river systems and dams, destroyed agricultural lands, and flooded the lowlands. At 21% forest cover, Mindanao forests are unable to contain rainwaters and the strong energy of water runoffs on steep slopes. The high water energy levels erode the topsoil and transport this along with other sediments through the rivers downstream and onto the sea. Deforestation and soil erosion have already been causing massive siltation and riverbank migration along the Pulangi River, causing devastating episodes of flooding in downstream areas (e.g. Allah Valley landscape) and adversely affecting agriculture and livelihood activities.

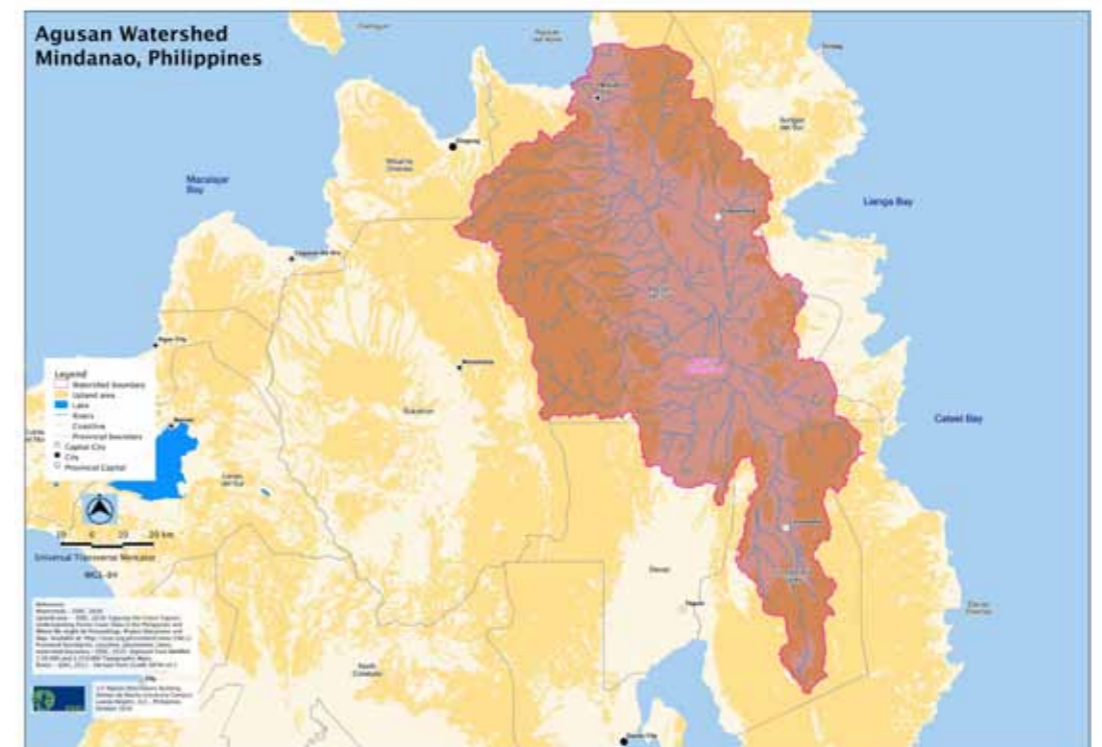
Where dams exist, silt and sediments are deposited therein. This has been the case with Maramag Dam, which supplies water to propel the Pulangi IV hydroelectric plant. Through time, the combined effects of sediments and drought have drastically reduced the power generating capacity of Pulangi IV, requiring costly rehabilitation to restore efficiency.

Figure 3-3 Pulangi Watershed and River Basin Ecosystem



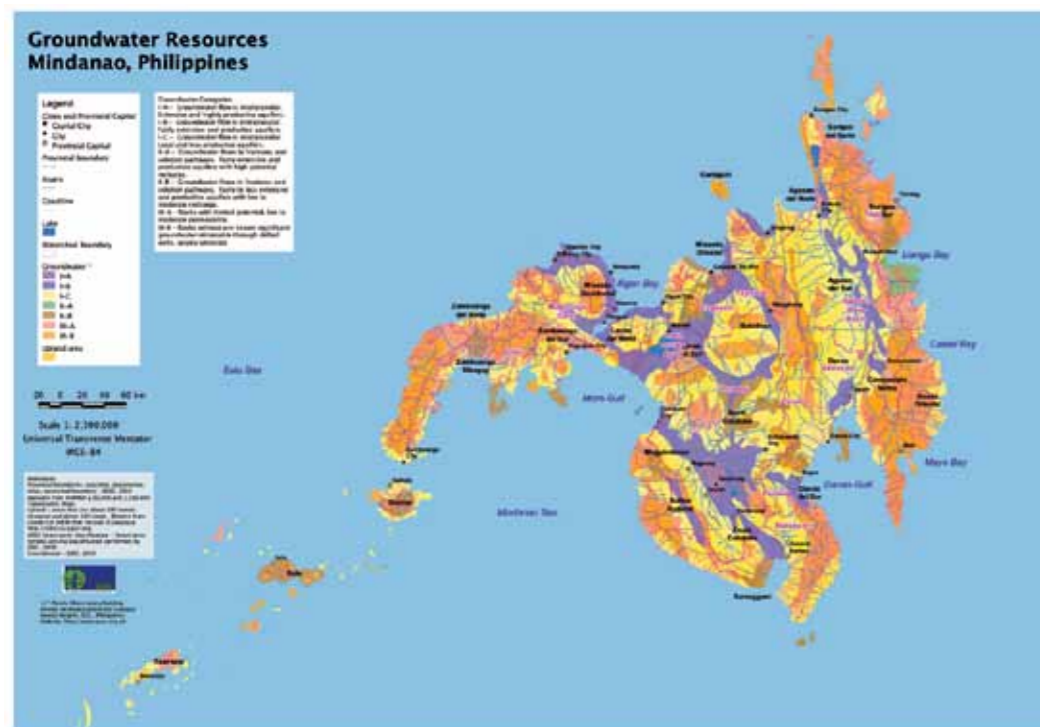
Source: ESSC

Figure 3-4 Agusan Watershed and River Basin Ecosystem



Source: ESSC

Figure 3-5 Mindanao Groundwater Map



Source: ESSC

Table 3-8 Groundwater Availability in Mindanao (In Million Cubic Meters)

Water Resources Region	Groundwater Potential	Surface Water Potential	Total Water Resources Potential	% Groundwater to Total Potential
X Northern Mindanao	2,116	29,000	31,116	6.80
XI Southeastern Mindanao	2,375	11,300	13,675	17.37
XII Southern Mindanao	1,758	18,700	20,458	8.59
TOTAL	20,200	125,790	145,990	13.84

Source: World Bank (2003).

Siltation of the Pulangi River has also come from unsustainable agriculture practices and establishment of migrant communities within the area. The low forest cover and burning of large cogon areas have exacerbated the effects of El Niño as aquifers are unable to adequately recharge. The river is further threatened by a proposed Mega Dam project, which is expected to submerge at least 22 villages in seven towns of Bukidnon and Cotabato provinces.

The Agusan river basin system has been suffering from similar forest degradation, siltation, and pollution. Denudation of the forests along the Pantaron range has increased water flow and eroded the soil thus causing devastating flooding in Agusan and Compostela Valley. The future of the Pantaron hangs in the balance as it suffers from the lack of effective management in the face of aggressive and shortsighted competition for its natural resources, mainly land, water and timber. The pressures on the Pantaron Range and its indigenous communities have intensified as extractive activities increase and influx of outsiders accelerates, presenting a formidable challenge and responsibility for Bukidnon.

While most prominent in the two large water basins fed by the Pantaron Range, similar downstream flooding and siltation of agricultural lands are manifested in other parts of Mindanao. Recent major incidents of flooding in lowland areas, including urban centers like Butuan City, Cotabato City, Davao City and Jolo are attributable to the past indiscriminate logging practices and other unsustainable economic activities in the uplands described above.

Coastal and Marine Resources Degradation

Situated in a highly biodiverse region, Mindanao is richly endowed with coastal and marine resources. It accounts for most of the country's top fishery exports, particularly tuna, shrimp, and seaweed. Seaweed production in Mindanao's island provinces is largely responsible for making the Philippines the largest producer of aquaculture products in Southeast Asia. However, as in other ecosystems, coastal and marine resources are highly threatened by over-fishing, pollution, and population pressure.

Fisheries (both municipal and commercial) have substantially lost steam as manifested in its declining share in national output and increasing effort required per kilogram of fish catch. The decline of fishery resources in the country has been due to the combined effect of excessive fishing effort, inappropriate exploitation patterns, and coastal environmental degradation.

There has also been massive loss of coastal mangrove forests over the years. Conversion to fishponds, charcoal-making and over-harvesting have historically been the cause of the dramatic loss of the primary mangroves. Between 1980 and 1988, the rate of conversion was estimated to be about 8,200 hectares/per year nationwide, in spite of a 1980 government ban on further conversion of mangroves to fishponds, and rules mandating the reversion of idle fishponds back to mangroves. In 2004, fishponds were estimated to cover about 289,000 hectares nationwide, 80 to 90 percent of which were in areas formerly covered with mangroves. The vast majority (95%) of the remaining mangroves in the country are secondary growth areas. While there now

exists an official policy for mangrove protection, cutting of mangroves remains rampant.

Illicit trade in corals and other endangered marine species has been a problem over the years, particularly in the seas off Mindanao. Destruction of corals also destroys breeding grounds and sanctuaries for fish, thereby affecting fishery resources in a significant way.

In sum, the coastal and marine environment of Mindanao is under severe threat, resulting in loss of critical habitat that threatens fisheries productivity, ecosystem integrity and biodiversity, and the economic foundation for millions who depend on fisheries and tourism for livelihood. Serious environmental degradation has resulted from a range of socio-economic factors combined with institutional and policy failures. The major environmental problems affecting coastal resources and habitats include pollution and siltation of coastal waters and estuaries; depletion of live corals, sea grasses and mangroves; improper use of foreshore lands, wetlands and estuarine areas; and depletion of fish stocks. As an archipelagic area, Mindanao's coastal and marine resources demand as much attention and prudent management as its land-based natural resources. Thus, any rural development interventions in Mindanao will not be complete without initiatives to address the adverse effects of economic activities, both legal and illegal, drawing on the coastal and marine environment.

Mining Activities

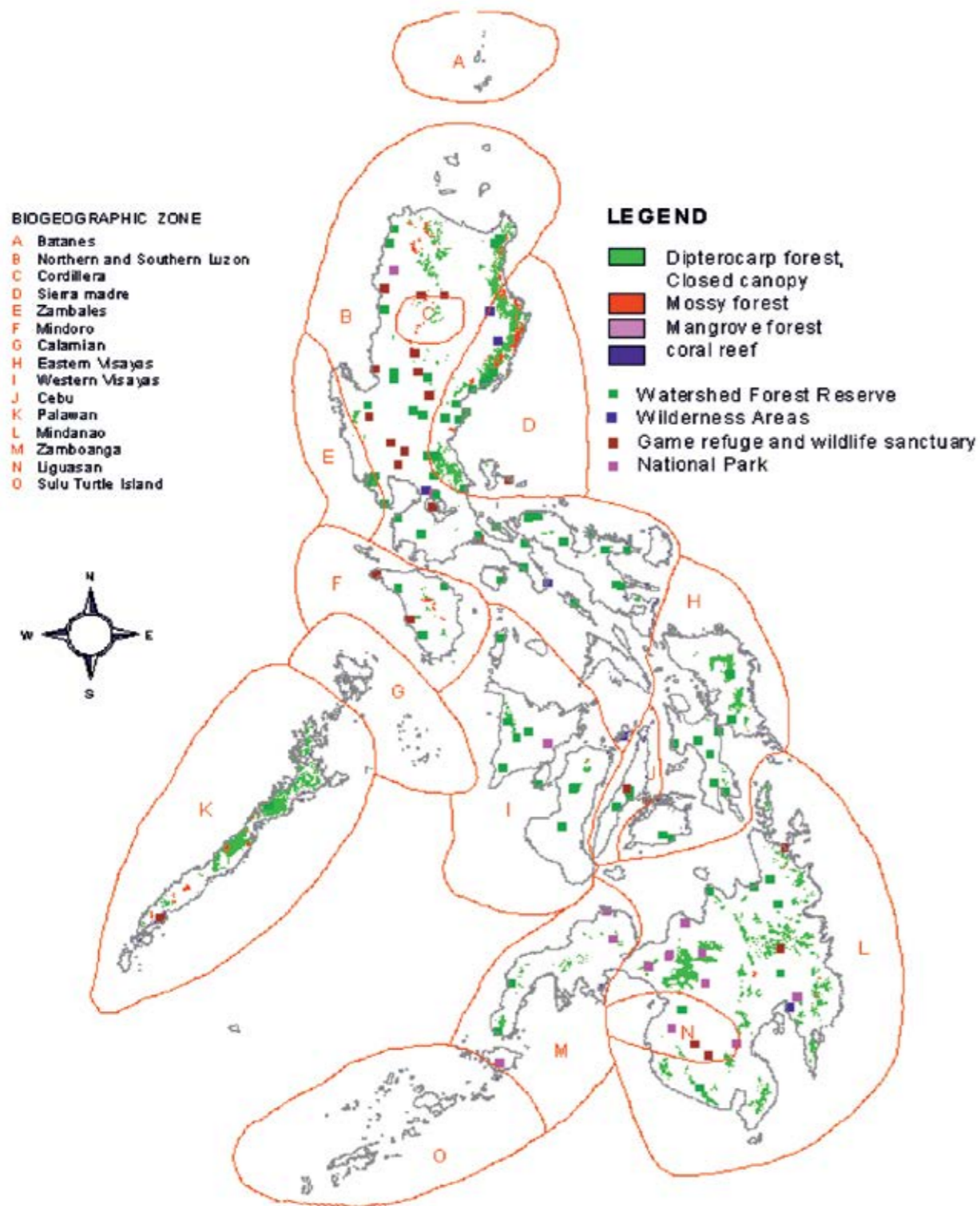
The national strategy to designate mining of minerals as one of major development sectors has substantially increased exploration and mining activities especially in northern and eastern Mindanao where most mineralized areas may be found. Data from the Mines and Geosciences Bureau (MGB) show that there were 102 existing Mineral Production Sharing Agreements with government as of March 2010. These represent a third of the national total of 313 and cover an area of 4,894 square kilometres. There were also 23 permits issued to explore various areas covering about 700 square kilometres. In the same period, seven out of 42 Mineral Processing Permits issued by MGB were in Mindanao.

So far, the only Financial and Technical Assistance Agreement that has been issued in Mindanao is for the Tampakan Copper Project of Sagittarius Mines, Inc (SMI). The project, covering 235.7 square kilometres, straddles South Cotabato, Sultan Kudarat, and Davao del Sur.

The environmental threats from mining include risks of major spillage of mine tailings in the case of medium to large-scale mining operations, and mercury pollution, soil erosion, sedimentation of water bodies, and non-reclamation of land after mine closure in the case of small artisanal mines. It is estimated that some 131 million metric tons of metallic mine waste and about 136 million metric tons of mine tailings were generated in the Philippines from 1990 to 1999. Table 3-8 lists the various adverse environmental effects that can arise from different mining processes.

Apart from its adverse environmental effects, mining operations, especially those by large-scale mining firms, have been associated with the social problem of displacement of indigenous peoples

Figure 3-6 Biodiversity Rich Areas in the Philippines



Source: Philippine Sustainable Development Network (<http://www.psdn.org.ph>)

and other upland settlers from their traditional abodes. This is particularly an issue in Mindanao where various IP communities are often found in mineral-rich areas. What are considered sacred grounds for some IP communities have often been sacrificed to give way to large-scale mining operations. The situation often presents a dilemma for affected IP communities, who tend to welcome the opportunities of employment and livelihood that mining operations bring, but often at the expense of long-standing cultural traditions. The experience of the Mamanwa tribe in Northeastern Mindanao is illustrative (see Box 3-1), and is replicated in other areas where large mining firms enter into ancestral lands to establish operations.

Groundwater Depletion

Population growth and increased water-using industrial and commercial activities have led to gradual depletion of groundwater, as withdrawal (extraction) rates have been exceeding aquifer recharge rates in densely populated parts of Mindanao. This is now observed in Cagayan de Oro and other densely populated centers in Mindanao, manifested in a drop in the static and pumping water levels of the water district wells.

The Mindanao aquifer is generally characterized as highly to moderately productive, with moderate to low potential recharge. Aquifer recharge is dependent on watershed status and characteristics and land use. Change in land use and geographical shifts in population impact the ability of aquifer to replenish its groundwater stock or reserve. These shifts are often influenced by forestland and agricultural land conversion, which are in turn reinforced by market demand and government policies. All these imply that groundwater usage in Mindanao must be managed carefully, as excessive extraction and poor management can lead to land subsidence and saltwater intrusion, as is being observed in Cagayan de Oro. There is thus a need for more deliberate assessment of groundwater recharge rates vis-à-vis withdrawal rates due to industrial and domestic use.

Agriculture Impacts

Crop plantation areas in Mindanao are rapidly expanding, with dominant crops being Cavendish bananas, pineapple, and oil palm. Such plantation-type farming is highly dependent on pesticides and fertilizers that pollute the soil, water and air. Aerial spraying of pesticides, in particular, has been controversial due to alleged incidences of long term illnesses from repeated airborne pesticide contamination. Similarly, pesticide use especially by upland farmers harms the soil's natural chemistry and groundwater quality. Other environmental impacts of agricultural activities include extensive soil erosion from plowing of large areas, and carbon release from burning of rice stalks and husks, and of sugar cane fields. More recently, commercial farming of biofuel crops such as jatropha is posing a new challenge on food sufficiency. All these indicate the need for improved information and knowledge on the environmental trade-offs involved in increased agricultural production, and greater efforts towards expanding knowledge on sustainable agriculture technologies.

Wanted: A Fresh Approach

For the people of Mindanao whose economic, social and cultural lives are so closely interlinked with their environment and natural resource base, the importance of planning for a sustainable future is more acute than normally the case elsewhere. Endowed with great natural wealth, squandering it in the manner of the past decades – most visibly in the case of its forests – is a scenario Mindanao simply can no longer afford. The future development of Mindanao must be consciously and deliberately shaped with full consideration for sustaining its base of natural wealth.

Rational planning of the system of economic activities to be supported by Mindanao's ecosystems requires departure from the past tendency for "strike-anywhere," opportunistic and shortsighted investments that drew on the resource base with little or no regard for upstream or downstream effects adverse to the livelihoods of others. This implies that formulation of its socio-economic development plan, especially the public and private investment program within it, must consciously take a systems approach and involve participation of all affected stakeholders within the ecological system. Such a process must necessarily transcend political and administrative boundaries, and bring together people of various socio-economic backgrounds and ethnicities sharing the same ecosystem. This is the essence of what is described in the next chapter as the thrust for economic and ecological integration, at the same time that it promotes inclusive wealth creation.

There is a need for a new perspective that sees the value of interconnections and dependencies within the environment and that works to assert needed social accountability. There must be appreciation of the need for a more holistic and integrated approach to development and for closer and synergistic relationships to facilitate the resolution of difficult trade-offs and challenges.

The watersheds, which have already been recognized as the lifeblood of Mindanao, have proven to be a boon to development if protected and regenerated, but a bane to populations and livelihoods if exploited and left to deteriorate. It thus makes eminent sense to make the watersheds the locus and focus of integrated development. The underlying philosophy should be that development must seek balance in and sustainability of systems, where water is valued as a scarce resource and managed in order to remain available for future generations.

The complex connections between forests, watersheds and a sustainable water supply needs to be better understood by government and the general public, if these vital resources are to be successfully and effectively managed. The first and most critical line of management is in the mountains and in the forests. Unless tangible programs are directly implemented to conserve and improve the condition of Mindanao's watersheds, further depletion of its resources is inevitable, thereby jeopardizing the survival of human life and its ecosystems.

Table 3-9. Environmental Damage from Mining Processes

Activity	Potential Effects
Excavation and ore removal	<ul style="list-style-type: none"> • Destruction of plant and animal habitat, human settlement, and other surface features (surface mining) • Land subsidence (underground mining) • Increased erosion; silting of lakes and streams • Waste generation (overburden) • Acid drainage (if ore or overburden contains sulphur compounds) and metal contamination of lakes, rivers, streams, and groundwater
Ore concentration	<ul style="list-style-type: none"> • Waste generation (tailings) • Organic chemical contamination (tailings often contain residues of chemicals used in concentrators) • Acid drainage (if ore contains sulphur compounds) and metal contamination of lakes, rivers, streams, and groundwater
Smelting and refining	<ul style="list-style-type: none"> • Air pollution (sulphur dioxide, arsenic, lead, cadmium, and other toxic substances) • Waste generation (slag)

Source: Ibon Foundation (2006)

Table 3-10. Environmental Alliances in Mindanao

Alliance	Area	Focus
Bukidnon Watershed Protection and Development Council	Bukidnon	Collaboration initiatives towards comprehensive landscape management and greater human security
Lake Mainit Development Alliance	Agusan del Norte and Surigao del Norte	Partnership building towards sustainable management of Lake Mainit
Agusan Marsh Development Alliance	Agusan del Sur	Sustainable watershed management as a response to land and water problems
Lanuza Bay Development Alliance	Surigao del Sur	Strengthening environmental governance through local policy formulation
Davao Gulf Management Council (DGMC)	5 coastal cities & 18 coastal municipalities, Region XI	Act as coordinating body working towards unified policy & programs in the management of the Gulf
Ilanan Bay Regional Alliance (IBRA)	Regions IX, XII, ARMM	Inter-LGU cooperation for participative decision-making processes. Facilitates dialogue on coastal-related issues
Allah Valley Landscape Development Alliance (AVLDA)	South Cotabato and Sultan Kudarat	Local government initiatives for protected area management
Southwestern Ligawasan Alliance of Municipalities (SLAM)	Maguindanao LGUs: Paglat, Datu Paglas, Sultan sa Barongis, & General S.K. Pendatun	Working together to find common solutions to common problems

Source: ESSC

Box 3-1

Mining and the Mamanwas

The Mamanwa tribe in the boundaries of Surigao and Agusan provinces traditionally subsisted through slash-and-burn cultivation in small patches of land. The tribal community highly depended on hunting and gathering for food and livelihood up until mining came about and forests started diminishing.

Taganito Mining Corporation (TMC) obtained the permit to extract nickel from an area that overlaps with the Mamanwas' ancestral domain. In 2006, TMC committed to provide the Mamanwas the following in the next 25 years in return for the use of the land: (a) livelihood & royalty fee of PhP500,000 every year, (b) housing and resettlement, (c) employment (exploration works & load/maintenance every shipment), (d) education support through expansion of building with subsidized teachers, college scholarship, and skills training for possible integration to TMC work force, and (e) health care services by providing ambulance, nurse and doctor in the community. The annual royalty fees were earmarked for livelihood and housing development projects.

Some Mamanwa people, especially those that were employed by TMC, claim that their lives improved with mining. To them, better life means the ability to buy and eat rice regularly or the absence of hunger. They seem to have forgotten that before there was mining, they had plenty to eat since fruits, root crops (e.g., banana, cassava), and nutritious upland rice were readily available. They went fishing, collected firewood, wove mats, and then sold these to generate cash for their other needs.

The mining operations affected their planting areas and employed some members of the tribal community. Farming stopped so there is nothing to harvest for food and cash. Everything must now be bought. Employed ones are able to buy goods but must contend with higher prices resulting from stronger demand created by the absence of farming. Many went hungry and became poorer. The tribe's traditional culture of farming, hunting and gathering will soon get lost.

Source: ESSC (2008)

Environment and Mindanao's Future

In light of the above discussions, the following considerations and approaches should characterize Mindanao's journey into the next 20 years:

Agriculture and agriculture-based industries will continue to be the most prominent driver of the Mindanao economy well into the future, for inherent reasons. The optimum balance between large plantation agriculture and smallholder farming needs to be sought, for reasons of both social inclusiveness and environmental sustainability. There have been strong sentiments against further expansion of hectareage for the traditional plantation crops dominating Mindanao's exports, for example. There must thus be stronger effort to move deliberately toward tapping the potentials of non-traditional high value crops that thrive in Mindanao, particularly tree fruit crops like mangosteen, marang, lanzones, rambutan, pomelo and durian, among others. These crops lend themselves to farming models based on sustainable smallholder systems, inasmuch as the existing structure in these crops are already primarily of this nature.

Notwithstanding the above, Mindanao's farm sector will inevitably be looked upon for production of the traditional staples of rice and corn, given its superior agro-climatic conditions for growing these crops productively and consistently. But being highly water-intensive crops vis-a-vis threats of drought due to climate change, there will be increasing need to shift to more water-efficient technologies, such as the system of rice intensification (SRI)¹² technology that relies on intermittent and focused watering. Further research must increasingly target sustainability concerns as an explicit objective, apart from increasing yields.

Organic farming and Halal food production will be an expanding component of Mindanao's farm sector, given its natural suitability for these specialty niche segments of the market. As these are inherently associated with sustainable production practices, their expansion will also be in keeping with the imperative of planning Mindanao's future around an increasingly fragile environment. (See Chapter 7)

The forestry industry can no longer rely on logging of old growth forests, which are close to depletion in Mindanao. Forest products must henceforth be derived from sustainable forestry based on well-managed commercial tree farming. Massive reforestation is called for in the face of large-scale deforestation over the past decades.

In itself, such reforestation can present substantial employment and livelihood opportunities for communities, especially if mechanisms are developed whereby direct beneficiaries of watershed protection (e.g., hydroelectric power plants, beverage manufacturers) would pay for the ecological services rendered by upland communities. Such schemes for payments for ecological services (PES) great promise in the future toward win-win outcomes for the economy and the environment. (See also Chapter 7)

12 See ESSC (2010).

Coastal and marine fisheries will have to be pursued in more carefully measured steps, to avoid the further depletion of fishery resources that has already impacted on the lives of millions of Mindanawons. Mariculture will figure more prominently in Mindanao's fisheries sector, particularly as efforts to rejuvenate marine fisheries resources through fishing moratoriums on key fishing grounds will reduce production from that source in the short to medium term.

Mining is in Mindanao to stay; there is no room for extreme positions on this. A number of large mining projects are just starting or are in the pipeline, and it is widely agreed that the key imperative is to ensure responsible mining operations, whether by large, medium or small firms by defining clear parameters for responsible mining. Strengthening capacities of local governments to properly accredit and regulate small and medium scale mining firms (as provided by law) also needs strong attention.

The prospects for manufacturing, particularly beyond those based on processing of agricultural and other primary products (fish canning, minerals processing) will be severely constrained by energy availability and cost through the medium term. Large hydroelectric dams and power plants are now faced with greater risks to efficiency and profitability by siltation and loss of surface water. In light of this, small hydroelectric plants should be encouraged instead. Similarly, other renewable energy facilities (solar, wind, biomass) must be given priority support and deliberate attention (See Chapter 9).

Tourism development, particularly ecotourism, can be a win-win for the economy and environment, and must be pursued vigorously through policy reform and public investments. Tourism development involving nature and the environment must always aim for environmental sustainability and integrity, while providing maximum benefits to the inhabitants.

Finally, peace and security is likely to be compromised anew within the next 20 years if various natural resource and environment pressures are not properly managed and allowed to lead to tensions and conflicts (Chapter 5). These pressures may include tightening water supplies; competing claims over agricultural and mineral lands; depleting fisheries; and air, soil and water degradation due to pollution from mining and industrial activities. This makes it even more imperative that ecosystems are planned and managed in a way that will prevent such pressures from even arising. Asserting common stewardship of the natural resource base would help avert or minimize the likelihood that such tensions will arise and escalate into violent conflict in the future.

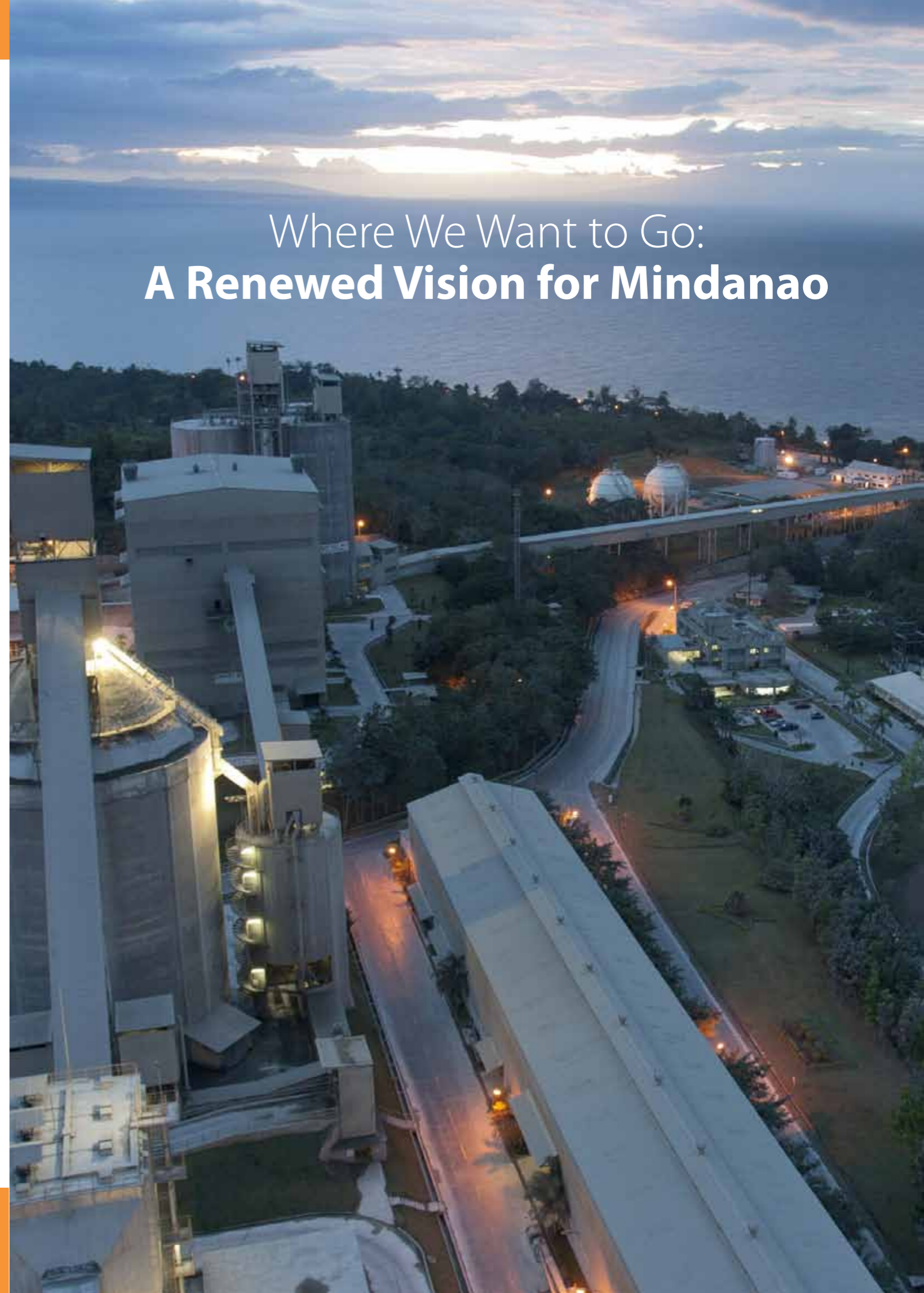
Alliances for the Environment: The Shape of Things to Come?

As ecosystems straddle local political subdivisions, collective stewardship through principled alliances across LGUs and among stakeholders is the logical way to go for effective management of the natural resource base. Mindanao LGUs have stood up to this challenge, and have formed alliances for the purpose of jointly managing shared ecosystems. Since the scale, magnitude and uncertainties of environmental problems such as watershed degradation, flooding, depletion of fish stocks, soil erosion and siltation cannot be resolved by national government alone, local actors have pooled their distinct capacities and reconfigured their delivery of public services and goods. Local leaders who support a model of collaboration, adoption of new policies, scientific knowledge and expanded partnership strengthen these alliances. Local politics and administration are developing certain flexibilities that transcend defined territories.

Alliances also play an important role as critical link between local and national development agencies and plans, leading to greater responsiveness to disadvantaged communities for food, welfare, and security from the direct effects of natural disasters. There are eight known alliances operating in Mindanao (Table 3-10), which are similarly focused on ecosystem protection and management, and commonly anchored on local government operations and systems.

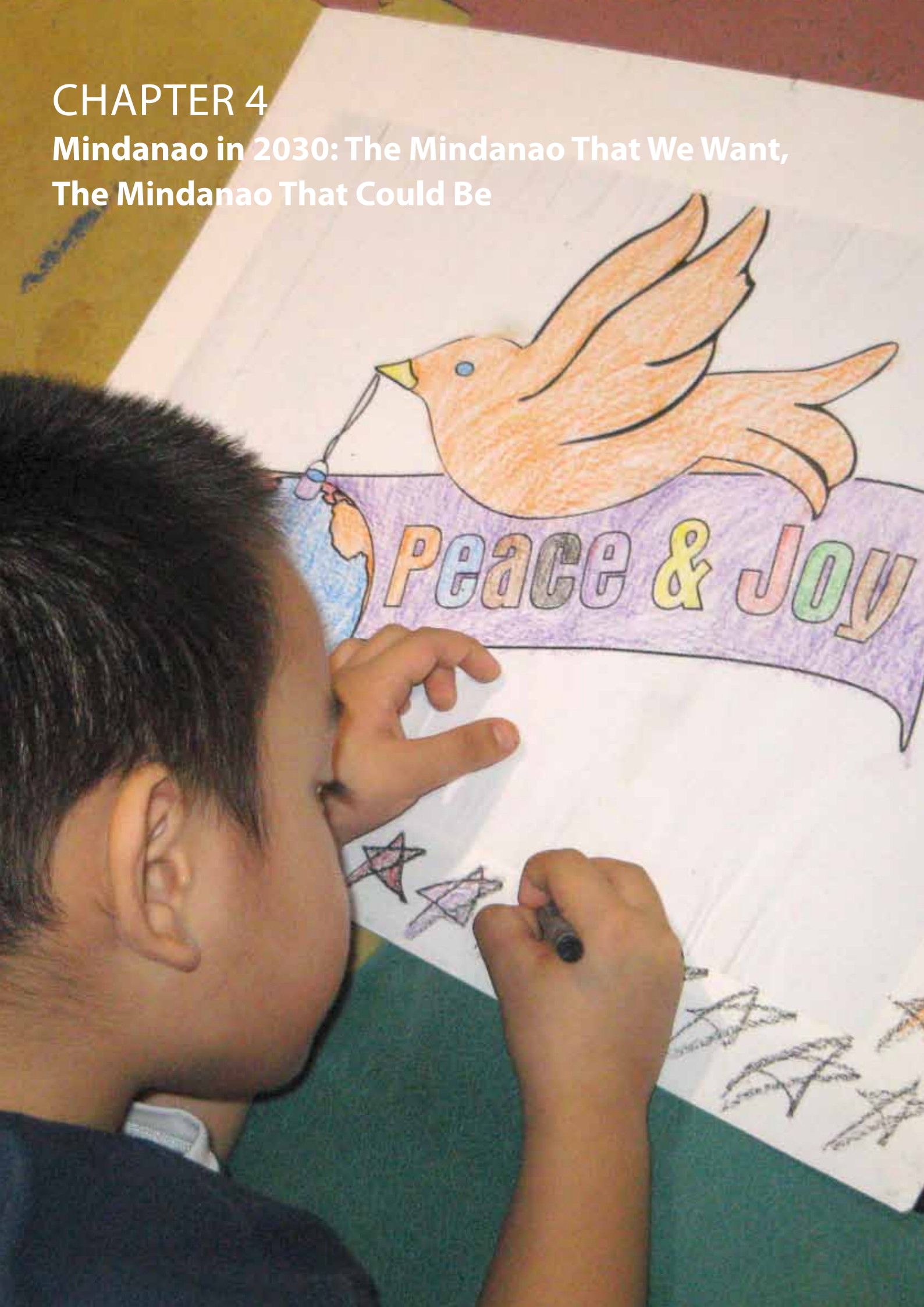
Finally, the dynamics of cooperation manifested in these alliances exemplify a win-win situation among various sectors. Furthermore, it also demonstrates that political commitment setting can be expanded outside the limits of administrative boundaries. Resource sustainability and the threat to human security posed by environmental degradation are strong reasons that provoke their formation. The formation of alliances as a response is an innovation, which correspondingly creates other innovations in the public service system and mode of public goods production and provision. It bodes well for Mindanao's long-term future if this emerging trend gains momentum and becomes the "Mindanao model" for achieving sustainable development in the face of a bountifully endowed yet fragile environment and natural resource base.

Where We Want to Go: A Renewed Vision for Mindanao



CHAPTER 4

Mindanao in 2030: The Mindanao That We Want, The Mindanao That Could Be



A Shared Vision for Mindanao

In countless workshops, consultations, discussions, interviews and survey responses, the people of Mindanao have spoken – and their common aspiration for their homeland converges on a vision for 2030 summed up as follows:

Mindanawons of all cultural or socio-economic backgrounds have attained a sustainably uplifted quality of life through their collective achievement of a peaceful, developed, autonomous and integrated Mindanao that is the vanguard for the country's sustainable development.

The operative words for this vision are as follows:

- **Mindanawons of all cultural or socio-economic backgrounds...** cognizant that Mindanao is a land of rich diversity in its peoples, will nonetheless find unity in their shared aspirations;
- **A sustainably uplifted quality of life...** mindful that it is the welfare of Mindanawons and their families that is the end object of Mindanao's development, and that their level of welfare will not only be raised, but sustained through future generations;
- **Collective achievement...** stressing that the desired outcomes for Mindanao will not come from without – particularly not from the central government, the national capital nor the rest of the country – but will be achieved through the collective efforts of Mindanawons themselves, acting in unity and harmony;
- **A peaceful, developed and integrated Mindanao...** noting that *peace* and *development* are the two words that almost unanimously spring from the lips of Mindanawons weary of decades of violent conflict and backwardness, and of age-old fragmentation across physical, ethnic, social and economic divides; and finally,
- **Vanguard for the country's sustainable development...** asserting that Mindanao already leads in many areas of endeavor, and will achieve national, regional and international excellence in even more areas of endeavor in the years ahead, the benefits of which shall accrue to present and future generations of Mindanawons.

Mindanao shall by then be distinguished by its:

1. Distinctive governance that is culture-sensitive, self-reliant and responsive as it asserts self-determination for Mindanawons;
2. Vibrant economy that is financially self-reliant, physically connected and economically integrated;

propelled by socially and environmentally responsible enterprises that are internationally competitive; and

3. Dynamic people who enjoy ample space and opportunity to develop their human capabilities as individuals and as communities; marked by trust and solidarity within groups, among diverse cultures, and across different regions.

Mindanao 2020 Goals

The following must be attained for men and women in Mindanao regardless of age, class, faith or ethnic origin to be able to lead long, productive and happy lives:

1. Definite and lasting peace, with all combatants and private armies demobilized and rendered non-existent within a gunless Mindanao society; with families, communities and institutions rebuilt and healed from conflict, war, epidemics, and past natural disasters.
2. Overall well-being marked by good health, ample education and social cohesion, evidenced by:
 - People enjoying wide and easy access to responsive health care systems and health financing appropriate to local cultures and contexts;
 - Widest access, especially for the young and the marginalized, to quality formal, non-formal, alternative, and indigenous education marked by ample facilities, trained personnel, sufficient resources, competitive programs, and responsive curriculums that affirm both local cultures and universal values, are relevant to real life struggles, and are attuned to global challenges;
 - Respect for Mindanawons' personal and communal dignity and for their individual and collective human and cultural rights; with no one feeling discriminated against nor discriminating against others; and all are capable of taking productive roles in the enhancement of society, the strengthening of democratic institutions, and care of environment; and
 - Families, communities, ethnicities, institutions and organizations capable of growing according to their best traditions and innovations, contributing to a rich cultural diversity and strong foundation for maintaining peace, resolving conflict, defining development and sustaining the natural environment.
3. A unified, dynamic and sustainable Mindanao economy that is technology-enabled, characterized by synergy and complementation among its various economic centers, and true to its appellation as food basket in the country and the Asia-Pacific region. Its hallmarks shall be:
 - A world-class infrastructure system that supports efficient movement of people and goods, wide access

to information and communication technology, cost-competitive energy, and ample and widely accessible water supplies; and

- Responsible and sustainable management of Mindanao's natural and cultural resources that harnesses them to equitably uplift the lives of the wide mass of Mindanawons and minimizes risks from nature's threats.
4. A participatory and culture-sensitive Mindanao governance and political framework that asserts self reliance and self-determination, marked by:
- Stable, self-reliant, responsive and responsible Local Government Units (LGUs);
 - Effective coordination and monitoring mechanisms at the Mindanao-wide, regional and inter/intra-provincial levels;
 - A responsible and empowering central government that allows local governments and communities to direct development directions and initiatives;
 - Indigenous peoples being able to exercise self-determination in managing and governing their respective ancestral domains; and
 - Wide respect for the rule of law and human rights.
5. Active and synergistic international economic, cultural and political linkages, with ASEAN and Asian neighbors, the Middle East, and the rest of the world.

- The Mindanao economy is growing at an average annual real GDP growth rate of 7-8 percent, average annual income of Mindanawons (GDP per capita) exceeds P16,000 in constant 2009 prices, and unemployment rate is no more than 3 percent.
- At least 80 percent of Mindanao LGUs have up-to-date comprehensive development plans (CDPs) and comprehensive land use plans (CLUPs) that incorporate climate change adaptation measures; and Mindanao LGUs have at least 17 percent of their budgets funded by locally-generated revenues.
- Working alliances or formal collaborative mechanisms among municipalities are present in at least 50 percent of Mindanao provinces.
- At least 90 percent of national roads in Mindanao are paved and in good condition, and water-based (river, lake and coastal) transport services are in more active use for transport within Mindanao.
- LGUs have made deliberate moves to promote distinctive Mindanao art and culture in the design and landscape of buildings, houses and various structures and facilities.

By 2020,

- A consolidated political settlement has been attained that is consistent across the different agreements reached with the MNLF, MILF and NDF.
- Consequently, complete disarmament, demobilization and reintegration (DDR) of all combatant forces has been achieved, and all former conflict areas have been completely rehabilitated.
- Income poverty is down to 25 percent of the Mindanao population.
- Average life expectancy in Mindanao has improved to 69 years, and elementary and high school enrollment and completion rates have improved by 75 percent over their 2010 levels.
- Forest cover in Mindanao has increased to at least 40 percent of land area.
- The Mindanao economy is growing at an average annual real GDP growth rate of 8-10 percent, average annual income (GDP per capita) of Mindanawons exceeds P22,000 in constant 2009 prices, and unemployment is no more than 2 percent.
- All (100 percent) Mindanao LGUs have up-to-date comprehensive development plans (CDPs) and

comprehensive land use plans (CLUPs) that incorporate climate change adaptation measures; and Mindanao LGUs have at least 34 percent of their budgets funded by locally-generated revenues.

- Working alliances or formal collaborative mechanisms among municipalities are present in at least 75 percent of Mindanao provinces.
- All (100 percent) national roads in Mindanao are paved and in good condition, limited rail transport services are operational; and river, lake and coastal transport services continue to increase all over Mindanao.
- Most places in Mindanao possess a distinctive Mindanao ambience, manifested landscapes and architectural designs of buildings, houses and public structures and facilities.

By 2030,

- A general atmosphere and culture of peace prevails in every part of Mindanao, where cultural pluralism is a widely accepted reality that enriches rather than divides society.
- Income poverty is down to 15 percent of the Mindanao population.
- Average life expectancy in Mindanao has improved to 72 years, elementary and high school enrollment rates are at 100 percent, with 90-95 percent completion rates.
- Forest cover in Mindanao has stabilized at no less than 40 percent of land area.
- The Mindanao economy is growing at an average annual real GDP growth rate of 8-10 percent, average annual income (GDP per capita) of Mindanawons exceeds P50,000 in constant 2009 prices, and full employment prevails in Mindanao.
- All (100 percent) Mindanao LGUs have up-to-date comprehensive development plans (CDPs) and comprehensive land use plans (CLUPs) and are considered climate change-resilient; and Mindanao LGUs have at least 66 percent of their budgets funded by locally-generated revenues.
- Working alliances or formal collaborative mechanisms among municipalities are present and common in all Mindanao provinces, with the majority of Mindanao municipalities being part of such an alliance.
- All (100 percent) national and provincial roads in Mindanao are paved and in good condition, rail transport services linking several provinces are in active use, and water-based transport services are a common feature of an integrated multi-modal Mindanao transport system.

- All places in Mindanao possess a distinctive Mindanao ambience, manifested landscapes and architectural designs of buildings, houses and public structures and facilities.

In sum, Mindanao in 2030 will be a place that Mindanawons, collectively and individually, generally feel good living and working in, and feel proud about as it attracts visitors and investors in large numbers from the rest of the country and the world.

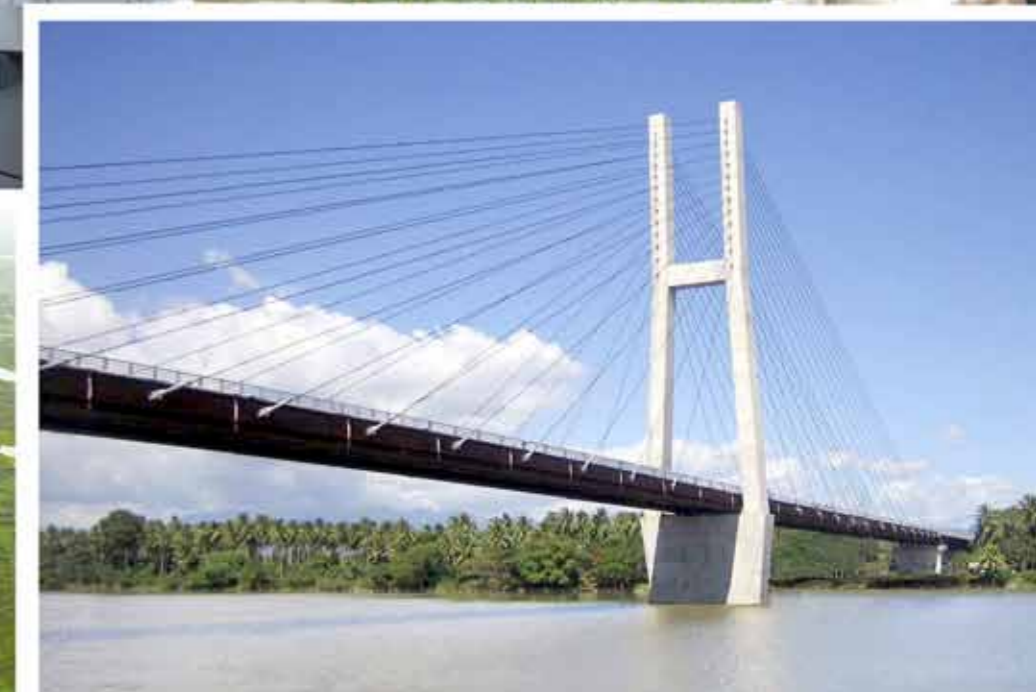
Overall Mindanao 2020 Targets

Attainment of the above goals shall be manifested in achievement of the following overall targets for Mindanao in 5, 10 and 20 years:

By 2016,

- Peace agreements have been completed and signed between the government and the MILF and NDF respectively, thereby attaining satisfactory political settlement on all sides.
- Income poverty incidence is down to 30 percent of the Mindanao population.
- Average life expectancy in Mindanao has improved to 67 years, and elementary and high school enrollment and completion rates have improved by 50 percent over their 2010 levels.
- Forest cover in Mindanao has been restored to at least 30 percent of land area.

How We Shall Get There:
Strategies and Imperatives



CHAPTER 5

Securing Lasting Peace in Mindanao: Peace Once and For All



Where We Are Now

Injustice, Ethnic Divides, War and Discord

Historical injustices lie at the root of the conflict in Mindanao: from colonization, annexation of the Moro homeland to the Philippine state; a series of government policies that led to the minoritization of the Moro and indigenous inhabitants in Mindanao; and on to newer and various forms of injustice perpetuated to the present. Thus, the Bangsamoro assertion of their right to self-determination has been central to the peace negotiations with both the MNLF and MILF.

The ethnic diversity that marks Mindanao has become a key element in the conflict on the islands. Yet, this is the specific and distinctive characteristic of Mindanao as a community that is akin to a multi-colored tapestry with its multi-ethnic inhabitants and multi-faith communities. Chapter 3 has described the many and varied peoples and cultures of Mindanao, usually categorized into the three groupings of indigenous peoples (IPs) or *Lumads*, the Bangsamoros, and the Christian settlers.

The divides between and among Muslim, IP and Christian communities in Mindanao are more marked than elsewhere in the Philippines. Divisions within the Muslim groups evolved through time, beginning with the outbreak of the separatist war waged by the MNLF in the early 1970s, and through the latter years as the government and the separatists sought a resolution to the conflict. The MNLF signed the Tripoli Agreement with the Government of the Republic of the Philippines (GRP) on 23 December 1976, with a provision of establishing autonomy in the 14 provinces of Southern Philippines including Palawan in accordance with constitutional processes set by the 1987 Philippine Constitution. But the GRP and the MNLF could not agree on the implementation of the said agreement, particularly on the processes and the structure of autonomy. The Marcos government thus decided to undertake a series of unilateral moves: the plebiscite of 1977, the creation of two autonomous structures, Region IX and Region XII, the insertion of a constitutional provision institutionalizing the creation of Autonomous Governments in the Cordillera and in Muslim Mindanao, and the enactment of RA 6734 creating the Autonomous Region of Muslim Mindanao.

The MNLF and the GRP signed another peace agreement in 1996, dubbed as the Final Peace Agreement that was to implement the 1976 Tripoli Peace Agreement both 'in letter and spirit'. The 1996 Final Peace Agreement (FPA) between the government and the Moro National Liberation Front (MNLF) mandated the crafting of a new Organic Act for the ARMM to synchronize it with the provisions of the FPA. Republic Act 9054 or the Organic Act expanded the territory and devolved more powers to the ARMM.

In spite of various attempts to implement the 1996 FPA in the last 14 years, there has been little impact on resolving the root causes of the conflict. With differences in understanding of the proper implementation of the peace agreement, the principals (MNLF and GRP) have more than ever become estranged to each other, particularly in the actual implementation of the agreement. Accusatory fingers blaming one or the other only

exacerbate the existing divide that has separated the two parties. In the last 14 years since the FPA signing, the gap continues to widen and hound both the GRP and MNLF sides on the issue of the implementation or non-implementation of said agreement.

The MILF gained prominence after the promised peace and development had remained unfulfilled. The failure to deliver basic services and reconstruction of the conflict areas had, in a very subtle way, created a new niche for the MILF. Today, the MILF is perceived, rightly or wrongly, as the Liberation Front for pursuing the 'unfulfilled promises' to the Bangsamoro. Notwithstanding the success or failure of the on-going peace negotiation, the MILF has assumed the role of 'vanguard' of the Bangsamoro struggle, and no negotiated peace settlement is deemed possible without MILF's active participation.

The relative peace currently prevailing conceals persisting deep prejudices, biases and stereo-types across cultural and political lines tracing their origins in historical injustice. Traditional and newer forms of injustice, whether real or perceived, coupled with the politics of exclusion and years of neglect have exacerbated these divides that add volatility to the struggle for ancestral domain and self-determination. The cultural and political divides that evolved from historical divides are the major obstacles in uniting Mindanawons under one banner. The same historical divides are the rationale behind territorial disputes and disagreements over types of governance for Mindanao. Annexes 5-A and 5-B depict the conflict vulnerability of the various parts of Mindanao, and the perceived causes of conflict in the analysis of various institutions and forums.

The Peace Process Policy

Wars are very costly in terms of both economic losses and human suffering. UNDP estimated the fatalities of conflicts in the Philippines over a 35-year period to be within 140,000 to 220,000.¹³ For the period 1969 to 2004, total military expenditures amounted to 24 billion US dollars. Impact on the economy is estimated conservatively at 17.5 billion US dollars in lost Gross Domestic Product (GDP). There is little wonder that ARMM, the region most prone to intense conflicts, trails behind the rest of the Philippine regions in terms of human development.

The Philippine Government adopted the Peace Process Policy following nationwide consultation on the root causes of conflict and insurgency in the country. Former President Ramos issued two state policies addressing the roots of insurgency in the 1990s. The first was the Social Reform Agenda (SRA) and the subsequent creation of the National Anti-Poverty Commission under Republic Act No. 8425 (enacted July 8, 1997). The second was Executive Order 125 issued in 1994 officially adopting the principle of peaceful negotiated political settlement with all rebels. There were three recognized rebellions at the time. First was the leftist movement under the National Democratic Front, Communist Party of the Philippines and the New People's Army (NDF-CPP-NPA). Second was the Moro Secessionist Groups under the Moro National Liberation Front (MNLF) and the Moro Islamic

¹³ UNDP (2006). Policy Paper Report.

Liberation Front (MILF). And third was the military mutiny and rebellion under the *Rebolusyonaryong Alyansang Makabansa* (RAM), Soldiers of the Filipino People (SFP) and the Young Officers Union (YOU).

The Gloria Macapagal-Arroyo administration later issued Administrative Order No. 03 reiterating the state adoption of the peace process policy. It articulated the state policy of according priority to the peace **process** in dealing with the insurgents, particularly with the MILF after the all-out war waged by the Estrada Government in the year 2000. The word “process” is highlighted to emphasize specifically that **peace is in fact a process**, as it involves the transformation of the whole person, the whole community and the whole country.

Three basic principles shape the new framework of the peace process:

1. The peace process must be community-based, defined not by government alone, nor by the armed rebels, nor any single sector, but by Filipinos as a community.
2. It must lead to a new social compact for a just, equitable, humane, and pluralistic society, and insure free and fair political “competition.”
3. It must seek a principled and peaceful resolution of the armed conflicts, with dignity for all concerned. Military pacification campaigns do not work. It leads to nowhere but more rebellion and insurgencies. Negotiated political settlement where there is compromise and dignity is the way to address conflict.

EO 125 and AO 03 identify “six (6) paths to peace.” These 6 paths are to be taken together as comprising one package of actions that must be undertaken by all units in society, country, municipality, barangay, and family. The six paths to peace are as follows:

1. Implementation of social, economic and political reforms to address the root causes of rebellion and social unrest;
2. Consensus-building and empowerment through mobilization and facilitation of people’s participation and support for community peace initiatives;
3. Peaceful, negotiated settlements with rebel groups;
4. Reconciliation with and re-integration of former combatants and civilian victims;
5. Continued protection of civilians caught in the midst of armed conflict, reduction of violence in conflict areas and prevention and management of conflict; and
6. Building and nurturing a climate of peace including peace advocacy and education.

The six paths need to be undergirded by five (5) components of the peace process, namely:

1. **Governance and Empowerment.** This is the process of establishing or rehabilitating political systems that are supportive of peace-building. The concern is to sustain and to consolidate a long-term peace, through the conduct of elections and the establishment of institutions of governance that are accountable and participative.
2. **Process of Development and Economic Rehabilitation.** Rehabilitation and reconstruction, to be effective, must be undertaken on wholesale.
3. **Healing and Reconciliation.** It must be recognized that the process of transformation must address not only the visible, tangible and physical effects of war, conflict or violence but also the impact on the individual as a victim of violence and his relations with his fellow human beings.
4. **“Enculturation” for Peace.** Schools/madaris and churches/ temples/ mosques need to introduce peace programs that engender a culture of peace and dialogue. In fact, the same peace education needs to be introduced also in non-formal education, particularly geared for out of school youth.
5. **Continuing Management of Conflict.** The praxis of the peace process in the Philippines is very complex given the multi-faceted factors confronting its landscape, which proves volatile depending on the hands of political actors that hold it.

More recently, a National Action Plan (NAP) on Women, Peace and Security was promulgated by the Arroyo government via Executive Order No. 865, in recognition of the crucial role of women in the peace and security issue. In compliance with the UN Security Council Resolutions 1325 and 1820, the NAP has the following goals with respect to Filipino women:

- Protection and Prevention of violations of women’s human rights in armed conflict and post conflict situations;
- Empowerment and Participation in areas of peace building, peacekeeping, conflict prevention, conflict resolution and post-conflict reconstruction;
- Promotion and Mainstreaming a gender perspective in all aspects of conflict prevention, conflict resolution, and peace building; and
- Capacity Development and Monitoring & Reporting, to enhance accountability for the successful implementation of the NAP and achievement of its goals.

The new Aquino administration aims to formulate a coherent policy framework that will constitute the government’s comprehensive National Security Policy, to guide all dealings with both rebels and victims of the insurgency. It has been articulated by President Aquino that the said National Security Policy must focus on four (4) key elements:

- (1) Good Governance;
- (2) Delivery of Basic Services;
- (3) Economic Reconstruction and Sustainable Development;
- and (4) Security Sector Reform.

The Security Sector

The two major security forces – namely the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) – have, for many years, defined both the security arrangement and agenda for Mindanao. Their ubiquitous military and police presence, especially in places considered as hot spots, combined with the lingering traces of the ‘culture’ of martial law has, in many ways, equated ‘peace and security’ with the more traditional understanding of ‘peace and order.’ But under a revised government policy as articulated in EO 125 of President Ramos and AO 03 under President Arroyo, peacemaking, peacebuilding and peacekeeping have become more inclusive to involve the local governments as well as all major stakeholders in the community.

The AFP in Mindanao has been divided into two Commands: the Western Mindanao Command based in Zamboanga City and the Eastern Mindanao Command based in Davao City. The rationale for the division is to improve command and control over the security forces operating in Mindanao and to effectively respond to threats according to the nature of insurgency/rebellion they confront. In Eastern Mindanao, the counter-insurgency operation is geared mainly towards the National Democratic Front (NDF) – Communist Party of the Philippines (CPP) – New People’s Army (NPA), although Central Mindanao is considered the ‘home’ of the Moro Islamic Liberation Front (MILF). In Western Mindanao the military operations are directed against the Muslim rebellion and the so-called terrorist groups, mainly the Abu Sayyaf and the Jemaah Islamiyya.

The set-up of the Philippine National Police in Mindanao is also patterned after the military’s Eastern Mindanao and Western Mindanao commands. There is a PNP Directorate for Police Operation (DIPO) in Eastern Mindanao and a PNP DIPO in Western Mindanao. The main function of the two PNP DIPOs is to consolidate all police operations in Mindanao to contribute to the promotion of regional socio-economic development. Specifically, the Directorates’ functions include (1) directing and supervising the conduct of integrated anti-criminality, internal security and counter-terrorism operations, and (2) promoting inter-operability with the different units of the AFP.

The constantly-evolving concepts of security and peace have been recognized by the leadership of the Security Forces in Mindanao. The initiative for Security Sector Reform (SSR) has already made inroads into the entire officer corps of the two Mindanao Commands of the AFP and the PNP DIPOs both in Western and Eastern Mindanao. The Institute for Autonomy and Governance (IAG) and Balay Mindanao in partnership with police and military leaders in Mindanao have pioneered SSR training workshops for the AFP and PNP Officers’ Corps assigned in Mindanao.

The SSR workshops in Mindanao are built on a framework that hinges on the emerging concept of soldiers as peacebuilders. It

also seeks to expand the concept of security to include ‘Bridging Leadership’ modules and the seven areas in the UN Human Security Paradigm. The approach puts the security of peoples – their physical safety, economic and social well-being, respect for their dignity and worth as human beings and most of all, the protection of their human rights and fundamental freedoms - at the heart of the human security paradigm.

Boundaries and Territories

Boundaries and territories are the arena of the conflict in Mindanao. In fact, the intractable relationships between and among the three major groups led to the re-drawing of the geographical boundaries of Mindanao in 1973. This is generally considered to have actually been done on the basis of the political competition particularly between the second group (Muslims) and the third group (Settlers). Through years of unabated internal migrations, the Muslims and the IPs have become the minority in what were traditionally their homelands.

The re-drawing of geographical boundaries was an attempt to carve separate provinces for Muslims and settlers. By so doing, the Muslims can preserve political control and determine the destiny of their peoples in areas where they are the dominant population, particularly the five provinces of Maguindanao, Lanao Sur, Basilan, Sulu and Tawi-Tawi. These five Muslim-dominated provinces were subsequently placed under the ARMM umbrella through RA 6734 and RA 9054 (post 1996 Final Peace Agreement) or the Organic Law for the Autonomous Region in Muslim Mindanao.

Provinces with Christian majority populations adjacent to the ARMM strongly oppose any attempt at geographical re-drawing of Mindanao as embodied, for example, in the aborted Memorandum of Agreement on Ancestral Domain (MOA-AD) between the GRP and the MILF in 2008. This is notwithstanding the fact that this decision had in fact already been made in the plebiscites of 1989 and 2001. Christian local executives have forcefully argued that their governance approach is the appropriate way to achieve Mindanao’s development, though with clear disconnect to the ARMM.

The three major groups have their own narratives of their identities, struggles and aspirations for a safe, secure and prosperous Mindanao. They differ in their narratives yet recognize the converging elements and relationships of harmony and peaceful co-existence that many see to have existed at some time in the past. Any peaceful negotiated settlement must consider not only the three narratives of IPs, Bangsamoro and the Settlers but also their dreams and aspirations expressed in the vision of ‘a prosperous and peaceful Mindanao where all the inhabitants feel safe and secure.’

The conflicting land tenurial systems, particularly within the claimed ancestral domain, have caused displacement and conflicts, exacerbated by the entry of mining explorations carrying grants, leases or government concessions even without the required free prior informed consent (FPIC) of the indigenous people actually living in the area. The use of coercion and/or legal anomaly often happens with the tacit or explicit consent

of the very agency established by law to protect IPs' rights (NCIP).

Beyond Ethnic Strife

Yet another source of insurgency in Mindanao, outside of the ARMM territory, is the Communist rebellion led by the National Democratic Front (NDF). At its height prior to the presidency of Corazon Aquino, the NDF had nine liberation fronts which were present in practically all urban centers including Davao City. The internal ideological divides within the 'National Democrats' and the democratic space provided by the post Marcos governments weakened the otherwise strong and highly politically motivated front.

The leftist insurgency is very much tied to the struggles of two basic sectors in the Philippine Society – the workers in the urban areas and the peasants in the rural areas. The labor movements in the country have, by and large, been shunned by management thereby marginalizing the organization of genuine workers unions. On the other hand, peasants in the countryside have been on the losing end of the tenurial land system that has prevailed since colonial times, notwithstanding the Constitutional provisions on Social Justice that includes genuine land reform.

The NDF draws strength from its capacity to organize the two basic sectors above with the support of the progressive middle class sectors that include young idealistic professionals, women and students. The actual strength of the Progressive Left is a contested issue. The GRP claims that its counter-insurgency program has already broken the backbone of the Communist-led insurgency thereby reducing its armed wing, the New People's Army or NPA. The NDF, on the other hand, claims that it has retrieved and consolidated its lost guerrilla fronts. Though the NPA armed presence is no longer as strongly felt both in the rural and urban areas as in the 80's, the fact remains that it is still a force to reckon with. What is observed is the left's electoral influence during elections in the areas under its influence. The victories of their kindred political parties in Congress is a new phenomenon that gives the progressive left active participation in the actual working of the Congress of the Republic that includes among others, the power of budget hearing and appropriation.



The GRP and the NDF has signed the Comprehensive Agreement on Human Rights Law and the International Humanitarian Law (CAHRIHL), whose implementation has remained contested. Except for establishing joint and respective secretariats, the agreement has largely remained only in paper. The suspension of the peace talks, because of the Visiting Forces Agreement (VFA) and the inclusion of Jose Ma. Sison and the CPP-NPA in the US list of foreign terrorist groups froze the discussion on the economic, social and political reforms that would be the main agenda for the comprehensive peace agreement between the GRP and the NDF.

On a local scale, the GRP also confronts armed breakaway groups from the ranks of the NDF owing to the ideological split over strategies and on the issue of central leadership. These groups further split geographically and sectorally (Visayas and Mindano). The Mindanao group, the *Rebolusyonaryong Partido ng Manggagawa* (RPM-M) has become a very small armed group that operates at the level of *barangays* (villages). The 'smallness' of the group and the limited areas of operation by RPM-M are key factors for the changing moods in the national policy to consider the RPM-M issue to be more under jurisdiction of local governments and development agencies (i.e., rather than of the military).

The Indigenous Peoples' struggle receives far less attention than the Muslim insurgency. Their claims remain largely hidden from the public view, because they do not have an organized armed liberation front to assert their ancestral domain and right to self-determination in their local affairs. But the justness and legitimacy of their claims are not diminished by lack of organization and a home-grown army. The conflicts between IP communities and other users of claimed ancestral domains arise mainly from conflicting and overlapping tenurial instruments and world views exacerbated by the entry of foreign and local investors without having obtained genuine free, prior and informed consent (FPIC).

Another source of conflict particularly prominent in Muslim Mindanao is the local family or blood feuds also known as *rido*. *Rido* has many and varied manifestations, with the more prominent face appearing in the form of competitions for governance and control over areas or territories. The other face of *rido* manifests itself when the personal or clan '*maratabat*' (honor) is transgressed either by direct assaults or by omission, particularly in cases involving family inheritance and obligations imposed by marriages. *Rido* gained prominence anew in the wake of the Maguindanao massacre in November 2009 resulting in the deaths of members of the Mangudadatu Clan in the hands of members of the Ampatuan Clan. As in other *rido* conflicts, there is likely to be continuing bloodshed between the two warring clans until an enduring settlement of 'blood debt' is found.

The 'War on Terror'

Yet another source of fears and insecurity in Mindanao is the Philippine government's participation in the US-led "War on Terror" under the umbrella of the Visiting Forces Agreement (VFA). The war against terrorism, specifically the radical Islamists, has become paramount in the light of 9/11 attack in the US and the perceived growing influence of the 'radical' Jemaah Islamiyah in the three littoral states of Indonesia, Malaysia and the Philippines.

The expanded presence of the US forces in Mindanao and Sulu with their high technology equipment and facilities is meant to build the capacity of the AFP in combating threats coming from the Muslim insurgency and the terrorists' enclaves in the Southern Philippines. The monitoring and surveillance of the Sulu-Sulawesi Sea Corridor with the use of high technology and drones indicate the importance being given by the US to Southern Mindanao in the war against terror.

The foreign security concerns in the Southern Philippines are very palpable through the build up of modern airport infrastructures in Jolo (Sulu), Sanga-Sanga (Tawi-Tawi), Zamboanga City and General Santos City which can accommodate large state-of-the-art US military aircraft. These airport improvements are reinforced by the construction and rehabilitation of major and minor seaports in Southern Philippines for all types of shipping vessels, with visits by US Navy warships in Zamboanga City having become a regular occurrence.

While the US presence in Southern Mindanao is officially related to the effort to combat terrorism, attention has been called to the crucial importance of making a careful distinction between insurgency associated with the legitimate struggle for land and self-determination on one hand, and individuals and groups engaging in senseless violence and plain banditry like kidnap for ransom operations, on the other. Not a few also express suspicion that there are more basic economic interests behind the "War on Terror," pointing out that in the focal areas for US intervention in the Middle East are located vast oil and natural gas reserves and critical oil delivery pipelines. In the case of Southern Mindanao, it is located in the highly strategic and resource-rich Coral Triangle that is also the strong object of interest of China and other Southeast Asian nations bordering it. The same skeptics thus suspect deeper motivations behind the US presence in Southern Mindanao beyond combating terrorism.

In the Southern Philippines, the prominent targets in the local war against terrorism are the Abu Sayyaf Groups (ASG) and the Jemaah Islamiyya (JI), blamed for a spate of kidnappings and killings perpetrated especially against foreign targets in the past years. These two groups have been identified as part of the international network of the internationally-notorious Al-Qaeda led by Osama bin Laden. These identified terrorist groups remain a strong threat to peace and security in the region and in the Southern Philippines, in particular.

Peace Initiatives

The MILF accords priority to political settlement and securing self-governance over their claimed ancestral domain. The MILF leadership views socio-economic development initiatives in contested areas prior to political settlement negatively, and considers them as counter-insurgency programs. However, the MILF leadership has expressed openness to an approach that would pilot a Bangsamoro development model implemented by the Bangsamoro Development Authority (BDA) in the reconstruction of conflict affected areas.¹⁴ In ongoing

negotiations, the MILF Panel has presented ¹⁵ a "formula of unity" to the GRP as embodied in its proposed Comprehensive Compact. This involves the setting up of an asymmetrical state-substate relationship wherein the State would have jurisdiction of national defence, foreign relations, coinage and currency, and postal services. All other functions or areas shall be within the jurisdiction of the Substate. Some powers may be of joint jurisdiction.

One unfinished though contested agenda is the full implementation of the 1996 Final Peace Agreement between the GRP and MNLF. The continuing gap between the GRP and the MNLF involves not only political issues like governance and territory, but also reconstruction of an area that covers the Special Zone for Peace and Development (SZOPAD) or the 15 provinces in Southern Philippines that includes Palawan. The multi-donor and World Bank relief and rehabilitation program through the PDCs and CDA is seen as largely piecemeal and dispersed within the SZOPAD. While benefitting small MNLF communities, the initiatives are segmented (among MNLF/MILF beneficiaries) and isolated, lacking clear relationship to a coherent larger strategy of reconstruction. Satisfactory resolution of the unsettled questions on the implementation of the FPA with the MNLF also bears on the ongoing peace negotiations with MILF.

Meanwhile, another parallel negotiation – that with the NDF – is national in scope, but whose effects directly impact on the peace and security of Mindanao. Outside the five ARMM provinces, the rest of Mindanao is conflict vulnerable due to the presence of the NDF-CPP-NPA. The peace talks between the GRP and the NDF-CPP-NPA has remained suspended. While both parties have articulated the willingness to go back to the negotiating table, they both put conditions that actually prevent the resumption of the peace talk.

The implementation of CAHRIHL remains a formidable challenge for the new government. The clear imperative is for the peace talks to move forward. A key precondition is for the new administration to define its policy and stance vis-a-vis the proposed Comprehensive Agreement on Social and Economic Reform (CASER), including the issue of the active presence of the US military in the country under the contentious VFA.

Though the IPs are not subject of any peace agreement except the IPRA, there is a belief among them that the years of neglect also entitle them, as a matter of right, to "catch up" programs for the IP communities. The catch up programs shall include, among other things, the effective delivery of basic services such as health and education to the IP communities and livelihood programs and sustainable development that are appropriate to their culture and habitats.

¹⁴ Dialogue between the Mindanao 2020 Team and MILF leaders led by Jaafar Ghazali, Cotabato City, April 22, 2010.

¹⁵ Opening Remarks of Mr. Mohagher Iqbal, Chairperson of the MILF Panel for the MILF-GRP negotiations.

Environmental Security

Beyond political and ethnic issues, Mindanao is faced with natural and anthropogenic (man-made) hazards that have been posing genuine risks to a large part of its population. Climatological hazards (typhoon and drought) have become severe and are expected to worsen in years ahead. Anthropogenic hazards (such as incessant and unsustainable mining and deforestation) in combination with natural hazards have exacted heavy costs on lives, properties and livelihood to already poor populations in Mindanao. Disasters related to these hazards threaten to further increase internally displaced persons or environmental refugees. Consequently, conflicts arising from environment-related occurrences and impacts could also be expected to emerge and worsen.

Beyond National Borders: The Broader Perspective

With its many internal challenges, security in the Southern Philippines concerns much more beyond resolving the internal strife that traces long historical origins. On the external front, there are three key issues of concern that are actively discussed not only in the south but also in Manila and beyond.

The first issue is the security of the international sea lane often referred to as the Lombok-Makassar and the Sulu Sea Lane (Figure 5-2). The Malacca Strait is currently much more visible and considered one of the busiest sea lanes between East and West. But in terms of greater deadweight capacity and suitability for bigger ships, the Lombok-Makassar-Sulu Sea Lane will assume greater primacy and strategic importance, especially in the coming years as the Southern States are projected to trade much more actively with China and points beyond the Pacific.

The security of these sea lanes would necessarily involve the active participation and partnership not only of the three littoral states – Indonesia, Philippines and Malaysia – but also of the other major users of the sea lane, including Australia, China, Japan, the US and EU. The growing cooperation, among the three littoral states in policing the Celebes (Sulu-Sulawesi) Sea to confront piracy and the movement of suspected terrorist groups show the importance of the said basin.

The second key issue is the matter of securing the rich gas and oil deposits in the area. The same location is known to possess rich oil and gas deposits that could respond to the industrialized world's need to find new sources of fossil fuel. To the extent that the developed world would continue to depend heavily on fossil fuels notwithstanding the rise in alternative and renewable energy sources, the Sulu-Celebes Sea basin would assume increased prominence as an important 'lifeline' in the

years ahead. This partly explains the renewed and aggressive activities in the contested areas west of the country (particularly the Spratly Islands), and the ongoing Exxon-Mobile exploration in the Sulu Sea.

The third issue is sustainability of life itself threatened by climate change and excessive pollution. The Celebes Basin is at the heart of the Coral Triangle, which is a globally recognized mega-biodiversity area (Figure 5-3). Increased naval activity in the area for both commercial and military defense reasons will inevitably result in pressures on the marine environment. Thus, due attention must be given to the environmental management of the area, which will inevitably require close multilateral cooperation among the surrounding states.

Where We Want to Go

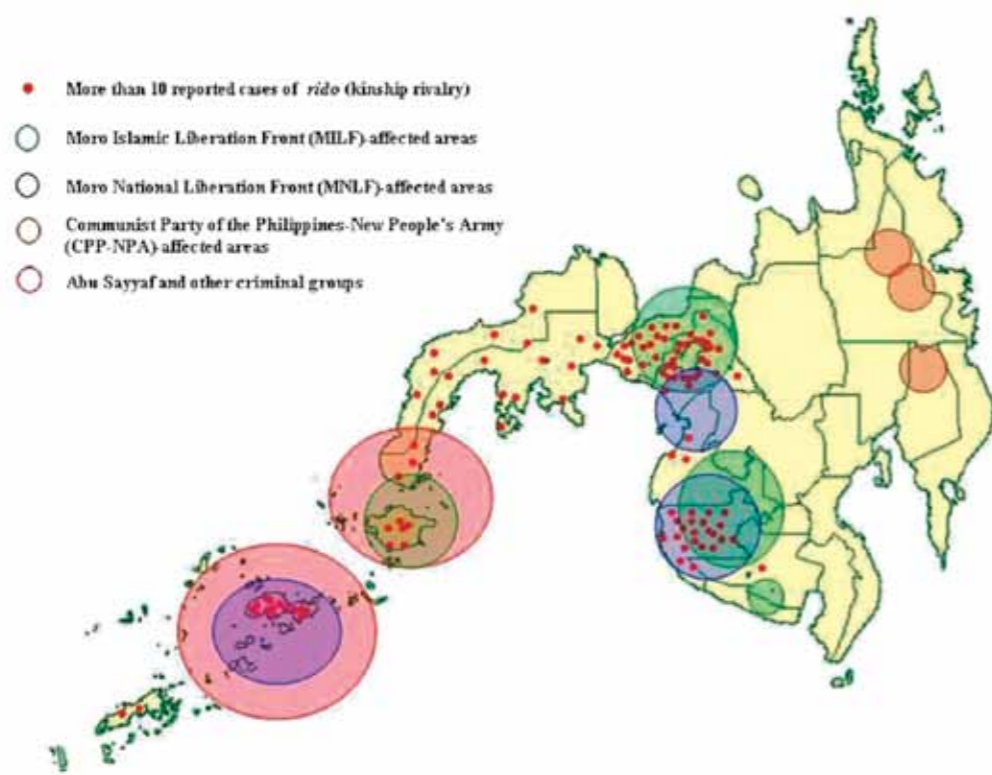
Vision on Peace and Security

In 20 years, Mindanawons envision:

A peaceful and prosperous Mindanao, whose inhabitants feel safe and secure, and live in harmony with and among one another regardless of ethnicity, religion or cultural background.

1. Peaceful and negotiated political settlement with MNLF and MILF, and a similar political settlement with NDF, marked by attainment of satisfactory autonomy and genuine self-determination for Mindanawons, and redress and elimination of age-old injustices in various forms .
2. Successful implementation and completion of a generally acceptable disarmament and re-integration of all former combatants from all sides of the conflict.
3. An entrenched policy environment for sustained peace, development and human security in Mindanao, supported by massive public investments and consolidated and effective institutions for sustained peace and development.
4. Wholesale reconstruction of conflict areas, with vital social and economic infrastructures and facilities restored and enhanced, thereby transforming them into focal points of development.
5. A firmly-entrenched culture of peace and social healing sustained through the integration of peace education in curricula at all levels.
6. Supremacy of the rule of law within a justice system widely perceived to be fair, responsive and equitably accessible to all.

Figure 5-1 Conflict Map of Mindanao



Source: Human Development Network 2005



Targets

By 2016,

- Satisfactory peace agreements have been completed and signed between the government and the MILF and NDF, thereby attaining satisfactory political settlement on all sides.
- There are no more internally displaced persons (IDPs) arising from violent conflict.
- Indigenous peace education is well integrated in all official school curricula at all levels.
- The justice system has been rid of all discriminatory practices, and a policy environment of legal pluralism prevails.
- Private armies have been outlawed, dismantled and rendered non-existent.

By 2020,

- A consolidated political settlement has been achieved ensuring consistency and compatibility among the different agreements signed.
- Disarmament and reintegration has been satisfactorily completed.
- All former conflict areas have been completely rehabilitated.
- Incidence of clan conflict (*rido*) has been reduced to a third of 2010 levels.
- Culture sensitivity is manifest in all educational mediums.
- All Mindanawons are guaranteed access to a fair justice system.

By 2030,

- Peace and prosperity are widely taken for granted as a way of life in Mindanao.
- Mindanawons take pride in their peaceful, vibrant and cohesive society, a well-managed environment and natural resource base, and superior standard of living relative to most other parts of the country.
- Mindanao attracts numerous visitors and investors from far and wide as the premier destination in the country.

How We Will Get There

Pursuit of the above will hinge on the following strategies:

1. **Make peace a government-wide concern:** Involve all government instrumentalities and address all policy and institutional impediments to sustained peace, development and human security in Mindanao.
2. **Pursue a unifying peace:** Secure a peace agreement with the MILF that provides for satisfactory autonomy and self-determination for Bangsamoros; and a definitive political settlement with NDF that satisfactorily addresses fundamental issues on social and economic justice.

3. **Ensure the final disposition of arms and mainstream former combatants as productive members of society:** Pursue a widely acceptable disarmament and re-integration program involving all former combatants from all sides of the conflict.
4. **Rebuild lives, livelihoods and communities:** Complete the reconstruction and rehabilitation of conflict-affected areas and the normalization of the lives of affected communities.
5. **Restore justice and the Rule of Law:** Reform and strengthen the justice system towards wide accessibility and responsiveness to peculiar needs of Mindanao societies, and establish and uphold the rule of law.
6. **Firmly implant a Culture of Peace:** Nurture and entrench a culture of peace and security among all Mindanawons.
7. **Widen partnerships for peace:** Harness private sector, civil society and international cooperation in addressing peace, security and development.
8. **Forestall potential new threats to peace and security:** Anticipate and pro-actively manage potential conflicts, particularly those arising from environment and natural resource issues and mismanagement.

These are further elaborated on below.

Make peace a government-wide concern.

Make securing a lasting peace in Mindanao a concerted effort from all government instrumentalities at all levels. This cannot be the work of the OPAPP and a few other agencies alone. OPAPP, as coordinator for peace, must determine how all other key agencies of government could and should contribute to securing peace in Mindanao, in both explicit and subtle ways, with the President – as Chief Crusader for Peace – providing the impetus for all to do their part.

Address all policy and institutional impediments to sustained peace, development and human security in Mindanao. Wittingly or unwittingly, numerous policies, rules, mechanisms and even personalities in government pose hurdles to peace. National leadership must not allow these to persist.

Restore people's trust in the peace process by (1) developing a participatory, cohesive and rationalized government policy and approach on the peace process; (2) employing an effective communication program to support the peace process; (3) actively involving all government agencies in giving primacy to the peace process, to include the security sector, the legislators, the local governments, the Cabinet, and others; and (4) harnessing effective peacemakers in the concerted effort, particularly women and youth, who have traditionally demonstrated effectiveness in bridging social divides and causing behavioral change.

Make institutions specifically catering to ethnic minorities, particularly the National Commission on Indigenous Peoples and the newly-reorganized National Commission on Muslim Filipinos (formerly Office for Muslim Affairs) the vanguards of competent championing for the welfare of their respective constituencies. Thus, their officials and staff must be selected on the basis of demonstrated competence and integrity. In the case of NCIP, certain initiatives it must push include the following:

- **Undertake purposive education and training of IP leaders** and community mobilizers on their own history, culture and rights under the law, including and especially IPRA, and on the role of NCIP as instrument for asserting IP's rights.
- **Guarantee that Free, Prior and Informed Consent (FPIC) of the IPs shall be faithfully enforced** in the presence of their chosen counsel for any entry of local and foreign corporations into their ancestral domains. In relation to this, existing IFMA within their ancestral domains will not be renewed without FPIC and public hearing participated in by the affected communities.
- **Undertake programs that will rehabilitate IP communities and their ancestral domains,** particularly on effective delivery of basic services (health and education) and training of the IP communities on livelihood and development appropriate to their cultures and peculiar needs.

Sustain, widen and intensify security sector reform (SSR) initiatives in the field and in all AFP and PNP schools and training facilities, as well as in LGUs and civil society organizations. Specific initiatives would include:

- Integrate the UN discourse on Human Security (Annex 5-A) and the National Action Plan to implement UN Security Council Resolutions 1325 and 1820 on Women, Peace and Security into the curriculum in all AFP and PNP schools and training facilities.
- Consolidate the SSR experiences in the field and harmonize the same with the prevailing culture of the priority of peace policy.
- Design a training 'manual' on SSR and conduct trainers' training in all branches and Commands of the AFP and PNP.

Explore and adopt localized security strategies, an innovative approach that vests responsibility for security management on the smallest units of government. The local PNP, working closely with LGUs through the Office of the Local Government Operations Officer, could embark on community policing where constituents participate actively in formulating localized security plans and implementation strategies for their respective communities.

To support this overall strategy of making peace a government-wide concern, the following further initiatives should be undertaken:

- **Harness local communities** both in the implementation of peace, especially the resolution of *rido*-based conflicts in local areas, and in monitoring development programs that are being implemented by various agencies.

- **Reform the economic, social, political and administrative structures and processes** towards convergence and an integrated and holistic peace policy framework.
- **Adopt a holistic human security policy** that includes, among other things, building, widening and sustaining peace constituencies among citizens.
- **Aggressively invite private investors and investments into Mindanao,** especially into the ARMM, directed to individuals and groups likely to have particular reasons for favoring Mindanao (e.g., Muslim business groups from the Middle East, Indonesia, Malaysia and Brunei; investors with higher risk appetite; etc.)
- **Undertake an effective communication program to support the peace process,** including through conduct of sustained community consultations/dialogues, at all levels of governance, as a matter of policy and practice.
- **Effect full coherence of policies and government structures** to ensure effective implementation of peace agreements and promote sustainable and long term peace and development.

Pursue a unifying peace in Mindanao.

Seek to achieve a consolidated peace settlement. Pursuing separate agreements in approaching the Muslim insurgency in Mindanao is to pursue the contradiction of a segmented or divided peace, which risks the prospect that no peace will ultimately be achieved. Separate and distinct agreements with each group will inevitably invite jealousy and continuing discord, even as it is likely to arouse ill feelings and possible antagonistic responses from among the affected Christian and *Lumad* populations.

Firm up a cohesive, consistent and unified peace platform that addresses the root causes of Muslim insurgency, beyond the simple counter-insurgency policy manifested in area development programs. It is impossible, even with utmost goodwill, to reach satisfactory closure through separate government negotiations with both involving the same territory, same peoples and same transitional governance mechanism. The government needs to urge the Organization of Islamic Conference to intervene and facilitate the shaping of a common platform for both groups. Government efforts toward a consolidated agreement should also maximize the effective role that women and youth could play in this process.

Bangsamoro groups must also embark deliberately and systematically on the task of achieving unity of purpose among the various revolutionary groups, civil society organizations, rebel supporters, and those who are duly elected or appointed in government service. Like the government and political leaders, the key leaders of the *Bangsamoro* struggle also need to win the trust of Mindanawons by convincingly manifesting their sincere efforts for peace, and presenting credible representatives to the public as they do so.

Pursue the GRP-NDF peace talks relentlessly. The window of opportunity enjoyed by the new government could permit confidence-building that would facilitate finding an agreeable eventual settlement.

Arrive at a compromise formula that clearly defines power and wealth sharing schemes between and among the 'guardians' or 'keepers' of the three major contending ethnic groups. Only then can the peace negotiation move forward. Experience and lessons from other peace settlements have shown that no peace agreement is self-implementing. And no peace formula can be sustainable until the narratives of all major stakeholders are included.

Involve the LGUs and religious leaders in mediating local conflicts, necessary to arrive at acceptable consensus, particularly on settling *rido*. In many instances, the mediation of the local leaders is more effective in bringing together the warring parties/clans to settle their differences through the traditional conflict resolution.

Have women work alongside men and play major roles in all aspects of peacemaking, peacekeeping and peacebuilding. Although gender may not be central to the conflict, it is certainly central to its resolution and to achieving a sustainable peace.

In the near term, the following initiatives would need to be pursued in pushing the strategy of a unifying peace for Mindanao:

Consolidate the gains and lessons of the 1996 Final Peace Agreement and establish a common government platform in approaching the issues of (1) autonomy (self-governance), (2) ancestral domain and (3) cultural and religious identity of the Bangsamoro peoples and the indigenous peoples in Mindanao.

Firm up and implement a coherent and comprehensive peace policy vis-à-vis the full implementation of the 1996 Final Peace Agreement soonest, while ensuring harmonization or convergence of the 1996 FPA with the results of the peace negotiation between the GRP and the MILF.

Consider the establishment of a Historical Truth and Justice Commission as an avenue to secure satisfactory closure to the Mindanao conflict. Through it, valid historical narratives can be articulated in pursuit of a common understanding that will in turn pave the way for reconciliation. A by-product could be a comprehensive review and consensus account of Philippine history that includes and gives long-warranted space for the Moro and Lumad histories, to be disseminated widely, especially within the national education system.

Ensure final disposition of arms and mainstream former combatants as productive members of society

Formulate a more sustainable and effective Disarmament and Re-integration program that would include a host of initiatives and activities such as:

- drawing on best practices worldwide and adapting them to local conditions;
- involving all former combatants from all sides of the conflict in the Disarmament and Re-integration program, including the AFP and other paramilitary units;
- pushing forward discussions between the GRP and the rebel fronts on the disposition of combatants and armaments;
- transforming mindsets and perspectives on conflict through seminars and peacebuilding activities;
- dismantling the infrastructure for the illicit trade in weapons and ammunition;
- entrenching the rule of law to the point that arms, warlords and rebel fronts are rendered superfluous;
- providing employment and livelihood to adult combatants; and
- putting in school young combatants below the official working age.
- Make the Disarmament and Re-integration program gender-aware and women-specific to be effective. It must differentiate the specific roles and needs of male and female combatants, supporters and dependents. It must also take into account the special roles and concerns of women in conflict situations.

Restore justice and rule of law by reforming the justice system into one that is widely perceived to be fair, responsive and equitably accessible.

Review and rectify the existing divisive and discriminatory practices in the justice system, including certain prevailing practices in 'lawyering', judging, and meting punishment that are biased against women and girls, ethnic groups, or particular classes of peoples. This will entail faithful application of the appropriate laws, and capacity-building for the people concerned.

Adopt a policy of legal pluralism that accommodates and integrates legal systems based on Islam, indigenous and traditional practices and other religio-legal systems. To the extent permitted by law, some flexibility must be provided to permit alternative 'lawyering', especially when minorities are involved. A mechanism must be instituted to redress individual and collective cases of injustice by way of indemnifications of victims in various creative and meaningful forms of transitional justice and/or restorative justice.

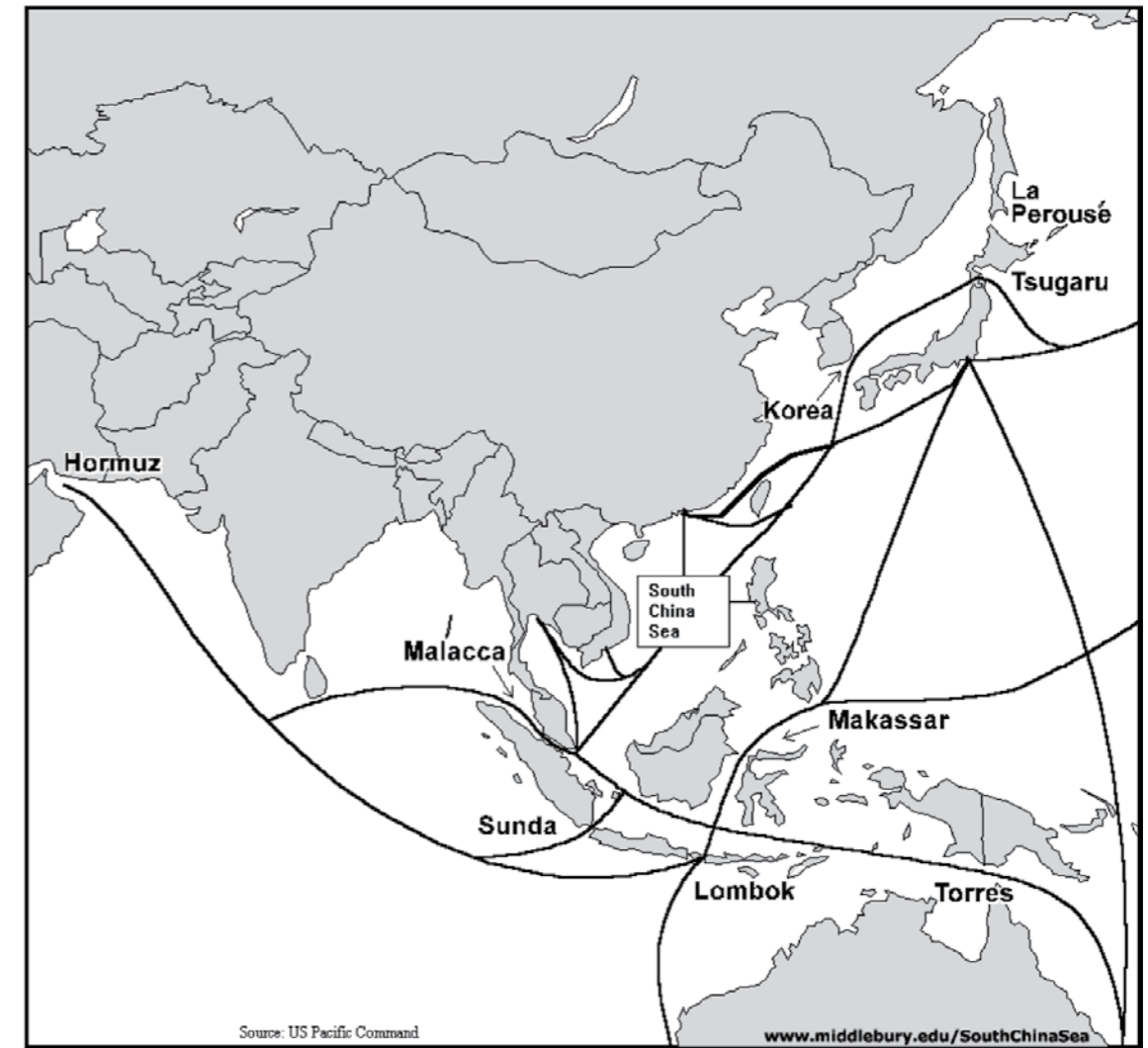
Review and revise as may be necessary, laws and policies on the peace and order councils (POC) in order to professionalize, equip and empower all POCs at all levels.

Institutionalize consultation and communication mechanisms in the service of peace negotiation.

The following specific initiatives would further support this overall strategy:

- **Institute measures and standards that will professionalize law enforcers** and make the justice system accessible, fair and common citizen-friendly

Figure 5-2 Lombok-Makassar-Sulu Sea Lane



Source(s): <http://www.southchinasea.org>
<http://wikipedia.com>

- **Strengthen the Katarungang Pambarangay (KP) justice mechanism;** recognize and adapt traditional/alternative mechanisms to *rido* resolution in local areas; and/or institutionalize similar indigenous justice mechanisms
- **Ensure the integration of a gender perspective** in all the above initiatives and the systemic capacity to implement gender-responsive justice.

Nurture and firmly entrench a culture of peace among all Mindanawons.

Reverse and transform the negative culture of separation, discrimination and exclusion fomented by years of war and conflict into a positive **culture of peace**, with the following operative words: **Partnership** (stakeholdership) that would ensure joint and collective efforts across the ethnic groups

comprising Mindanao society; **Participation** (inclusion) that would afford every Mindanawon to have an opportunity to be heard and to take action on decisions that shape his/her future; **Parity** (equality) that would eliminate the divisive biases and prejudices that the conflicts have engendered through the years, and **Reconciliation** of conflicting parties, clans and communities that would allow the much needed social cohesion to take root among the protagonists in the Mindanao drama.

Deliberately address discrimination and prejudice through the educational system. Address cultural biases in primary and secondary schools, while providing Mindanao students at tertiary levels, with the intellectual tools to understand the roots of prejudice and the ways out of it. The recommendations from the review of the Comprehensive Mindanao Education Program (CMEP) provide a good starting point for this effort.

The following initiatives would support this overall strategy:

- Integrate peace education in the official curricula at all levels and ensure cultural sensitivity of textbooks, teaching methods, school calendars, and even the physical landscape
- Radically revise all educational and communication practices and references to curtail the pervasiveness of gender biases, false stereotypes, misrepresentations, and neglect that not only divides people but also demean some groups.
- Review and revise the Comprehensive Mindanao Education Program (CMEP) to be instrumental in establishing a culture of peace and gender sensitivity.
- Strengthen Mindanao's International Humanitarian Law (IHL) Peace Studies Programs both in the baccalaureate and graduate levels
- Establish platforms for cultural and religious dialogues and exchanges (both inter- and intra-) at all levels
- Institutionalize indigenous conflict resolution and healing sessions in communities
- Establish a community information and communication plan in every municipality.
- Institute a consultative and transparent mechanism to discuss issues of peacekeeping, peacemaking and peacebuilding in every community.

Complete the reconstruction and rehabilitation of all conflict affected areas.

Undertake resettlement of the IDPs and wholesale reconstruction in all former conflict areas, covering local infrastructures such as farm to market roads and irrigation systems, and restoring and improving delivery of basic services such as basic education and primary health care.

Adopt a policy that ensures all development projects and programs in conflict-affected and vulnerable areas are conflict and gender sensitive, viewed and assessed through a "peace and gender lens". Integrate reconciliation and healing among people in conflict-affected areas in the restoration of peace, employing appropriate psycho-social interventions. Establish centers for trauma healing and reconciliation in strategic places, similar to those established under the Truth and Justice Commission in South Africa.

Strengthen the mandates of the LGUs toward consolidating their competence and primary jurisdiction on issues of peacekeeping, peacemaking and peacebuilding in all former areas of conflict.

Figure 5-3 The Coral Triangle



Source: World Wildlife Foundation (Coral Triangle Priority Place Boundary)

The following initiatives would further support this overall strategy:

- Secure a quantum amount of development assistance (say 5-10 billion dollars) for a 10-year affirmative action public/private investment program for Mindanao towards the complete reconstruction and rehabilitation of all conflict areas up to 2020 (i.e., a genuine "mini-Marshall Plan" for Mindanao). Ensure that rehabilitation takes into account the risks posed by natural and man-made hazards.
- Design a gender-sensitive human security plan for each community and allocate at least 10% of its IRA for the purpose. The security plan must also be cognizant of and address the concerns of hazards to minimize risks on people and the creation of new norms of conflicts.
- Undertake focused initiatives in Bangsamoro areas directed at enlivening the local economy and closing the economic gap with progressive areas in Mindanao
- Mobilize people's participation in meeting the Millennium Development Goals (MDG) in the whole of Mindanao, but especially in MDG-lagging areas.

Widen partnerships for peace in Mindanao.

Assert that peace in Mindanao is not something that government alone could provide or achieve, but can only be secured through the collective and collaborative efforts of government with the people, through the private sector and civil society organizations (CSOs). The private sector can invest in peace; CSOs can advocate for peace. The former is exemplified by the Unifruitti Company's decision to invest in a major banana plantation project (La Frutera) in Datu Paglas municipality in Maguindanao (see Box 7-2 in Chapter 7). There are more examples of advocacy work for peace being done concretely by CSOs from within the Christian, Muslim and Lumad communities.¹⁶ Government, especially units of government working in Mindanao (MinDA, OPAPP, RDCs, LGUs) must pursue and enrich such multistakeholder partnerships.

Recognize and tap the role of the international community in securing and sustaining peace in Mindanao. The entire Islamic world and indeed the entire trading world, have a stake, in varying degrees, in a peaceful and developed Mindanao. Consistent with this, there has been strong international interest in the Mindanao peace process, manifested in participation of key foreign partners in facilitation or monitoring the peace process through the International Contact Group (ICG) and the International Monitoring Team (IMT), and/or through provision of resource support to the effort to secure peace and development in Mindanao, via official development assistance.

Pursue efforts, in support of the above international partnership strategy, to reframe the BIMP-EAGA Agreements to include the following:

- Open borders among participating regions of the littoral states to enhance and facilitate not only trade and mobility of people, but also the emergence of a new common and inclusive identity that is based on the Sulu-Celebes Basin.
- Strengthen the cooperation and partnership among the littoral states to jointly manage and protect the rich offshore resources in the area, including and especially the Coral Triangle.
- Strengthen partnership among the BIMP states, and between them and the external users of the sea lanes, in the over-all strategy of securing the sea lanes, the ports and general port-to-port safety.

Forestall potential new threats to peace and security, particularly conflicts and disasters arising from environment and natural resources mismanagement.

Safeguard environmental security via sound environmental management, forward looking climate change adaptation, and disaster preparedness and management. Mindanao's future development cannot be pursued at the expense of environmental integrity and judicious natural resource management, without which new conflicts over resources are likely to arise, and threats from environmental disasters are likely to exacerbate. It is thus critical to future peace and security in Mindanao that future development be pursued with the ecosystem as basis and unit for planning (see Chapters 3 and 7).

Specific initiatives in pursuit of the above include:

- Integrate deliberate climate change adaptation measures in local development plans and comprehensive land use plans
- Formulate disaster risk preparedness reduction and management plans as part of local planning, with defined roles for various stakeholders including government, private sector and communities.
- Closely regulate extractive industries, such as mining, forestry and fisheries, to ensure responsible management of environmental and social impacts resulting from their respective operations.
- Encourage sound environmental management by communities particularly in environmentally sensitive areas such as uplands and coasts, through community-based resource management (CBRM) schemes and payments for ecological services (PES) mechanisms (see Chapter 7)

In the end, it is the attainment of a unifying, lasting peace that underlies, first and foremost, the quest for a Mindanao that is both One and Number One within twenty years. Reaching it hinges on us Mindanawons ourselves reaching out together to attain it.

¹⁶ The Mindanao Peaceweavers, Kadtabanga Foundation, Mindanao Commission on Women, and Panagtagbo Mindanao are specific examples from the Christian, Muslim and Lumad communities, respectively.

CHAPTER 6

Human Development and Social Cohesion: A Mindanao Free of Want, Free of Fear



Where We Are Now

Overview

Poverty and deprivation remain the single most important human challenge in Mindanao. In spite of an unusual abundance of natural wealth, Mindanao has the worst incidence of poverty in the country. Through most of the past decade, half (50%) of Mindanawons have lived below the poverty line, well beyond the national average of 33%.¹⁷ In 2009, six of the country's 10 poorest provinces were in Mindanao, namely: Zamboanga del Norte (poorest at 52.9% poor families), Agusan del Sur (2nd at 51.2%), Surigao del Norte (3rd, 47.9%), Maguindanao (5th, 44.6%), Zamboanga Sibugay (6th, 43.2%), and Davao Oriental (8th, 42.5%). More than half of Mindanao is considered to be in a critical state of poverty.

The high poverty situation is compounded by presence of armed conflict in certain areas. Studies on the costs of armed conflict indicate their most direct impacts to be in terms of fatalities and population displacements, dominantly among the non-combatants. The armed conflict in the Philippines has produced staggering numbers of internally-displaced people who have been exposed to very poor living conditions; around 985,412 were estimated to have been displaced in the island region of Mindanao in the 2000-2001 period alone (DSWD).

At the same time, areas where conflicts arise have been shown to suffer persistent negative economic and social effects as wars destroy or damage productive assets; increase exposure to conditions that raise the risk of disease, injury and death; and decrease the available pool of resources to finance government's education, health and nutrition programs. Additionally, conflict has disrupted health and education systems and reduced user access to these services, and increased the burden of the war among the most marginalized households as the conflict affected areas in the country are those in which the poor are located (Busran-Lao 2005).

But even conflict-free areas in Mindanao have suffered a relative neglect of basic services and human development. Indeed, for most of the past decade, the state of human development in the Philippines has remained relatively stagnant as reflected by the country's Human Development Index (HDI).¹⁸ In the 2009 Human Development Report (based on 2007 data), the Philippines had a HDI of 0.751, ranking 105th out of 182 countries included in the listing. The HDR for 2007-2008 (based on 2006 data) ranked the Philippines 90th among 177 countries with an HDI of 0.771, indicating that the country's latest HDI performance had worsened from previous years.

Most of Mindanao has an HDI lower than the national figure, presenting yet another indication of Mindanao's relatively depressed state relative to the rest of the country (Figures 6-1a and 6-1b). It is noteworthy that the worst-off areas are also the conflict-affected areas, particularly in Central Mindanao, and the island provinces of Sulu, Tawi-Tawi and Basilan.

Overlaying the generally depressed human conditions in most parts of Mindanao is a fractured society marked by divisions and wide gaps across economic, social, ethnic/cultural, religious and political lines. Income distribution in two of the six Mindanao administrative regions (Regions IX and X) is worse than in the rest of the country. Table 6-1 shows that as of 2006, the greatest inequality in income distribution (as evidenced by higher Gini coefficients) were found in Region IX (Zamboanga Peninsula) and Region X (Northern Mindanao), with degree of inequality exceeding that nationwide. The same is seen in Table 6-2, which shows that the ratio of the income received by the top 10 and 20 percent of the Mindanao population to the bottom 10 and 20 percent, respectively, is larger for Regions IX and X than the same ratios nationwide. However, the other regions of Mindanao appear to have better income equality than nationwide, including in ARMM, which appears to have the least inequality.¹⁹

Surveys and consultations²⁰ consistently reveal layers of hurts traceable to historical injustice – including gender biases and prejudices, negative labelling, social invisibility, and long-term experiences of ostracism, neglect, insult, misrepresentation, dispossession, and discrimination.

Fear is also prevalent among many Mindanawons, arising from diverse experiences on the outcomes of land grabbing, family feuds, proliferation of arms, private armies, hunger, environmental degradation, human rights violations, and displacement due to disasters. Also palpable is a common lack of trust for certain government agencies and other institutions, bred by many years of perceived government insincerity towards Mindanao. While such disharmonious relationships may also be found elsewhere in the country, they are particularly prominent in Mindanao, where dramatic contrasts of extreme poverty and extreme affluence are observed to exist across localities and across segments of society. Lack of cultural cohesiveness, marked by cultural insensitivity and ethnocentrism has been seen as a formidable obstacle to efforts to uplift human welfare and security in the island group.

It is useful, in the context of Mindanao discussions, to view human development within the concept of "human security" as espoused by the United Nations Development Programme (UNDP),²¹ that is, as a condition marked by *freedom from want* and *freedom from fear*. It is thus a holistic notion that addresses multi-faceted threats to human well-being that include hunger and deprivation, disease, natural disasters, and violent conflicts, all of which are strongly associated with poverty, lack of state capacity and other forms of inequities. The closely related notion of "social cohesion" refers to "the capacity of a society to ensure the well-being of all its members, minimizing disparities and avoiding marginalization."²² Thus, it has to do with inclusiveness, bridging divisions, and achieving unified communities working together for the common good of society.

17 The nationwide average poverty incidence of 33 percent is for 2006. The methodology for calculating poverty incidence has been changed in 2009; thus the 2009 figures subsequently cited are not comparable to this.

18 The HDI is a composite measure developed by the United Nations Development Programme (UNDP) to help assess a particular nation's quality of life for its citizens in terms of three calculable facets of human well-being: purchasing power, a long and healthy life and the access to knowledge

19 However, given low per capita incomes in the case of ARMM, this may be more indicative of "shared poverty" rather than "shared affluence."

20 Among these are the informal quick survey and the Focus Group Discussions undertaken for this Mindanao 2020 planning exercise, as well as the far-reaching Konsult Mindanaw and Dialogue Mindanao surveys that were undertaken in the wake of the failed GRP-MILF Peace Negotiations in 2009.

21 Global attention was first drawn to the concept of human security in the United Nations Development Programme's 1994 Human Development Report.

22 High Level Task Force on Social Cohesion (2008).

Table 6-1. Gini Coefficients, Mindanao Regions vis-a-vis National, 1991-2006

AREA	1991	1994	1997	2000	2003	2006
Philippines	0.4680	0.4507	0.4881	0.4822	0.4605	0.4580
Region IX	0.4057	0.3861	0.4679	0.4732	0.5197	0.5054
Region X	0.4380	0.4157	0.4948	0.4794	0.4817	0.4806
Region XI	0.4348	0.4114	0.4500	0.4318	0.4574	0.4225
Region XII	0.4050	0.4280	0.4535	0.4631	0.4774	0.4006
Caraga	-	-	0.4381	0.4118	0.4303	0.4452
ARMM	0.3197	0.3125	0.3489	0.3171	0.3578	0.3113

Source: National Statistics Office (NSO) except for 1997 and 2000 which were taken from the National Statistical Coordination Board (NSCB).

Table 6-2. Income Ratios of Top 10/20% to Bottom 10/20%, Mindanao Regions vs. National, 2006

Area	Top 10%/Bottom 10%	Top 20%/Bottom 20%
Philippines	18.9	11.0
Region IX	24.3	13.5
Region X	19.6	11.4
Region XI	15.0	9.0
Region XII	12.8	7.5
Caraga	17.0	9.4
ARMM	7.5	4.6

Source of Basic Data: Family Income and Expenditure Survey 2006

Human Development Challenges

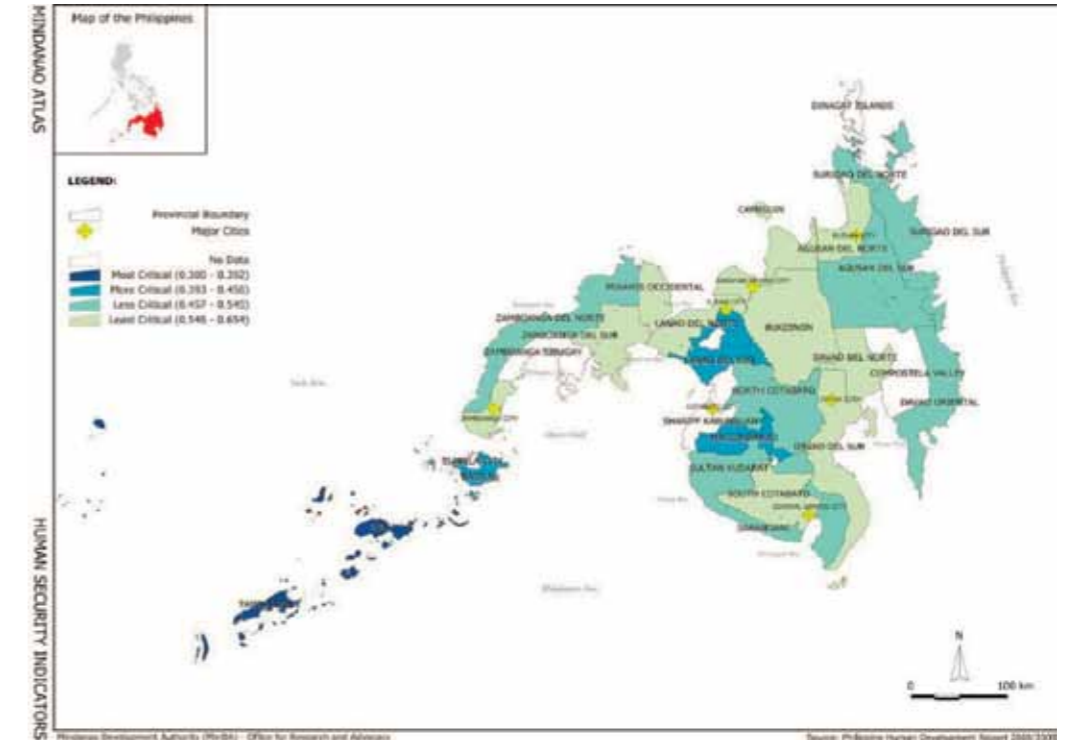
Mindanao has a disproportionate share of poverty and depressed areas relative to the rest of the country. In 2006, 14 towns in Mindanao were among the country's 20 poorest, with Siayan in Zamboanga del Norte at the bottom, having a poverty incidence of 97.5% of families. Also among the country's 20 poorest towns are Sominot, Zamboanga del Sur (87.5% poverty incidence); Tangcal, Lanao del Norte (86.7%); Midsalip, Zamboanga del Sur (86.3%); Bacungan, Zamboanga del Norte (85.2%); Jose Abad Santos, Davao del Sur (84.6%); Godod, Zamboanga del Norte (84.6%); Lapuyan, Zamboanga del Sur (84.4%); San Luis, Agusan del Sur (83.1%); Poona Piagapo, Lanao del Norte (81.7%); Don Marcelino, Davao del Sur (80.8%); La Paz, Agusan del Sur (79.7%); Sarangani, Davao del Sur (78.7%); and Talaingod, Davao del Norte (78.6%).

Seven (7) out of the 10 provinces with lowest average income in 2006 are in Mindanao. In 1997, only 4 Mindanao provinces

were listed among the bottom 10 with lowest average income nationwide. But by 2006, the list had expanded to 7, with the addition of Basilan, Maguindanao, and Zamboanga del Norte. Tawi-Tawi is at the very bottom of the list for the entire Philippines, with an average per capita income of only PhP6,664 in 2006. In the same period, average income per capita in Mindanao fell in real terms from PhP21,841 in 1997 to only PhP 19,073. Disparities were very wide; average per capita income in Sulu was PhP7,594 in 2006, while Davao's corresponding figure was PhP27,998.

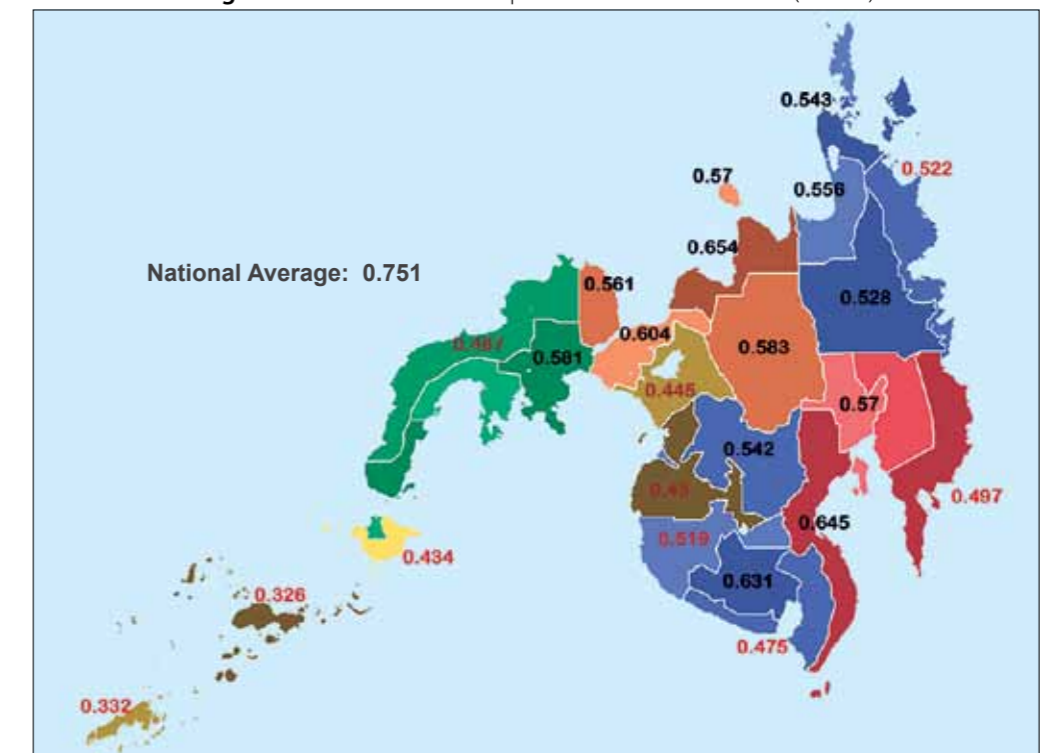
Income and consumption disparities are particularly wide in Mindanao. Lanao del Norte registered the highest consumption inequality in the country in 2003, with the richest 10% accounting for 41.4% of the consumption, while the poorest 20% accounted for only 5.6%. Zamboanga del Norte had the second highest consumption inequality in the country in 2003, with the richest 20% accounting for more than half of the province's level of consumption, while the poorest 20% accounted for only 6.3% in 1997. The complexity of the challenges facing Mindanao may be discerned from wide variations and apparent paradoxes

Figure 6-1a Human Development Index Map of Mindanao, 2006



Source: Philippine Human Development Report 2007/2008

Figure 6-1b Human Development Index in Mindanao (Values)



Source: Philippine Human Development Report 2007/2008

in reported human development indicators. For example, ARMM provinces, while among the poorest, also posted low levels of consumption inequality, with Sulu posting the lowest consumption inequality in the country. With worst poverty accompanied by lowest inequality, the picture that emerges is one of equity in adversity.

The state of health in Mindanao is generally poorer relative to the rest of the country. Average life expectancy in Mindanao is shorter, with the average Mindanawon expected to live 65 years, against a national average of 70 as of 2006. This may be attributed to relatively lower access to health care, and vulnerabilities caused by armed conflict, hunger, unsafe living conditions in degraded lands, and/or criminality in uneven peace and order conditions. In 2006, five out of 10 provinces with the lowest life expectancies nationwide were Mindanao provinces, all of which are in the ARMM. There is wide variation within Mindanao alone: Sulu registered the lowest life expectancy of 55.5 years in 2006, while Zamboanga del Norte posted the highest at 70.4 years.

Nonetheless, there has been substantial improvement in life expectancy since 1997, when the average was only 62.4 years. This could be reflective of a significant improvement in the Mindanao health situation within the decade, as well as reduced vulnerability to armed conflict. But even as Zamboanga del Norte and Surigao del Norte (as top performers in Mindanao) registered life expectancy increases of 10-15 years between 1980 and 2006, Tawi-Tawi and Sulu saw average life expectancy decline by 10.6% (PHDR 2009). In fact, these were the only provinces where life expectancy declined among all provinces nationwide.

Maternal and infant mortality rates are high in Mindanao, where women have the highest fertility rates in the country, averaging 5.0 children per woman. Infant mortality rates (IMR) are high relative to the national average especially in far-flung regions in Mindanao. High maternal mortality rates (MMR) are also prevalent, and is attributed to fertility rate, average age at first delivery, birth spacing and the over-all access of women to reproductive health services. In ARMM, only 16 out of every 100 women had births attended to by health professionals. This also reflects the fact that Mindanao LGUs employ the lowest number of doctors. Compared to the national average of 2,943, Mindanao had only an average of 90 LGU-employed doctors as of 2003.

Parts of Mindanao, already disadvantaged in education as it is, are seeing further setbacks in key education indicators. In 2006-2007 the elementary school Net Participation Rate (NPR) for Mindanao stood at 78.5% which is well below the national NPR of 83.2%. Zamboanga del Norte, Tawi-Tawi, North Cotabato, and Davao Oriental registered severe drops of 10 percentage points or more in basic enrollment rate. Despite the gains of at least 9 percentage points by Maguindanao and Surigao del Norte, the bottom figures for most of Mindanao compare badly with Benguet's 76.6%, Rizal's 73.9%, Cavite's 73.7%, and even Batanes' 65.5% and Abra's 64.7%.

Six out of ten provinces with the lowest high school graduate ratio are from Mindanao, even as the average high school graduate ratio in Mindanao improved from 37% in 1997 to 45% in 2006. The six provinces are Sulu, Sarangani, Davao Oriental,

Zamboanga del Norte, Tawi-Tawi and Basilan. Sulu continues to be the province with the lowest high school graduate ratio, but its value slightly increased to 23.1%. On the other end, Misamis Oriental continued to register the largest high school graduate ratio among the Mindanao provinces, with its value increasing from 54.5% in 1997 to 62.9% in 2006.

Mindanao women are relatively more disadvantaged, and need particular attention in the areas of economic opportunities, reproductive health, political participation, education, and even basic services such as water and power. Among the Mindanao population, it is women in particular who struggle in visceral ways with poverty, unemployment and underemployment, along with lack of access to basic social services such as health and education. On top of these basic difficulties, they must contend with constant violence in their lives, especially in but not limited to the politically unstable parts of Mindanao.

Violence against women and children (VAWC) is an identified major social problem that has been further exacerbated by armed conflict. The most common form of violence against women is physical abuse. Rape is second, followed by incest, illegal recruitment, and involuntary prostitution. Even as violence against women has gained visibility as a public policy and public health concern, reporting of such cases remains dismally slow. The culture of silence in conservative, rural societies has prevented government from capturing the gravity of the situation.

Mindanao has 8 out of the 10 provinces with lowest gender sensitivity and equality rankings nationwide. Parts of Mindanao had the lowest Gender-related Development Index (GDI), which measures the inequality in the achievement of women and men based on life expectancy at birth, educational attainment and standard of living. GDI is low in the ARMM compared to other Mindanao provinces, posting an average of 0.449. Sulu province is again lowest in this measure for the entire country, with a GDI of 0.322.

Major threats to human security persist in Mindanao. Six Mindanao provinces were deemed to be most critical with respect to human security concerns, namely: Tawi-Tawi, Sarangani, Maguindanao, North Cotabato, Sultan Kudarat, and Sulu. Table 6-3 presents baseline human insecurity indicators of these provinces.

Fear is the natural consequence of lack of human security in Mindanao, and apart from the reasons cited earlier, has more localized sources such as clan conflict (*rido*), kidnapping, drugs trafficking, and militarization around big industries, plantations, and mining operations. A number of political families – both Christians and Muslims – reportedly maintain arsenals of various firearms and stacks of ammunition, and openly flaunt the use of these firearms by their private armies. While purported to provide security for politically and/or economically powerful families, they have also become sources of insecurity for ordinary people in the communities where these families rule.

Fear of natural and man-made disasters that lead to destruction of life and property and to forced displacement is also common, especially among those who live in delicate environments. Caraga, Northern Mindanao, the Zamboanga Peninsula, Davao

Region and Southern Mindanao regions are particularly prone to environmental conflict. The wanton exploitation of natural resources also sows fear among the populace as it is often accompanied by militarization. Consultations among rural communities attribute lack of peace to the issues of environmental destruction, land-use and management, and land ownership. *Lumad* farmers, professionals, and tribal leaders lament that exploitation is done in their ancestral domains, aggravated by knowledge that many of the owners of the involved corporations are not from Mindanao.

The direct victims of violent conflict are women, children and the elderly. More than half of the internally displaced persons (locally referred to as *bakwits*) are women. The impact of war on children can be seen in the 25% school dropout rate in ARMM, or three times the national average. Psychological trauma on children is also a silent but potentially damaging consequence of the war in Mindanao that will be manifest in the long-term. Moreover, an increasing number of rebel fighters have come from the ranks of children dropping out of school. Meanwhile, the adverse impacts of physical displacement on the elderly are readily apparent.

Social Cohesion Challenges

Interactions of social structures and organizations define what is commonly referred to as social capital; social cohesion is said to be improved when social capital is enhanced. There is ample evidence that unity is strong within the same ethnic and cultural groups; conversely, unity is observed to be weak where various ethno-linguistic and cultural groups have to live together and share resources. Mindanao is widely perceived to be lacking in social cohesion, and thus weak in endowment of social capital. It is regarded as particularly prone to conflict, which in turn accounts for underdevelopment. A historical need, then, is to build networks of civic engagements at all levels: within and across communities, and between the State and communities.²³

These observations are particularly apparent in the context of Muslim Mindanao, with some asserting that the absence of social cohesion is at the root of the problem in Muslim Mindanao.²⁴ The uneven relations of the Muslim Filipinos with the State, and the lack of harmony among the various ethno-linguistic groups in the island, especially between Muslims and Christians, are linked to high poverty levels and inequality in the ARMM. A major impediment to peace has been the dramatically opposing perceptions of the Bangsamoro and the State regarding governance and social realities in Muslim communities, as reflected in the MNLF-GRP talks that ended with the 1996 Peace Agreement, and the on-going peace talks with the MILF.

In the most recent peace talks, the GRP panel has demonstrated greater appreciation of Moro perspectives in their negotiations with the MILF. The openness to discussing issues of ancestral domain and self-determination signals the shift of government policy from military action and pacification/ cooptation of Moro revolutionary groups, to resolving fundamental differences of perspective.²⁵ A higher degree of mutual trust and respect is now said to exist between and among the GRP and MILF panel

negotiators. The ongoing capacity building and planning for development assistance to conflict-affected areas are likewise helping build trust. More importantly, there is strong and unprecedented support by and participation of civil society organizations in the peace process. In general, there appears to be a better appreciation of the roots of the conflict on both sides of the negotiations.

Mindanao's social fabric is impaired by feelings of offense, hurt and consequent mistrust that have persisted and grown through time among various groups, transcending cultural, religious, ethnic and socio-economic lines. As mentioned earlier, these hurts are traceable to historical injustice, gender biases and prejudices, discrimination, dispossession, neglect, insult, misrepresentation, labeling, invisibility and ostracism. Forms of discrimination range from non-access to government's basic services to unfair treatment in the workplace to militarization. Past decades have witnessed prejudice-driven actions piled on top of earlier acts of dispossession, neglect, misrepresentation, insult, and ostracism particularly in the areas that have been under Islam for at least 4 centuries, and in the increasingly constricted homelands of the *Lumad*. These historical injustices are commonly seen to have emerged from the migration from Luzon and Visayas in the early part of the 20th century, and from the discriminatory administrative policies of the Spanish and American colonial and Philippine Commonwealth governments.

The social divides in Mindanao are further aggravated by government policies and deeply-rooted cultural biases expressed by Filipinos living in other parts of the Philippines, particularly in the National Capital Region. Deep resentments were fomented by Luzon's seeming premise that Mindanao's resources can be handed out to migrants in the early and mid 20th century irrespective of who had prior occupancy of the land — and that policies and programs can be planned and enacted at the center without consultation with Mindanao communities.

Ordinary Mindanawons express confusion on the positions taken by parties on various sides of the Mindanao conflict. Consultations have pointed to the diversity of views, actions, and pronouncements of the different agencies of government in dealing with conflict and rebellion. It had been observed that government peace panels had in the past taken one approach while the military establishment took another track, even as Congress lamented being ignored, local governments felt bypassed, and the Office of the President claimed non-intervention. This had prompted a clamor for sincerity manifested in consistency and coherence of actions from the various instrumentalities of government.

In a similar vein, people have expressed confusion on the positions taken by the different Moro groups and their supporters. The general populace is not clear on the positions of the MNLF, MILF, and other clans, organizations, and personalities involved in the conflict. Some register grave concern over the infighting between and among different subgroups of the Bangsamoro population. Even NGOs are seen to be divided for reasons not clear to ordinary people.

23 Ibid.

24 Ramiro (2000), Governance and Development in Mindanao, p.345

25 Bacani (2007), The MNLF and MILF Peace Tracks: Prospects and Challenges.

Mindanaons have widely expressed²⁶ a high level of mistrust directed at political leaders at the national, regional and local levels, perhaps to an extent now overshadowing historically rooted mistrust for those who abide by other faiths, cultural practices, and language groups. The mistrust for leaders is manifested in recurring calls for greater sincerity and public accountability not only on the part of the government but also on the Moro Islamic Liberation Front and their supporters.

Through the years, the conflict situation in central Mindanao, parts of the Zamboanga Peninsula and the Basilan-Sulu-Tawi-Tawi sub-region have approximated conditions of civil war. As such, Mindanao's safe and prosperous areas are inevitably linked in the public eye to the dangerous and poverty-stricken areas inasmuch as civil war conditions precisely consist of stark contrasts in a divided land. This has induced people and leaders in some otherwise peaceful and stable areas to assume a stance of dissociating themselves from Mindanao, in an effort to avoid the stigma that affects all areas in the island group due to problems actually confined to limited areas.²⁷ These further undermine the goal of social cohesion to the extent that they make the achievement of a unified Mindanao even more difficult when the basic ingredient of belongingness is absent.

Large numbers of Muslim Mindanaons have migrated out of Mindanao over the past decades. Both poverty and armed conflict have impelled hundreds of thousands of peaceful Muslims to leave Mindanao and establish trade-based communities in Luzon and the Visayas, or leave the country altogether. The Muslim diaspora is spread all over the Philippines, with mosques now found in every province and city. The largest community is in Metro Manila, where Muslim traders have become especially visible in the pearl and DVD trades. Recent data indicate that such migration is a rapidly growing phenomenon. The National Commission on Muslim Filipinos has estimated that at least 20,000 "Balik-Islam" or "reverts" live in traditionally Catholic Luzon. Over 2 million Muslims are estimated to live outside of Mindanao, with a large portion of this population undocumented. A sizeable population called "halaws" who originated from the Western Mindanao islands had also migrated to Sabah to escape the 1970s conflict.

Lumads commonly lament being left out of discussions, negotiations and agreements, and initiatives for Mindanao. For the *Lumads* in general, their concept of peace is equated with food adequacy, cohesive family and clan relations, and self-governance – all anchored on their right for self-determination and land ownership. While the National Commission on Indigenous Peoples (NCIP) was established to address their concerns, consultations among *Lumad* respondents often lead to assertions that NCIP is weak and ineffective in attending to indigenous peoples' ancestral domain claims. In some cases, it is perceived to even serve the interests of those out to exploit IP lands.

Seeds of Hope

Notwithstanding the above challenges, consultations consistently indicate that communities and individuals are eager to take part in peace building.²⁸ There has also been an observed shift in Mindanao people's outlooks and attitudes through the years. Artists have volunteered to build peace monuments, music composers persistently sing of peace. Business interest groups have taken the initiative to invest in conflict affected areas, and vow to scale up such investments and experiment with even more innovative business models.²⁹ Academics resolve to direct more relevant research efforts toward Mindanao issues. Parents resolve to teach their children respect for other groups. Muslim, Christian and IP women leaders have raised their voices in unison for peace and development. Individuals commit to learn the language of a neighboring tribe. Psychologists pledge to direct their attention to the care of children affected by war. And many NGOs express continuing commitment to work in difficult situations to provide direct assistance to communities. All these demonstrations of goodwill, manifested in numerous FGDs around the Mindanao regions, reflect a continuing hope in a Mindanao wherein peace and the general well-being is a common aspiration.

Many communities have organized themselves to create and/or strengthen indigenous mechanisms to ensure the provision of economic and social services to their populace. In other cases, external actors have supported local institutions in order to hasten and support the implementation of development projects and to promote peace and conflict resolution strategies in war-affected areas. There are numerous examples of communities and organizations that have successfully addressed the issues that are rooted in the lack of peace. Project and program interventions that have been undertaken by civil society organizations toward peace-building may be classified according to aims, viz (Coronel-Ferrer 2005):

Those that *intervene directly in the conflict* such as the prevention of the escalation of violence, strengthening confidence-building and facilitating dialogue and undertaking unarmed protection and prevention;

Those that *address the consequences of violence such as postwar reconstruction*; and

Those that *work on the 'social fabric'* or ensure that institutional reforms are undertaken in order to reduce the negative impacts of conflict.

A number of civil society organizations have undertaken initiatives that have strengthened inter-faith dialogue among Christians and Muslims in their respective communities.

For example, The Mothers for Peace Movement, composed of women from different ethnic and religious groups, has formed hundreds of peace circles in Mindanao. Women in these peace circles are trained to prevent, resolve and contain family and community conflicts.

Consultations likewise indicate a pervasive sense of spirituality that informs the thinking and behavior of Mindanaons. Because religion has been a crucial aspect of cultural division, it is important to observe that inter-faith work for conflict resolution has been on the forefront of Mindanao social life. Religious leaders of all faiths continue to be highly regarded, and in large part, have committed to cross-cultural dialogue. This important role is generally assumed by these leaders within language, religious, and regional communities sharing common spiritual beliefs.

Women have historically played important roles as peace-makers, peace-builders, and peace-keepers. Bangsamoro women effectively play the role of mediators in conflict situations. In the Arumanen Manubo tribe, women are sent to the enemy to settle conflicts. More often than not, women are successful in such negotiation processes and are able to prevent conflict from escalating, suggesting the important role they can potentially play towards securing resolution in the Mindanao peace negotiation process.³⁰

Children and youth are the primary stakeholders of any long term planning exercise, and will be critical instruments toward making Mindanao 2020 happen. Indeed, youth groups have been very forthcoming in organizing forums in support of the Mindanao 2020 planning exercise, and in responding to the quick survey to elicit a shared vision for Mindanao. In the course of the *Konsult Mindanaw* FGDs, they have pledged concrete initiatives at individual and collective levels for achieving peace in Mindanao. They have also made concrete contributions to the economic development strategies and thrusts described in the next chapter, through the FGDs in which they have participated. As a guiding principle, this Plan recognizes children and youth as strategic change agents, constantly proving to be effective gateways to the hearts and minds of adults within their own families and communities. Thus, they will have potentially powerful roles to play in the translation of Mindanao 2020 into reality.

Where We Want to Go

Vision

In 20 years, Mindanaons would like to see:

A Mindanao where no one is deprived – where people are able to develop their potentials as individuals and as communities; build trust and solidarity across regions and diverse cultural identities; and live and work in full respect of the ecological and spiritual systems of which they are part and draw sustenance from.

Goals

The following goals define this vision of a Mindanao free from deprivation:

1. Good health and overall well-being among the entire population, where families enjoy easy access to responsive health care systems and financing that are appropriate to local contexts and cultures.
2. Maximum access to quality, relevant, and culturally sensitive education for all, enabling people to affirm both local cultures and universal values, and gain knowledge and skills that are appropriate to real life and global challenges.
3. Empowered communities that assert their distinct identities and share social values that promote the common good; provide opportunities for personal growth and oblige collective accountability; and possess the wherewithal to resolve internal conflict and inspire active participation in the wider public life.
4. Enhanced geographic linkages that foster harmony and cross-cultural exchange among communities that recognize and respect each others' differences; and help erase the distinction between the "two Mindanaos" by bridging the gap between depressed and vulnerable areas and dynamic growth areas.

Targets

By 2016,

- Poverty incidence is down to 30% of families (from 32.5% in 2009)
- Income distribution is 5% better than the 2009 nationwide distribution, i.e., a Gini coefficient of 0.42.
- Average life expectancy in Mindanao has improved to 67 years.
- Elementary and high school enrollment and completion rates have improved by 50 percent over their 2010 levels.
- 85% of all barangays have functioning and amply equipped health centers accessible to all

²⁶ These expressions of mistrust have emerged in the various consultation forums described in Footnote 4.

²⁷ One such deliberate effort may be seen in Zamboanga del Norte, whose leaders prefer to dispense with the name "Zamboanga" and refer to themselves as "ZaNorte" instead, and rather than identify with Mindanao, prefer to situate themselves as "South of Cebu."

²⁸ These especially emerged in the *Konsult Mindanaw* FGDs all over Mindanao.

²⁹ The "Datu Paglas Model" described in Box 7-2 in the next chapter is one such innovation that has intrigued policy analysts.

³⁰ The massacre of a group of women and journalists in Maguindanao in November 2009 could be a major setback, however, as its implications regarding women's social status in the ARMM could impair the traditionally effective role of women in securing peace.

Table 6-3. Baseline Human Insecurity Indicators

Province	Disparity in access to convenient potable water source	% of Pop'n without access to electric power	% of adults with less than six years of schooling	Minoritization proportion of original settlers	Average per capita expenditure of the third quintile
Tawi-Tawi	72.93	82.8	24.9	26.0	8,192
Sarangani	61.02	63.4	42.0	28.6	12,674
Maguindanao	65.75	75.7	39.7	79.7	10,753
North Cotabato	62.40	63.8	26.8	7.1	15,533
Sultan Kudarat	55.80	57.0	25.4	7.6	13,257
Sulu	34.72	82.7	39.1	95.4	6,720

Source: 2005 Philippine Human Development Report

- Infant mortality rate is down to 5 per 1,000 live births (from 7 in 2009³¹).
- Maternal mortality is down to 80 per 100,000 live births (from 97 in 2009).
- 95% of households have access to safe water supply (from 80.5% in 2008).
- 80% of households have access to a sanitary toilet (from 67% in 2008)
- 95% of all barangays have properly equipped classrooms staffed with teachers.
- Net enrollment rate in primary school is 95% (from 82.5 in 2009-2010), and 60% in secondary school (from 46.2 percent in 2009-2010).
- Basic literacy rate (for 15-24 year olds) is 96% (from 94.4% in 2007³²).
- Annual population growth rate in is 2.0% (from 2.5% in 2009).
- DILG has issued a directive to LGUs to adopt distinctive Mindanao designs in public buildings, structures and facilities.
- 100% of all barangays have properly equipped classrooms staffed with teachers.
- Net enrollment rate in primary school is 100%, and 70% in secondary school.
- Basic literacy rate (for 15-24 year olds) is 98%.
- Annual population growth rate is 1.5%.
- Most localities project a distinctive Mindanao ambience seen in architectural and artistic designs of buildings, structures and facilities.

By 2030,

- Poverty incidence is down to 16% of families.
- Income distribution is 12% better than the 2020 Mindanao distribution, i.e., a Gini coefficient of 0.35.
- Average life expectancy in Mindanao has improved to 72 years
- Elementary and high school enrollment rates are at 100 percent, with 90-95 percent completion rates.
- 100% of all barangays have functioning and amply equipped health centers accessible to all.
- Infant mortality rate is down to 1 per 1,000 live births.
- Maternal mortality is down to 30 per 100,000 live births.
- 100% of households have access to safe water supply.
- 100% of households have access to a sanitary toilet.
- 100% of all barangays have properly equipped classrooms staffed with teachers, and no child needs to travel more than 2 kilometers to the nearest school.
- Net enrollment rate in both primary and secondary school is 100%.
- Basic literacy rate (for 15-24 year olds) is 100%.
- Annual population growth rate is 1.0%.
- All localities project a distinctive Mindanao ambience seen in architectural and artistic designs of buildings, structures and facilities.

31 Based on Department of Health data.

32 Based on Asian Development Bank data.

How We Will Get There

Key Thrust: PEACE

Partnerships and community empowerment will be the twin thrusts towards human development and social cohesion in Mindanao – summed up as Partnerships Enabling Active Community Empowerment (PEACE)

Communities are the appropriate units of intervention for initiatives directed at uplifting the lives of Mindanawons' families, who are in turn the basic units of Mindanao society. *Freedom from want and freedom from fear, where everyone's well being equally matters* – the essence of human security with social cohesion – are thus best served when initiatives are community-driven. Communities represent families brought together by shared aspirations, environments and natural assets, and face common challenges. Thus, they have the best motivation to undertake joint efforts to collectively identify their most pressing problems, the resources that they can bring to bear towards solving them, and the nature of interventions needed to most effectively overcome them. Indeed, community-based development has become a worldwide norm for approaching poverty reduction, human development and environmental sustainability by the various development partners, namely governments, civil society organization, private sector enterprises and international development institutions.

The other key element of the thrust recognizes that no single entity or group, no matter how powerful and endowed, can effectively undertake the needed tasks for securing Mindanao's desired future. The answer lies in harnessing active partnerships: across sectors and stakeholder groups (especially between the public and private sectors, among donor institutions, between donors and government at various levels, etc.); across cultural, religious and ethnic lines; and among communities and localities (e.g., inter-LGU collaboration at barangay, municipal/city or provincial levels).³³ Through active and principled partnerships that involve counterparting of resources and capabilities, and finding opportunities for complementation and synergy, maximum efficiency and effectiveness of peace and development interventions may be achieved – particularly those that hinge on empowerment of the community to identify and address its problems as it sees fit.

Strategies and Initiatives

Based on the above, the following strategies will define the translation of the above-described PEACE thrust into concrete initiatives toward achievement of the goal of a Mindanao that is free of deprivation and fear:

1. **Focus on the attainment of the Millennium Development Goals (MDGs) (Annex 6-A) and the logical progression therefrom beyond 2015.**
2. **Harness public-private partnerships (PPPs) in the provision of social services:** Develop new and innovative modalities for PPP, particularly in the provision of health, education and other social services and facilities.

33 Examples are the PALMA Alliance, the Lanuza Bay Development Authority (LBDA) and the Allah Valley Landscape Development Alliance (AVLDA) described in Chapter 8.

3. **Rely on community-led initiatives:** Emphasize and maximize community-led approaches to poverty reduction and social upliftment.
4. **Assert gender sensitivity:** Deliberately promote gender sensitivity and balance in all development and social protection concerns.
5. **Practice culture sensitivity and multiculturalism:** Institutionalize and internalize cultural sensitivity and true multiculturalism in governance, education and development work.
6. **Promote cross-cultural exchange:** Actively pursue cross-cultural communication, exchange and collaboration, while maintaining and asserting distinctive group identities.
7. **Harness spiritual leaders:** Systematically harness the role of spiritual and moral leaders and institutions in promoting human security and social cohesion.
8. **Provide meaningful roles for children and youth:** Actively involve children and youth in development initiatives in ways that fully recognize and harness their potential intellectual and creative contributions.

These strategies, along with specific initiatives that would translate them into action, are elaborated further below:

Focus on attaining the MDGs and sustaining gains beyond 2015.

Intensify efforts toward meeting the lagging Millennium Development Goals (MDGs) in Mindanao. Within the country, Mindanao has the most catching up to do towards attaining the Millennium Development Goals by the target year of 2015. The disadvantaged state of Mindanao in basic education and health indicators, discussed in Section I.B above, indicate that very basic human development interventions are required: provision of classrooms, teachers and textbooks, and of health centers, hospitals, health personnel, and medicines, all of which are in far short supply relative to requirements.

Give special attention to IPs in the provision of basic social services. The Mindanao IPs particularly need special attention, as their education and health status tend to lag behind the rest of Mindanawons (see Box 6-1). This is due both to outright lack of facilities and lack of culture-sensitive interventions suited to IP cultures, beliefs and practices, with the latter causing some IP families to stay away from the schools and health centers even when available.

Pursue education improvements through partnerships and community empowerment. The imperatives for education are well-known and well-understood, and are embodied in the government's education agenda (Box 6-2). The long-standing challenge, particularly in Mindanao, is in implementation and service delivery. As discussed further below, working through partnerships and community empowerment shall spell the difference in ensuring greater success than has traditionally been achieved with the past top-down conduct of human development initiatives.

Box 6-1

Strategies to Address the Welfare of IPs

The issues and concerns of the IP sector are multi-faceted with diverse stakeholders, thus, development strategies have to be multi-disciplinary, inclusive and participatory, but focused. The following key strategies are being proposed:

1. Promoting an overall IP development framework based on Decent Work principles which encompass the promotion of fundamental rights, income and employment generation, social protection, and social dialogue;
2. Strengthening multi-stakeholder partnership and convergence in IP development focusing and converging socio-economic programs, projects, and services in line with the adopted/approved Ancestral domain Sustainable an Development and Protection Plan (ADSPP);
3. Encouraging pro-IP government and private sector investments in agro-forestry, eco-tourism, renewable energy, and natural resources management;
4. Facilitating environmental protection and conservation of community-driven and participatory development projects such as rainforest rehabilitation, reforestation, biodiversity conservation, watershed management, river basin management, coastal and lakes protection;
5. Strengthening the IP Self-Governance Mechanisms through community-driven participatory development processes;
6. Institutional strengthening of the NCIP.

Source: IP Master Plan 2011-2016

Box 6-2

Ten Point Education Agenda of the Aquino Administration

1. 12-Year Basic Education Cycle
2. Universal Pre-Schooling for all
3. Madaris Education as a Sub-system within the education
4. Technical Vocational Education as an alternative stream in Senior High School
5. Every Child A Reader by Grade 1
6. Science and Math Proficiency
7. Assistance to Private Education as partners in basic education
8. Medium of Instruction rationalized
9. Quality Textbooks
10. Covenant with Local Governments to build more schools

Source: DepEd

Make health care and health insurance accessible and affordable to all. The health agenda for Mindanao seeks to make health care and health insurance accessible and affordable to all (Box 6-3). As in education, success hinges on active partnership between the Department of Health and local government units to complement one another in promoting public health, especially in remote rural areas.

Capacitate LGUs on appreciation, achievement and monitoring of MDGs. In education and health and in other human development and poverty reduction interventions, there is clear need for capacity building for LGUs, in order to (1) build stronger awareness on, appreciation for and commitment to the MDGs, which must be evidenced in appropriate budgetary allocations out of the LGUs' 20% Development Fund; (2) enhance technical knowledge and skills required by the LGUs to properly identify MDG-related problems and appropriate responses thereto; and (3) equip them to design appropriate poverty monitoring and evaluation systems, for the purpose of proper targeting of interventions, and for guiding program improvements toward improved responsiveness to actual needs. Similar capacity building must also be made accessible to non-government partners in the work for human development and social cohesion, such as NGOs, POs, private sector, and communities.

Develop, support and scale up new forms of public-private partnerships for social development.

Formulate innovative and Mindanao-responsive modes of PPPs in the context of addressing poverty reduction and human development requirements, such as provision of health and education facilities and services. This strategy has nationwide applicability, but is of particular importance to Mindanao, where such partnerships will promote much-needed social cohesion. Beyond the most familiar PPP mode of infrastructure provision via build-operate-transfer (BOT) and related schemes, PPPs can refer to other collaborative arrangements between and among government and non-government entities, referring to both the private business sector and civil society. These are especially critical under conditions of resource constraints in the public sector, which has traditionally plagued Mindanao and the country as a whole.

Identify and fill the service gaps where government agencies are unable to deliver on the social infrastructure. As a matter of policy, NGOs and people's organizations (POs) must be regarded as partners and collaborators with the State, and on their own can themselves contribute to the provision of human development services where government reach is limited.

Provide a strong enabling policy environment for fostering and facilitating PPPs of various forms as a governance priority. Chapter 8 discusses more fully the relevant policy imperatives in pursuit of this.

Formulate a deliberate and strategic human resource development plan to support the requirements of emerging economic directions for Mindanao, under a close partnership among government (DepEd, CHED and TESDA) and the private

sector (through the local business organizations such as MinBC and local business chambers under the Philippine Chamber of Commerce and Industry). This is in recognition that both need one another to ensure that such a human resources plan would be responsive to the needs of the private sector, and at the same time supported with requisite resources from the public sector.

Replicate successful LGU initiatives in providing ample health care facilities, services and financing arrangements to citizens through PPP, such as the Misamis Oriental health services program that won the 2010 Galing Pook Award.

Emphasize and maximize community-led approaches to poverty reduction.

Scale up and provide greater budget support to interventions that are based on and led by communities, such as the successful KALAHI-CIDSS. Communities and their local governments should be given a direct hand in problem identification, planning, program/project design and execution, particularly in addressing poverty reduction and human development requirements. They are well placed to identify their priority needs and needed interventions to address these needs. Pursuit of the MDGs is thus likely to have a higher success rate by vesting the responsibilities with local authorities and community players.

Synergize efforts among local governments, NGOs/ CSOs, and religious organizations in providing and delivering social services. Since the MDGs are all-encompassing, the cooperation and synergies of more extensive, inclusive and active networks must be coordinated and harnessed to assume lives of their own beyond the MDG focus, with the entirety of Mindanao as their broad parameters, and under a longer-term perspective that goes beyond the MDG target year of 2015.

Specific initiatives in support of the above strategy would include the following:

- **Establish a policy to devote a given percentage of program budgets of national government agencies to community-driven mechanisms,** whereby funds may be downloaded directly to communities for interventions they themselves identify, design, and implement.
- **Formulate a unified guiding framework for long-term poverty reduction in Mindanao,** that ensures complementation of conditional cash transfer schemes, community-driven interventions and convergence initiatives (i.e., the key thrusts of government's anti-poverty program).
- **Enrich and adapt to Mindanao conditions recently formulated roadmaps for the health and education sectors, namely the Department of Health's National Roadmap for the Health Sector (2011-2030) and the Department of Education's Comprehensive Mindanao Education Program (CMEP).** Ensure that the components pertaining to Mindanao are attuned to the local cultures, and maximize community involvement in all efforts toward safeguarding

Box 6-3

Health Objectives and Strategies for Mindanao

Objective 1: Secure Better and Sustained Financing for Health

- Within three (3) years, universal social health insurance coverage of Mindanaoans through PhilHealth enrollment of DSWD-identified poor

Objective 2: Assure the Quality and Affordability of Health Goods and Services

- Provision of cheaper and quality medicines for all
- Licensing and regulation of equipment and establishments offering health services

Objective 3: Ensure Access To and Availability of Essential and Basic Health Packages

- Upgrading of health facilities into Basic Emergency Obstetrics Care and Comprehensive Emergency Obstetrics Care Centers
- Provision of essential health care packages in all health facilities
- Establishment of one (1) hospital per island municipality
- Provision of one (1) midwife per barangay
- Provision of one (1) doctor per municipality
- Establishment of one (1) hospital per geographically-isolated and depressed areas
- Provision of one (1) Botika ng Barangay per catchment area

Objective 4: Improve the Performance of the Health System

- Establish/strengthen the Inter Local Health Zones (ILHZ) with creation/reactivation of Local Health Boards (LHBs)
- Institutionalize the Mindanao hospital referral mechanism
- Well-coordinated Health Investment Portfolio and utilization of Province-wide Investment Plans for Health (PIPH) and Annual Operational Plans (AOP).
- Intensify capacity building initiatives to improve Public Funds Management with efficient and effective utilization of financial resources
- Strengthen/improve coordination mechanisms with various partners

Source: DOH

public health and promoting basic education. For instance, indigenous healing practices and alternative medicine must form part of the health agenda, recognizing that traditional medicines from indigenous flora have been the object of aggressive research funded by multinational pharmaceutical companies. Local School Boards must be opened to wider community representation and participation, especially given the multicultural context in which basic education must be provided in Mindanao.

- **Regularly finance and standardize community-based monitoring systems in all Mindanao LGUs** for gathering data and statistics on relevant human welfare indicators at the local levels (especially the MDG target measures), to permit proper assessment of past interventions, and thereby inform and guide planning and intervention programs.

Deliberately promote gender sensitivity and balance in all development concerns.

Protect and uphold the welfare of Mindanao women, while fully tapping their potential contributions to nation-building and securing peace and development in Mindanao. The women of Mindanao need special attention, be it to safeguard and promote their welfare, or to harness their full potential contributions in securing peace and development. This is particularly important when taken against the backdrop wherein Mindanao women have long been at a greater disadvantage vis-à-vis their counterparts elsewhere in the country. The concern for gender sensitivity and balance would be served in a number of ways, including through appropriate policy reforms, program and project design, budget allocation and institutional development.

Specific imperatives and initiatives in pursuit of the above would include the following:

- Increase women's access to capital and financing facilities, information, technology, technical assistance, and livelihood opportunities, in order to heighten levels of economic opportunity and financial sustainability for Mindanao women.
- Allocate a substantial portion of the Gender and Development Budget (GAD) for gender programming and women-led projects directed to marginalized Mindanao women, including *Lumad* and Muslim women.
- Deliberately increase the recruitment and training of women in the police force, forensics and medico-legal, and legal services and such other services availed of by women who are victims of gender-related offenses.
- Provide incentives to strengthen programming, production, and image-making that appropriately present women's needs, issues, and concerns in all forms of media, communication, and information dissemination and advertising.

- Ensure the undertaking of gender-sensitive planning and programming through the collection of sex-disaggregated data in all sectors.
- Integrate a gender perspective in the resolution of armed or other conflicts, such as through mainstreaming gender and human rights education in the training curricula of military and police personnel, and in colleges and universities.
- Adhere to gender balance in the appointments to all relevant justice, law, and security enforcement agencies, as well as in all bodies related to peaceful settlement of disputes and peace negotiations. As a short-term measure, it would be desirable to consciously include more women on both sides of the negotiating panels and their technical staffs in the ongoing peace negotiations with the MILF.
- Guarantee women's right to protection and security from all forms of gender-based violence, particularly rape and other forms of sexual abuse; and all forms of violence in situations of armed conflict through the following measures, among others:
 - Codify, localize and enforce anti-VAW (violence against women) laws, and consistently apply penalties to offenders to ensure that all women shall be protected from all forms of violence.
 - Provide facilities such as trauma or rehabilitation centers catering specifically to Mindanao women's peculiar needs toward healing from experiences of violence and abuse.

Institutionalize and internalize cultural sensitivity and true multiculturalism in governance, education and development work.

Reflect the cultural diversity of Mindanao in the staffing of government institutions directly involved in planning for the future of Mindanao, including MinDA, NEDA, LGUs and even donor agencies. The impetus for operationalizing the vision of human security and social cohesion should come from the government itself, particularly the development institutions espousing these ideals. The appropriate combination of diverse expertise from varying cultural perspectives enhances a holistic appreciation of the Mindanao situation that would in turn make these institutions more effective.

Build cultural sensitivity into the respective programs of sectoral line agencies, such as in the design of roads, bridges or school buildings by DPWH; design of ports and airports by DOTC; the nature of feeding programs undertaken by DSWD, farming systems promoted by the DA, scientific research fostered by DOST, and so on.

Integrate peace education promoting cultural sensitivity and solidarity into the formal, non-formal and informal education curriculums (see Chapter 5). Multicultural sensitivity

programs must be developed especially for educators and top administrators themselves; starting with helping them discover their own biases as expressed in their personal views and behavior, or as manifested in school policies. Cultural sensitivity has to be manifested in textbooks, teaching methods, school calendars, and even physical landscapes of schools.

Actively pursue cross-cultural communication, exchange and collaboration, while maintaining and asserting distinctive group identities.

Pursue and promote an environment wherein the various Mindanao peoples can actively reach out, communicate, understand each other's cultural and religious perspectives, and find unity in their shared aspirations as well as their shared problems and challenges. With deep-seated differences among peoples that trace a long history and find their origins in religion and culture, Mindanao will always be a tapestry of multiple cultures and religions. Cultural homogenization is not a viable objective and outcome even in the long term. Nor is cultural isolationism, which only foments secession and national fragmentation. Cross-cultural dialogue and exchange can happen even as the respective peoples retain and enrich their distinct cultural identities. The common approach must be one of highlighting commonalities while identifying differences that may provide opportunities for complementation.

Facilitate communication, exchange and collaboration among the peoples of Mindanao particularly towards recognition of their common stake in the Mindanao ecosystems (Chapter 3). These ecosystems – defined on the mainland by watersheds and river basins – are the inevitable amalgam that will draw people together through their shared stewardship of their natural surroundings. As environmental pressures threaten livelihoods and the very lives of inhabitants, cultural and political differences are trivialized and are more easily put aside in favor of the more prior concern of long-term sustainability and ultimately, survival. It takes communication and active exchanges among people otherwise divided along cultural and political lines, to recognize and appreciate the criticality of these shared challenges.

Systematically identify, recognize, consult, support, and strengthen the people's internal mechanisms for establishing identity, dignity, and psychosocial equilibrium. Identity politics can be directed into liberating, progressive directions by institutionalizing respect for local units of identity and organization – e.g., family, barangay, tribe, peace and development community, ecosystem domain, and so on. The same local organizations could very well serve the purpose of other initiatives, like community-based needs analysis, relief distribution, conflict resolution, reintegration of ex-combatants, conduct of public rituals, and peace management.

Specific initiatives in pursuit of the above would include the following:

- Significantly expand and make more deliberate the scholarship programs for large numbers of young Mindanao men and women, especially those from less-endowed Muslim and *Lumad* communities, to study in leading

institutions of learning within and outside of Mindanao, including overseas. Undertake these programs in tandem with those that encourage youth from Luzon and Visayas to study in Mindanao with the parallel objective of promoting cross-cultural understanding.

- Foster regular forums and maximize the productive and strategic use of festivals for intercultural or interreligious dialogues, cross-regional exchange, gender sensitivity programs, and intergenerational sharing.
- Institutionalize and incentivize the assertion of Mindanao's beauty and rich and diverse cultures through various modes of artistic expression. A tangible measure would be to showcase Mindanao's distinct cultures through conscious application to architectural designs of public and private facilities like buildings, lampposts, gateways, etc. Achieving a distinctive "Mindanao ambience" in this manner would also serve the purposes of (1) instilling stronger pride of belonging and sense of unity among Mindanawons, and (2) attracting greater tourism and all the positive economic benefits associated with it.

Systematically harness the role of spiritual and moral leaders and institutions in promoting social cohesion.

Deliberately engage spiritual and moral leaders, whether as individuals or as organized groups, in the effort to secure a cohesive Mindanao society. Mending the social fabric and rebuilding relationships often requires tapping spiritual energies from different religious traditions, and not only technical assistance and funding support. The Bishops-Ulama Conference, for example, has provided a venue for Muslim-Christian dialog through the conduct of *Konsult Mindanaw*, which obtained a wide array of Mindanawons' views on the peace process. The National Ulama Conference and a similar organization of aleemat (female teachers), both organized through the efforts of the Philippine Council for Islam and Democracy (PCID), promise to be important bodies for consensus seeking among peace-loving Muslims through their spiritual and intellectual leaders.

Organize and sustain an intensive program for intra-faith reflection and renewal, whereby people within the same faith may reflect on their participation in the sources of conflict and find value in admitting their own culpability, while at the same time picking up the pieces and moving forward in renewal. This can initiate a process where people can reach a point of offering or asking forgiveness, paving the way for conclusive resolution of long-standing conflicts – a prerequisite for achieving social cohesion.

Actively involve children and youth in development initiatives in ways that fully recognize and harness their potential intellectual and creative contributions.

Provide mechanisms for sustained involvement and mobilization of young boys and girls throughout the implementation of Mindanao 2020. Children and youth are the primary stakeholders for all sustainable development initiatives,

particularly those with a long-term perspective, and certainly for Mindanao 2020. Thus, the plan must be owned by the youth in ways that secure their transition into leadership roles in the plan's implementation over the next 20 years.

Consciously and deliberately involve children and youth in initiatives for human security and social cohesion. Children and the youth have proven to be effective and persuasive advocates for behavioral and even attitude change in adults, especially within their own families. Thus they can be very effective change agents to induce transformation not only among themselves, but more so transformation in the attitudes and behavior of adults, through (among other things) their intellectual and artistic expressions in support of desired social change. In particular, cross-cultural exchange and dialogue could be best facilitated with the involvement of children and youth, among whom achievement of agreement and consensus tends to be easier. Like women, they could similarly play a key role in facilitating conflict resolution, including in the context of the peace process itself.

Nurture constructive activism and pro-activity among young Mindanawons to become active stakeholders in sustainable development. The role of young men and women in social transformation has long been demonstrated through the nation's history. Organized youth groups have involved themselves in a variety of issues such as student's rights, graft and corruption and change in governance, among others. A vigilant youth constituency would also ensure that services for and concerns of the youth are mainstreamed in development plans.

In recognition of the above, the following initiatives, among others, must be undertaken:

- **Institutionalize youth representation in all major governance and development bodies, mechanisms and processes,** including local development planning, the peace process, climate change adaptation planning, and others, with equal opportunities given to young men and women alike.
- **Support and encourage creative and artistic initiatives among the youth,** including those who are out of school, which will bring advocacies for poverty reduction, environmental protection and social cohesion to wide public attention.
- **Expand current mechanisms harnessing volunteerism among the youth,** such as the VIDA program (Box 6-4) of the Philippine National Volunteer Service Coordination Agency (PNVSCA). Resource support for such volunteer programs deserve to be scaled up, given the multiple benefits they yield not only for the youth volunteers but to society as a whole. Wide experience worldwide has shown that volunteerism does not only lead to skills development,

but also fosters involvement and character development among the volunteers, while directly benefiting client communities receiving them.

In the end, the upliftment of Mindanawons' lives lies in the hands of Mindanawons themselves. It will entail communities taking charge of their own destinies, and stakeholder groups working together in principled partnerships to achieve the shared aspiration for a Mindanao where all are fulfilled, and none are deprived.

Box 6-4

Volunteer for Information and Development Assistance (VIDA) Program

The Volunteers for Information and Development Assistance (VIDA) Program is the platform for local volunteering designed for Filipino volunteers who wish to share their skills and know how in the development projects of their own community. It provides youths and adults the opportunity to hone their skills further through volunteering.

The VIDA Program has deployed 299 volunteers in 103 institutions and organizations since 2009. They are found mostly in programs and projects of LGUs, NGAs, academic institutions and NGOs. VIDA volunteers serve as frontline workers assisting projects health and nutrition, early childhood development, functional literacy, environmental conservation, agriculture, enterprise development, cooperatives, livelihood and peace building.

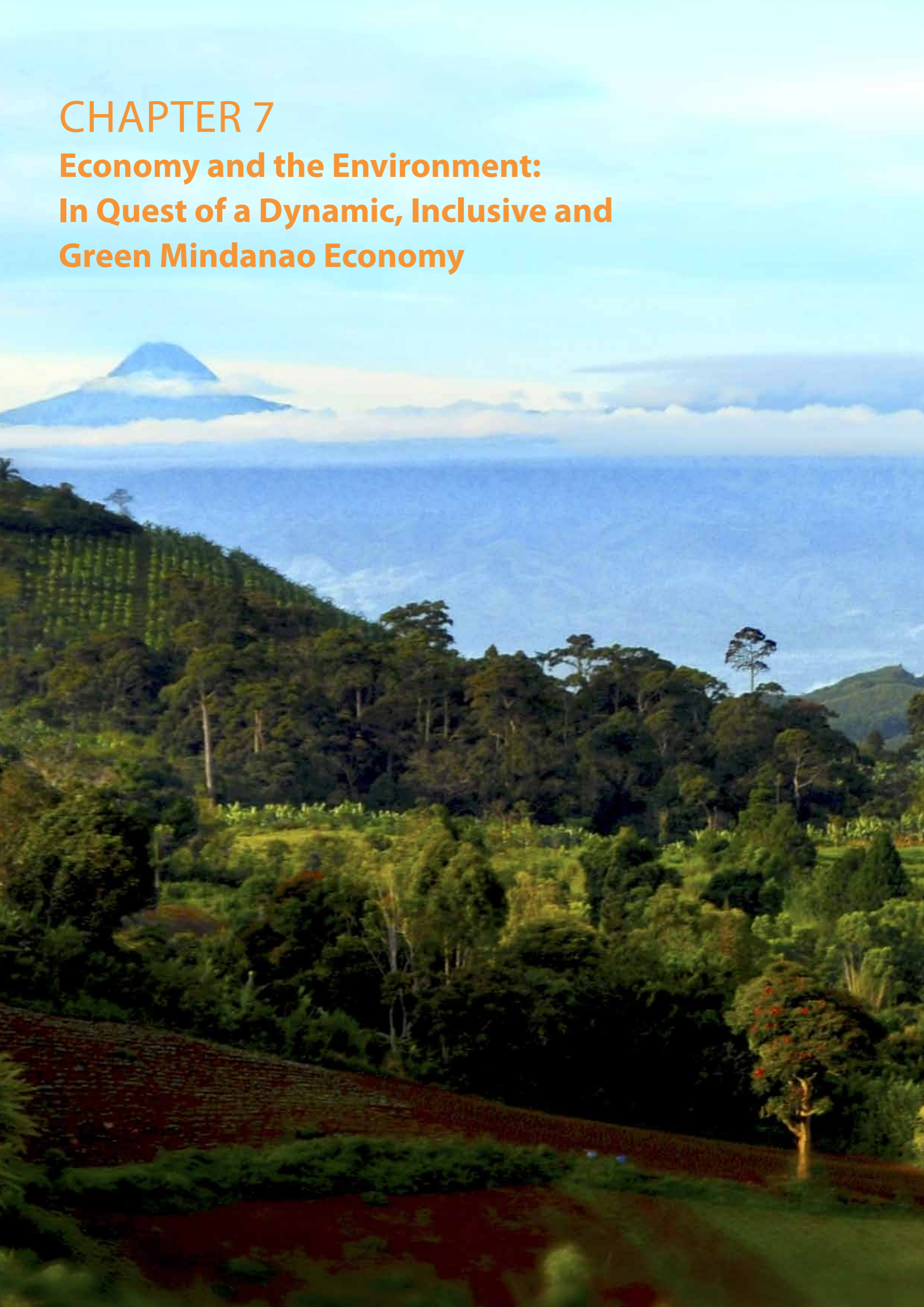
In support to the ongoing peace program in Mindanao, the VIDA program partnered with the UNDP Multi-Donor Assistance Program (MDP) in 2002 to resettle rebel returnees of the Moro National Liberation Front (MNLF) into the mainstream society. The VIDA volunteers coming mostly from the families and communities of the rebel returnees who worked as Peace and Development Advocates (PDAs), have been instrumental in accelerating peace process and dialogue due to their familiarity with the issues and problems. They worked as community facilitators, educators, trainers and mobilizers for the target communities of the project. VIDA PDAs played a critical role in establishing the trust and confidence of the rebel returnees and their families. They proved adequate in defusing the tensions in beneficiary communities through effective peace advocacy in view of their familiarity with the issues and the language and culture in their own localities. PDAs have become adept in cascading the peace initiatives of the government their due to genuine concern and identification and relations with the families of the beneficiaries.

The program is undoubtedly an ideal avenue for the youths and adults to find creative expression of talent and energy for their own communities while finding a fertile opportunity for personal and career growth and an effective grounding for social leadership in the end.

from the PNVSCA website www.pnvzca.gov.ph

CHAPTER 7

Economy and the Environment: In Quest of a Dynamic, Inclusive and Green Mindanao Economy



Where We Are Now: Situation and Challenges

Overview

As a regional economy, Mindanao has traditionally been viewed as a food and raw materials supplier to Luzon and the Visayas primarily through Manila and Cebu. Over the past decades, Mindanao has contributed around two-fifths (40%) of the country's agricultural, forestry and fishery output, and is estimated to contribute about one-third of the national food requirements. Meanwhile, Mindanao's share in total output of the industry and services sectors was around one-fifth (20%) each.³⁴

Agriculture has traditionally been the dominant sector propelling the Mindanao economy, although the services sector has grown rapidly in recent years. There was a slight shift in the structure of the Mindanao economy between 1995 and 2008, with agriculture's share declining by 6 percentage points while services and industry shares each increased by 3 percentage points. Still, the Mindanao economy has remained predominantly based on agriculture and services, with the latter dominated by trade, followed by transportation, communication and storage (Figure 7-1).

Mindanao has seen little industrial development through the decades, with industry sector employment showing little expansion. Mindanao's industry sector is mainly driven by the manufacturing sub-sector, dominated by food manufacturing (agricultural processing and fish canning), with construction a far second. Mining is seen to have strong growth potential, given abundant mineral resources in Mindanao. A larger portion of the Mindanao labor force has been absorbed by the services sector whose employment share increased from 33.1% in 1994 to 42.3% in 2006. From 1995 to 2006, average annual employment growth in services (4.1%) far outstripped that in agriculture (1.8%) and industry (1.2%).

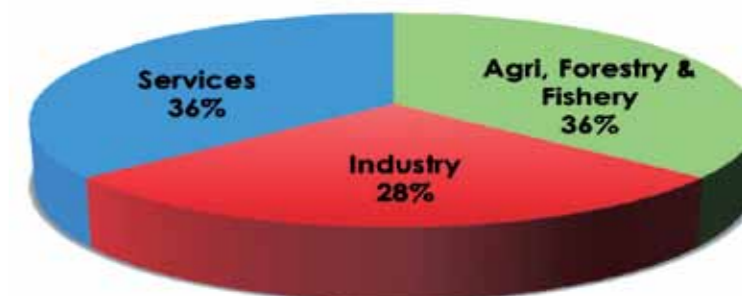
A great reliance on extractive industries (logging, fisheries, mining) over the years has taken a heavy toll on the Mindanao environment. Watershed degradation has been a major threat to sustainability, as have depletion of fisheries and adverse environmental impacts of mining activities like toxic chemical runoff and biodiversity threats. Lake Lanao (See Box 7-1) and the Liguasan Marsh have become prominent symbols of the stresses imposed by economic activities on Mindanao's natural environment.

In the period 1995-2009, Mindanao's GDP grew at annual average rate of 4.2%, falling well short of the Mindanao 2000 Development Framework Plan target of 7% sustained annual growth. More recently, Mindanao's economy, which contributes 18% to the national economic output, has kept pace with growth in the rest

of the economy, even exceeding the latter in 2009 (Figure 7-2)

Mindanao's inter- and intra-regional development has historically been largely fragmented in character. The prominence of plantation enclaves and the historical lack of road interconnections among the regions had contributed to this fragmented development.³⁵ As a consequence, extremes of economic performance are found within Mindanao, and disparities are very wide. In 2008,

Figure 7-1 Sectoral Shares in the Mindanao Economy, 2008



Source of primary data: NSCB

Northern Mindanao (Region X) was the fastest growing region in the country and the biggest regional economy in Mindanao (Table 7-1). At the other extreme, ARMM had the second slowest growth nationwide (next only to the Cordillera Administrative Region) and the slowest in Mindanao; it also contributed the least to the Mindanao economy.

Mindanao has been a net contributor of savings to the rest of the economy. Deposits to the banking system far exceed loans granted (Figure 7-3), indicating that the banking system effectively withdraws savings out of Mindanao.³⁶ It has also been a traditional lament that Mindanao has not been getting its proportionate share of the government budget and of official development assistance (ODA) commensurate to its contribution to the total economy.³⁷ More recent data suggest that deliberate efforts have been made to correct this. As Table 7-2 shows, Mindanao's share in key components of the national budget has exceeded its contribution to overall GDP since at the least the mid-1990s.

Inherent and Latent Strengths

Relative to other parts of the country, Mindanao possesses clear comparative advantage in agriculture due to favorable agro-climatic conditions, with fertile soils, an even tropical climate largely insulated from typhoons, rich biodiversity, and extensive river systems. Indicative of this, the annual average growth rate of GVA in the Agriculture, Fishery and Forestry sector in Mindanao from 1995 to 2008 (3.4%) outpaced that of the country as a whole (3.2%).

Mindanao continues to be the leading supplier of major crops such as rubber (99.9% of total production in 2009), corn (53.4%),

³⁴ Mindanao 2000 Integrative Framework, p. 11.

³⁵ Ibid, Chapter II, p.14

³⁶ It must be pointed out that loans obtained by firms operating in Mindanao but with business offices in Metro Manila may be booked in bank head offices in Metro Manila (Makati City). Notwithstanding this, it still appears likely that there is a net outflow of savings from Mindanao through the banking system.

³⁷ Chapter 9 discusses financing issues in greater detail.

Box 7-1

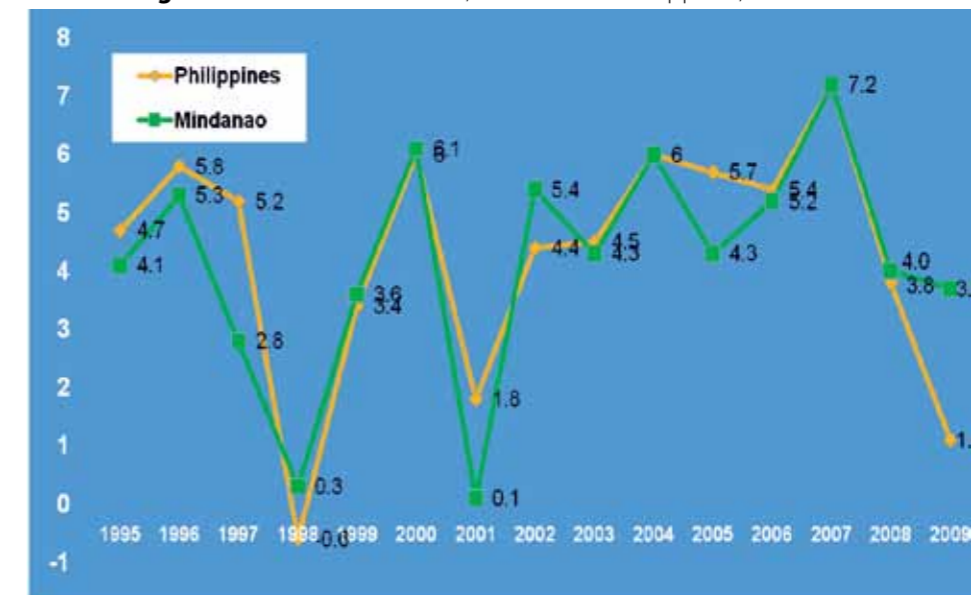
Lake Lanao Watershed: Symbol of Mindanao Environment Degradation

Lake Lanao is the largest lake in Mindanao and the second largest in the Philippines, with an approximate area of 36,274 hectares and an altitude of 702 meters above sea level. It is shallowest at its northern end and gradually gets deeper towards the southern end with a maximum depth of 112 meters and a mean depth of 60 meters. The lake is one of the priority biodiversity sites of the United Nations Environment Programme and one of the original fifteen (15) ancient lakes of the world, indicative of its scientific importance and significance to maintaining a balanced ecosystem.

Lake Lanao is also home to the M'ranao cultural community, which has built villages and mosques around the lake. The lake is used for bathing, drinking, transport of people and goods, religious rituals and source of food. It is also the main source of electricity for Mindanao, which highlights its social and economic importance. Since its creation in 1936, the NPC has been engaged in power generation, transmission and utilization producing the energy needs of Mindanao at an aggregate installed capacity of 727.1 megawatts (MW). NPC conceptualized the Lake Lanao-Agus River Hydroelectric Project consisting of 7 hydroelectric plants between Agus River and Maria Cristina Falls in Iligan City. Six of the plants are now in operation. However, in order to fully tap the enormous hydroelectric potential of Lake Lanao, the flow of Agus River must be stabilized using dams, thus affecting the water level of the lake.

Despite its significance, the lake is currently in a state of degradation, in terms of water quality, quantity and aquatic biodiversity. Degradation is mostly caused by humans as high levels of silt and sediments drain into the lake due to logging and timber poaching activities, leading to deforestation; water pollution with chemical and pesticide run-offs and solid and human wastes due to unsustainable farming practices and indiscriminate waste disposal into the lake; destruction of fish breeding grounds and water level fluctuations attributed to the National Power Corporation's (NPC) operations of the Agus power plants. Illegal fishing methods are also a concern. The aquatic biodiversity is already threatened due to previous government interventions of introducing predatory species, which destroyed the 18 endemic species in the lake – fish species that can only be found in Lake Lanao.

Figure 7-2 GRDP Growth Rate, Mindanao vs. Philippines, 1995-2009



Source of primary data: NSCB

pineapple (88.1%), bananas (80.8%), coffee (74.5%), cassava (76.4%), and coconut (59.4%). It also accounts for a significant share of production of sweet potato (23%), mango (18%) and sugarcane (14%), among others.³⁸ From being primarily a supplier of fresh foods, Mindanao has transformed into an exporter of processed foods. From 1995-2007, an average of 71% of the total agricultural exports of Mindanao had value-adding. Topping the list are coconut-based products, accounting for nearly half (48%) of total Mindanao exports. Bananas and pineapple are the other prominent agricultural exports from Mindanao.

Mineral resources are particularly abundant in Mindanao, offering vast potentials for mining development, which has been attracting substantial investments from foreign and domestic mining companies in recent years. With the whole country being within the "Pacific Ring of Fire," Mindanao in particular has several identified rich mineral areas (Figure 7-4). Metallic deposits include gold, bauxite (aluminum), nickel, copper, chromite, zinc, magnetite, and iron. Mindanao accounts for an estimated 75% of the country's gold reserves, 67% of bauxite (aluminum), 63% of nickel, 56% of copper, and 43% of chromite. Potential nickel reserves in Mindanao have been valued at an estimated US\$2 trillion, copper reserves at US\$6.5 billion, and gold reserves at US\$2-3 billion.³⁹ Non-metallic mineral resources include marble, salt, sand, gravel, silica, clay, and limestone.

Mindanao has consistently been a net exporting economy, with export earnings, mostly from agri-based exports, reaching US\$2.19 billion in 2009 (see Figure 7-5). It has had a long tradition of export orientation, possessing strong market shares in key products, and has been a world player in the agricultural export markets for products such as coconut, rubber, pineapple, and banana, among others. It has established a global reputation for quality Cavendish bananas, pineapple products, and canned tuna, among others.

Tourism is acknowledged to have great potential in Mindanao, given its rich and varied array of tourist attractions for various interests, including history and culture, natural beauty and adventure. The Tourism Act of 2009 now provides the legal and policy framework for developing tourism potentials and attracting tourism-related investments in the country, including in Mindanao. The promotion of BIMP-EAGA as premier ecotourism destination also provides substantial growth potential in Mindanao tourism. In the medium term (2011-2016), the Department of Tourism (DOT) has taken a cluster approach in pursuing tourism promotion, with nine defined clusters for Southern Philippines (Mindanao) highlighting various types of tourism assets present in the respective area clusters (Table 7-3).

The Mindanao 2000 target of 3 million tourists per year was achieved in 2007 when total tourist arrivals hit 4.7 million; however, this figure saw a significant decline in 2008 with the onset of the global economic downturn, further declining in 2009 (Figure 7-6). The targeted 2 million domestic tourists per year was achieved as early as 2003. However, the target of 1 million annual foreign tourist arrivals has remained elusive, with more than 90% of Mindanao's total tourist arrivals being domestic tourists. On the average, Mindanao has attracted only 5.9% of total foreign visitors to the country. Thus, there is wide scope for further tourism growth in Mindanao.

Meanwhile, the potentials for ICT-based industries have been enhanced with the installation of the necessary information infrastructure in recent years; still, there remains much scope for improvement. More public and private investments are being programmed in support of the requirements of the business process outsourcing (BPO) industry, which include redundant international connectivity, expansion of multi-media infrastructure, and a deregulated and competitive telecommunications industry.

³⁸ Statistics compiled by Mindanao Development Authority from the Bureau of Agricultural Statistics and other sources.
³⁹ Data from Mines and Geosciences Bureau.

Table 7-1. Gross Regional Domestic Product (GRDP) of Mindanao Regions
In Million Pesos at Constant Prices

REGION	2009	2008 GRDP	Growth Rate (%)	Share in Mindanao Total (%)
IX	38,197	35,762	6.81	14.65
X	73,207	71,133	2.92	28.08
XI	67,367	63,928	5.38	25.84
XII	50,556	49,897	1.32	19.39
Caraga	18,958	18,466	2.66	7.27
ARMM	12,409	12,099	2.57	4.76

Source of raw data: NSCB

Local investments, which account for the lion's share of Mindanao investments (Figure 7-7), almost doubled in value from PhP6.124 billion in 2007 to PhP12.004 billion in 2008 or a 96% growth, and the highest value posted since 1994. Attractive investment incentives are in place,⁴⁰ and industrial zones have been established to widen location options for investors. Notwithstanding this, foreign investments declined by 7% from PhP1.833 billion in 2007 to PhP1.704 billion in 2008. Recent investments in Mindanao have prominently gone into mass housing, mineral processing, and property development (Figure 7-8).

Persisting Hurdles

High levels of poverty, income inequality and wide disparities persist in Mindanao. The pace of poverty reduction has been slow, and as in the rest of the country, poverty incidence has actually risen since 2003, while income distribution has not improved in the face of high economic growth. Meanwhile, environmental degradation has continued unabated and environmental disasters are occurring with alarmingly increasing frequency.

The basic challenge, then, is to stimulate broad-based economic activity that would have wide benefits across the geographical, social and cultural divides prevalent in Mindanao, while avoiding irreparable damage to the environment. Given Mindanao's peculiar history, context and needs, much higher levels of investment are needed to stimulate not just more economic growth, but to attain quality growth that is both inclusive and sustainable.

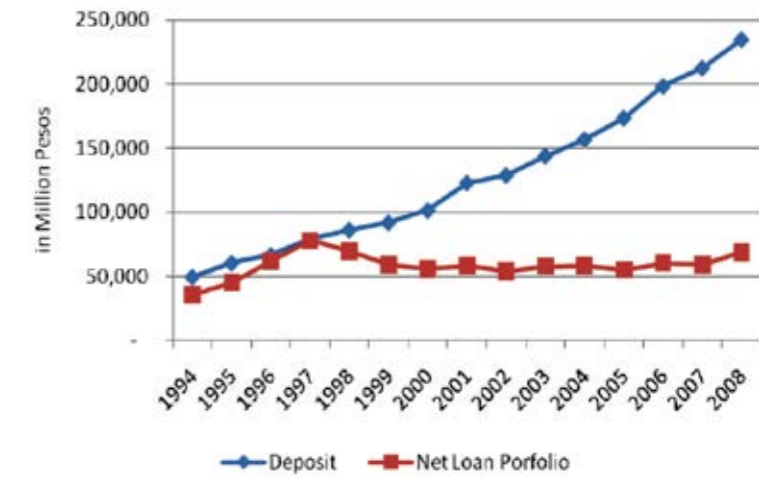
The most crucial impediments to attaining this goal are well known, but are also very difficult to overcome. These are the following:

- A generally negative peace and order image for most of Mindanao, affecting the attractiveness even of areas not

actually subject to political conflict. This deters the entry of investments from outside of Mindanao, whether Filipino or foreign.

- Remaining wide gaps in infrastructure in many places, notwithstanding the progress made in the last 15 years. Energy is a binding constraint to greater industrial and other business activities, as is water supply, transport and telecommunication facilities in many areas with otherwise great promise. Tourism, for one, remains hampered by inadequate facilities, including basic amenities like clean public toilets, decent eating and lodging places, and so on.
- Weak or lopsided value chains that effectively lead to the exclusion of certain areas or sectors, higher costs, inequitable benefits and concentrated market power, and inhibited growth potentials of otherwise promising production activities given Mindanao's inherent endowments.
- Inhospitable local political and business climate, particularly where the local economy is dominated and controlled by powerful political leaders, or where corruption and cumbersome business approval processes significantly raise the cost and risks of doing business.
- Low levels of productivity especially on the farms, due to poor access by farmers to inputs, weak rural infrastructure, inadequate post-harvest facilities, lack of quality standards and grading mechanisms at the farm level, lack of farm credit (including long term financing appropriate to investments in long gestating crops), environmental degradation, weak technology support and inadequate extension services.
- Unresponsive government programs due to excessively top-down planning, program/project design, and decision-making manifested in "one-size-fits-all" policies and programs that are often not responsive to actual needs in specific localities of Mindanao. Government support

Figure 7-3 Mindanao Deposits vis-a-vis Loan Portfolio, 1994-2008



Source of Basic Data: Bangko Sentral ng Pilipinas

systems are too often fragmented and uncoordinated. Meanwhile, most local government units are ill-equipped to address persistent development challenges due to lack of technical capacity and weak finances.

Key Opportunities

The country's membership in the WTO and the access to the global markets that it brings widens trade opportunities for Mindanao's traditional and non-traditional exports (e.g., in Europe, East Asia thru an expanded AFTA, and the fast-growing BRIC countries – Brazil, Russia, India and China). In particular, there is rapidly increasing demand in rich countries in the West for tropical horticultural products such as tropical fruit juices (e.g. Granada), stevia (natural sweetener), okra and asparagus, dietary supplements and alternative medicine (e.g. mangosteen). Rapid growth in the economies of China and India, along with the rest of Asia, is creating rapidly rising demands for food products within the Asian region as well.

There is strong interest in Mindanao from foreign investors especially in mining, as rising demand for gold, copper, nickel and other minerals in international markets has raised mineral prices to new highs. While the potentials are high, due care must be taken to ensure that (1) social and environmental responsibility is the norm among all mining enterprises, (2) the state obtains its due share in the value of the natural resource, and (3) there is sufficient domestic value-adding to broaden the benefits from mining development.

The huge and growing Islamic market in Asia and the Middle East provides opportunities for Halal industries, especially for producers in Muslim Mindanao. There have been expressions of interest from the wealthy Islamic states in joint ventures in Halal industries to be located in Mindanao. The same trend raises prospects for wider opportunities in Islamic finance.

Regional logistics hubs like Singapore and Taiwan are increasingly reaching capacity limits, and investors are looking toward the

Sulu-Sulawesi area for alternatives and expansion. Mindanao would be well-placed to tap potential opportunities in this given its favorable location relative to the rest of the economies of the region.

With the global trend of aging populations in rich industrialized countries and elsewhere, there are growing opportunities in aging-related products and services, including retirement estates, medical tourism and wellness facilities, and caregiving services. Certain areas in Mindanao can be potentially attractive locations for such facilities and enterprises.

Where We Want to Go

Vision

Mindanawons manifest a widely expressed desire to see, in 20 years:

A vibrant Mindanao economy that is unified and integrated, driven by socially and environmentally responsible enterprises that are internationally competitive, built on judicious and sustainable management of its rich human, natural and cultural endowments, and providing wide employment and broad and equitable benefits to all Mindanawons.

Goals and Objectives:

1. Self-reliance and self-determination in securing a dynamic and sustainable development for the entire Mindanao, where the wide mass of Mindanawons are the prime beneficiaries of a wide range of economic activities that responsibly and sustainably harness its human, natural and cultural wealth.

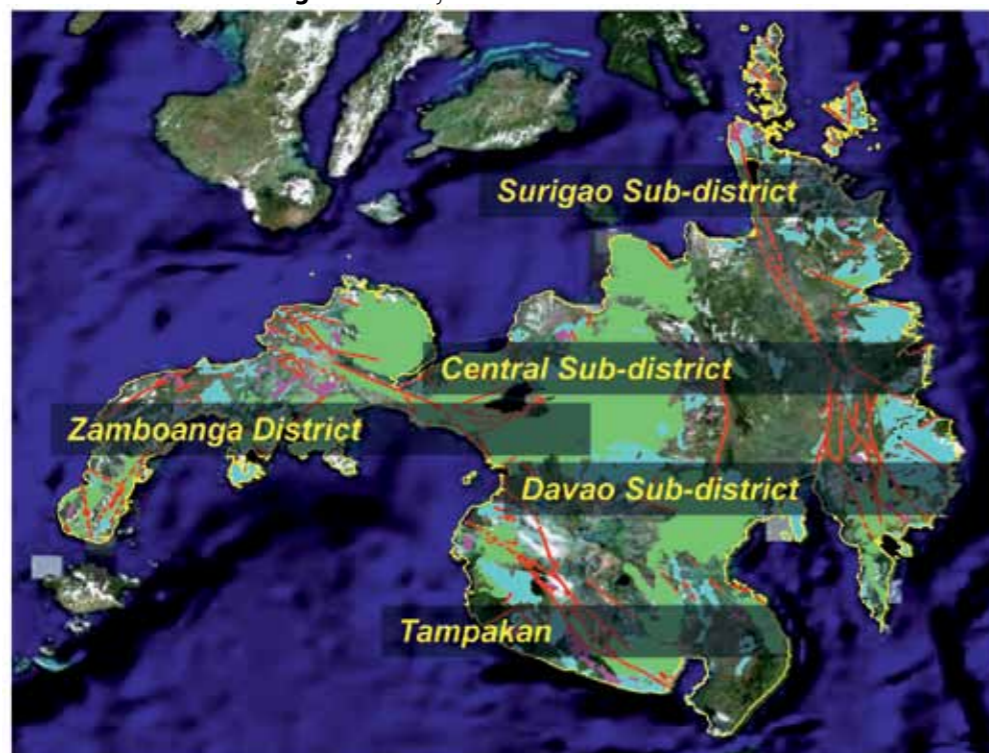
⁴⁰ These incentives include 4-8 years Income Tax Holiday (ITH), special 5% tax rate on gross income after the lapse of ITH and exemption from taxes and duties on imported capital equipment for IT Park/ Ecozone locators, zero duty on imported capital equipment per E.O. 528, exemption from 12% input VAT on allowable local purchase of goods and services, unrestricted use of consigned equipment, exemption from wharfage dues, employment of foreign nationals, etc.

Table 7-2. Mindanao's Share of Total Government Budget in Key Sectors and in GDP, 1995-2007

Sector/Year	1995	1997	1999	2001	2003	2005	2007
Economic ^a	28.07	25.62	27.24	26.73	27.41	26.79	26.58
Social ^b	20.55	21.51	22.36	21.84	22.23	21.77	21.69
Infrastructure ^c	20.69	33.58	25.49	27.65	24.62	19.56	22.59
Mindanao GDP Share	17.95	17.87	18.07	17.80	18.12	17.70	17.70

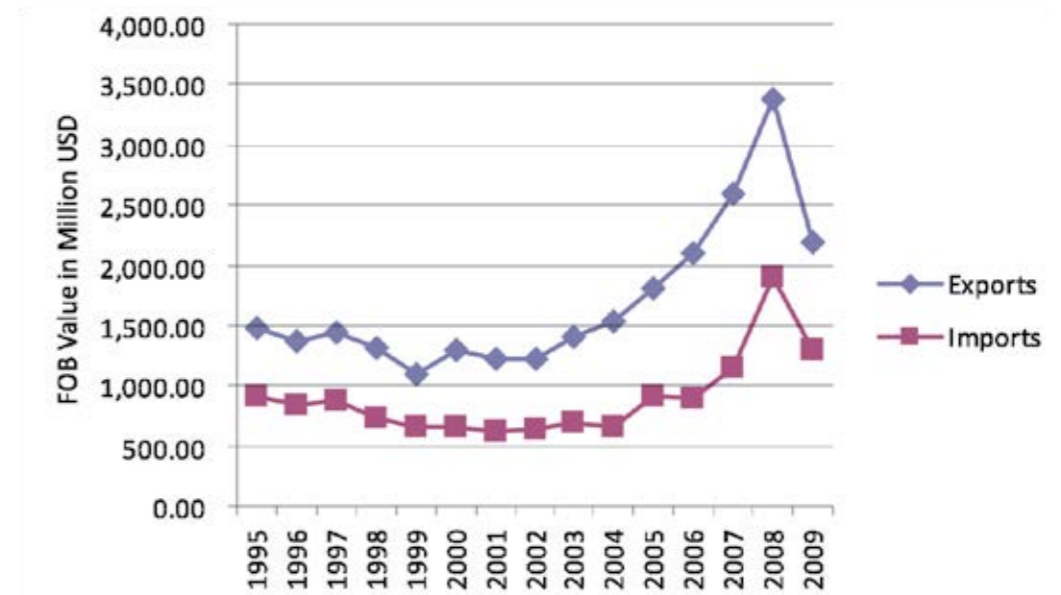
Source of Basic Data: General Appropriations Act (GAA)
 a comprises budget for DAR, DA, DTI, and DOT
 b comprises budget for DepEd, CHED, SUCs, DOH, DSWD, and DOLE
 c comprises budget for DPWH and DOTC

Figure 7-4 Major Mineral Areas in Mindanao



Source: Mines and Geosciences Bureau

Figure 7-5 Mindanao Foreign Trade, 1995-2009



Source of raw data: NSO

- Broad-based entrepreneurship drawing on the unique assets, opportunities and challenges arising from the region's rich river basins and archipelagic geography, and enabled by facilitative economic governance marked by creative resource generation and sound fiscal management.
- A unified and integrated Mindanao economy marked by active interlinkage, synergy and complementation across its regions and various economic centers, along with strengthened integration with the national, regional and international economy. It will be distinguished by:
 - A dynamic and sustainable agriculture and agribusiness sector with world-class, socially and environmentally responsible farms and firms bringing about a progressive and food-secure Mindanao;
 - A vibrant services sector driven by active domestic and international trade, ecologically friendly tourism, and flourishing knowledge-based industries; and
 - A widened industrial base built on a range of light, medium and heavy industries appropriate to the peculiar endowments and requirements of the Mindanao regions.

Targets

By 2016,

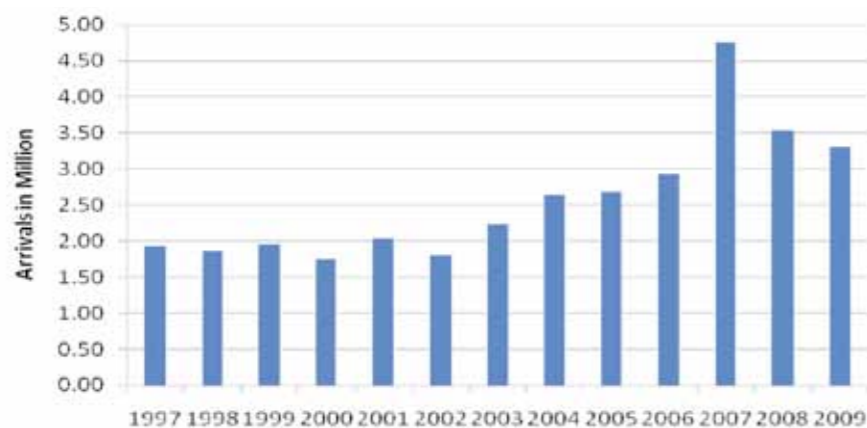
- The Mindanao economy is growing at an average annual real GDP growth rate of 7-8 percent, average annual income of Mindanawons (GDP per capita) exceeds P16,000 in constant 2009 prices, and unemployment rate is no more than 3 percent.

- Forest cover in Mindanao has been restored to at least 30 percent of land area.
- Gross value added in food manufacturing is growing in excess of 8 percent annually, propelled by a growing segment of SME processors.
- Export revenues from Halal products exceed \$20 million.
- Annual domestic tourist arrivals in Mindanao reach 6 million, while foreign tourists reach 1 million.
- Mindanao BPOs contribute 5% of nationwide BPO earnings.
- Intra-Mindanao commerce has increased 50% from its 2010 levels.
- An organic farming island/district has been identified and receives focused support from the Department of Agriculture.

By 2020,

- The Mindanao economy is growing at an average annual real GDP growth rate of 8-10 percent, average annual income (GDP per capita) of Mindanawons exceeds P22,000 in constant 2009 prices, and unemployment is no more than 2 percent.
- Forest cover in Mindanao has increased to at least 35 percent of land area.
- Vacuum-dried fruit products and mariculture products from Mindanao are among the top 5 Mindanao export products, carrying a distinctive Mindanao-made trademark with international recognition.

Figure 7-6 Tourist Arrivals in Mindanao, 1997-2009



Source of raw data: DOT Regional Offices

- Domestic tourist arrivals in Mindanao reach 8 million, while foreign tourists reach 2 million.
- Mindanao BPOs contribute 10% of nationwide BPO earnings.
- Intra-Mindanao commerce has doubled in volume from its 2010 levels.
- Mindanao's organic farming island/district is fully operational, supplying organic food to domestic and export markets.
- Export revenues from Halal products exceed \$30 million.
- Mining industry exports account for at least 10 percent of Mindanao exports in value terms.

- Halal product exports from Mindanao exceed \$50 million in value.
- The mining, minerals and metals sector accounts for 20% of Mindanao exports in value terms.

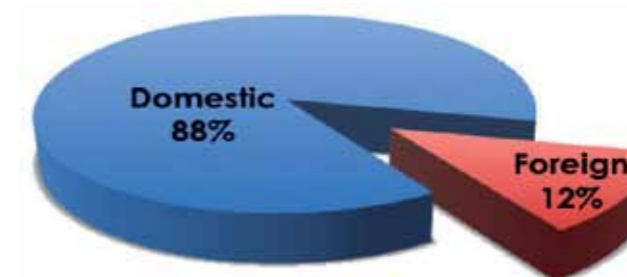
How We Will Get There

Key Thrusts

Economic & ecological integration and inclusive wealth creation shall be the twin thrusts toward Mindanao's sustainable economic development.

Economic integration will happen in several dimensions. *External integration* recognizes that Mindanao's development must be pursued within the broader national, regional and global contexts. It will achieve an increasingly horizontal mode of integration with the rest of the Philippine economy, by widening and deepening traditionally vertical and lopsided economic linkages with Luzon and the Visayas through Metro Manila and Cebu. Mindanao will also have a key role in the regionally integrated economy being envisaged for Southeast and East Asia. This holds great significance in the context of the political conflict in Muslim Mindanao, because even as Muslims make up a minority in the national context, they comprise the majority in Southeast Asia. More inclusive economic development in Mindanao, particularly in Muslim areas, is thus likely if pursued in the broader regional context, leveraging particularly on Islamic economic principles, values and opportunities. And in the larger world community of nations, opportunities for more active economic links with the Middle East and the dynamic emerging "BRIC" economies of Brazil, Russia, India and China promise to be a formidable basis for wider wealth creation in Mindanao.

Figure 7-7 Investment Equity Distribution in Mindanao, 2008



Source: BOI

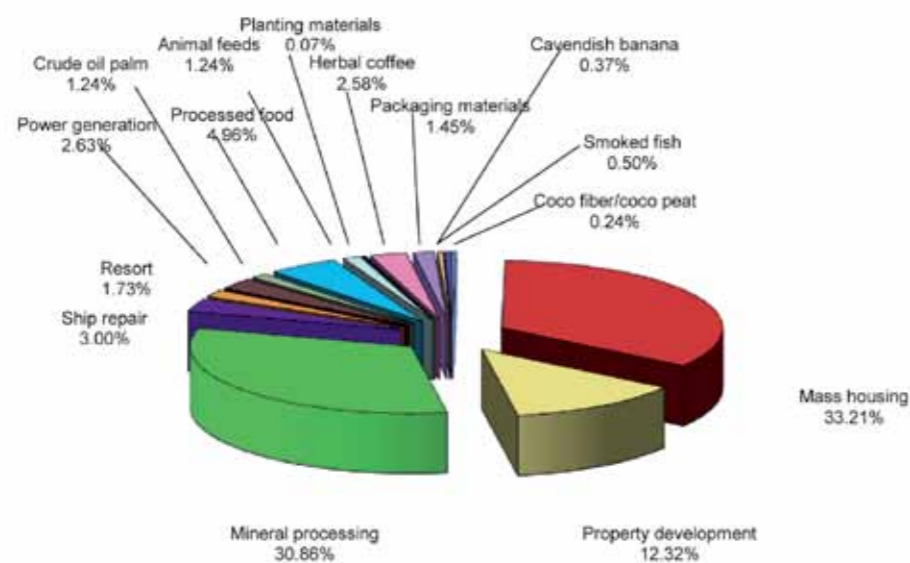
Table 7-3. Tourism Clusters in Mindanao

Cluster Code	Cluster Name	Coverage (Province, Cities)	Tourism Theme/Activity
SP-1	Surigao-Dinagat Islands	Dinagat Islands, Siargao Islands, Surigao City, Surigao del Norte	Island Resort – Marine Sports – History – Sightseeing – Events – Ecotourism – Adventure – Business – MICE* – Entertainment
SP-2	Agusan River Basin	Butuan City, Agusan del Norte, Agusan del Sur, Surigao del Sur, Bislig City	Ecotourism – Adventure – Sightseeing – History/ Archaeology – Events
SP-3	Cagayan de Oro–Tangub Coast and Hinterland	Camiguin, Cagayan de Oro City, Misamis Oriental, Iligan City, Lanao del Norte, Tangub City, Ozamiz City, Oroquieta City, Misamis Occidental	Island Resort – Marine Sports – History – Sightseeing – Events – Ecotourism – Adventure – Business – MICE – Entertainment
SP-4	Bukidnon Highlands	Bukidnon	Island Resort – Marine Sports – History – Sightseeing – Events – Adventure – Business – MICE – Entertainment – Ecotourism
SP-5	Dipolog-Dapitan Coast	Dapitan City, Dipolog City, Zamboanga del Norte	Resort – Marine Sports – Sightseeing – Events
SP-6	Zamboanga Peninsula	Zamboanga Sibugay, Zamboanga del Norte, Zamboanga City, Pagadian City, Isabela City, Zamboanga del Sur	Marine Sports – History – Sightseeing – Events – Business – MICE – Entertainment
SP-7	Davao Gulf and Coast	Davao City, Samal Island, Davao del Norte, Davao del Sur, Compostela Valley, Davao Oriental	Island Resort – Marine Sports – History – Sightseeing – Events – Ecotourism – Adventure – Business – MICE – Entertainment
SP-8	Cotabato-Sarangani	North Cotabato, South Cotabato, Sultan Kudarat, General Santos City, Sarangani, Cotabato City	Resort – Marine – Sightseeing – Tribal Cultures – Events – Ecotourism – Business
ARMM	ARMM	Basilan, Tawi-Tawi, Jolo, Lanao del Sur, Maguindanao	Ecotourism – Adventure – Sightseeing – History/ Archaeology – Events

Internal integration, on the other hand, will be pursued on two fronts. Mindanao's progressive economic growth centers must increasingly shift their focus from a traditional nucleus-satellite linkage to Metro Manila and Cebu, to complementary interconnections among one another. More importantly, Mindanao's leading growth centers must be more strongly linked to its depressed lagging areas through their respective complementary roles in the economic value-chain. This complementarity suggests that the growth centers can help "pull up" the lagging areas, instead of the latter pulling down the former through the deterrent effect on investments and tourism of the misplaced perception that all of Mindanao is beset by violent conflict. The value chain needs to be strengthened to mitigate its traditional lopsidedness in favor of the progressive growth centers. As discussed further below, this would be served by having more value-adding activities closer to primary production areas and in smaller enterprises, and clustering of producers to achieve economies of scale especially in marketing.

Ecological integration implies planning Mindanao's sustainable development based on its rich ecosystems, dominated by marine resources, fertile riverbasins and watersheds (see Chapter 3). It means planning with full cognizance of the carrying capacity of the environment and natural resource base. It also recognizes that Mindanao, like the rest of the country, is an archipelagic economy; thus, plans must not be dominantly terrestrial or land-based in orientation. In inland areas, a river basin/watershed-based management approach will help enhance synergy and cooperation (and thus better integration) among and across different government units and administrative jurisdictions. It could also help unify affected residents who are common stakeholders of the river basin ecosystem across cultural, political and socioeconomic lines. Taking such an ecosystem-based approach would also highlight food security and environmental integrity as key goals of Mindanao development.

Figure 7-8 2009 BOI-Registered Investments, Sector Distribution



Source of raw data: BOI

Economic and ecological integration implies seeing economic development and responsible stewardship of the environment not as incompatible goals, but as mutually reinforcing objectives that lead to sustainable development. One without the other is shortsighted and of limited benefit. It is only when both ends are jointly served that the ultimate goals of development are attained.

Inclusive wealth creation, as the other key thrust, recognizes that the key to the upliftment of Mindanawons' lives lies beyond mere income generation, but in wealth creation that is participated in and that benefits the widest cross-section of diverse Mindanao society. *Wealth* comprises five forms of capital: natural, human, social, physical and financial capital. Mindanao is exceptionally endowed with valuable *natural capital* and of abundant and diverse *human capital* with a diversity of ethnic, cultural and historical backgrounds. Its historically rich *social capital*⁴¹ had been impaired through the years by conflict, violence, political strife and bad governance, making the rebuilding of social capital a key imperative and challenge. *Physical capital* has seen significant improvement in Mindanao in the last 15 years through infrastructure improvements; still, the gap to be filled remains wide. Finally, *financial capital* has been inadequate and elusive because of traditional biases and impediments, seen in the disproportionately small share of the financial assets and of private investments reaching Mindanao. These various forms of capital are interconnected; for example, inadequacy of financial capital traces in large part to the deterrent effect on private investment of the fractured social capital in the islands.

Wealth creation refers to activities that build up society's stock of capital in its various forms described above. It represents a much higher level of economic activity than simply earning income, such as wage or salary from employment, rental income from property

ownership or interest from a financial investment. It involves entrepreneurship, which creates value out of the combination of the primary factors of labor, land (natural resources) and capital. Wealth creation thus creates both employment and income in various forms, thereby providing basis for further value creation and capital accumulation. It is through active wealth creation activities within Mindanao that it will overcome its traditionally lopsided economic relationship with the rest of the country and the outside world.

Inclusiveness connotes equal opportunities,⁴² an imperative borne out of a history of highly skewed endowments and opportunities in Mindanao. Inequality in endowments is historically rooted and tends to be taken as a given; inequality in opportunities, on the other hand, is borne out of years of failure in governance, and may thus be more subject to control under superior governance. In the context of wealth creation, inclusiveness implies equal access by men and women; Muslims, Christians and *Lumad*; and rich and poor from all corners of Mindanao to various opportunities for harnessing the various forms of capital in the island-region.

Strategies and Initiatives

In pursuit of the above twin thrusts, the following strategies define the various initiatives and interventions that will propel Mindanao toward attainment of the above-stated Vision, Goals and Objectives in the next 20 years:

- 1. Focus on key strategic economic drivers:** Provide focused attention and resource support to identified sectors, industries and initiatives determined to hold strong potential for propelling high, inclusive and sustainable growth of the Mindanao economy.

- 2. Formulate area development plans based on watershed, riverbasins and other ecosystems as units of planning.** Plan investments in economic activities of all scales with explicit stocktaking of the natural resource base and its carrying capacity in the ecosystem that will host the investments.
- 3. Address gaps and weaknesses in the value chain:** Fill gaps, reinforce weak links, and make more inclusive the various key product value-chains, with the end in view of reducing costs, diffusing market concentration, improving producer prices, linking lagging areas to growth centers, and broadening the base of the rural economy.
- 4. Pursue massive enterprise development:** Undertake a massive and government-wide effort supported by non-government sectors for enterprise development, especially of micro, small and medium enterprises all across Mindanao.
- 5. Broaden and deepen the agriculture/agribusiness sector:** Promote greater diversity and increased value-adding in the range of agricultural and fishery products produced in Mindanao, as continuing linchpins for broad-based Mindanao development.
- 6. Promote a vibrant services sector via trade, tourism and ICT-based services:** Undertake focused initiatives to strengthen these three strategic services subsectors as key job generators, and hence drivers of inclusive growth in Mindanao.
- 7. Widen Mindanao's industrial base:** Provide the enabling environment for increased industrial activity over the medium to long-term.
- 8. Pursue win-win approaches towards ecological integrity and economic development,** through conscious pursuit of environmentally friendly production and consumption, and through promotion of mechanisms for payments for ecological services (PES).

These key strategies are further elaborated below, along with concrete initiatives that will translate them into action.

Focus on key strategic drivers of inclusive and sustainable growth in Mindanao.

Prioritize policy, program/project and resource support on sectors and industries holding greatest promise for rapid, sustained and broad-based growth. Adopting this key strategic drivers approach will optimize limited resources for the greatest and widest benefit of Mindanawons. Capitalizing on Mindanao's archipelagic geography and rich inland watersheds and river basins, production activities building on while sustaining these assets will be among the key economic drivers for Mindanao within the next 20 years, such as:

- Fisheries (tuna, sardines) and mariculture (grouper, seabass, eel, prawns, crabs)
- Seaweed farming and processing (carrageenan)
- River and marine-based ecotourism (river tours, whitewater rafting and kayaking; dolphin/whale/dugong watch; diving and snorkeling)
- Riverway and coastal waterway transport systems (river and coastal ferries; roll on-roll off or RORO)
- Inter-island and international shipping; ship and boat building and repair
- Offshore oil and gas exploration and production

For the land-based economy, the key drivers will include:

- Agriculture and Agribusiness (especially processed fruits, organic food, Halal food products)
- Tourism (terrestrial ecotourism such as forest canopy tours, ziplines; historical and cultural package tours; medical tourism and retirement estates)
- ICT-based services (telecommunications, business process outsourcing e.g., contact centers, transcription, animation, design)
- Mining and minerals processing, metal manufacturing

Reform policies that impinge on growth of the above key strategic drivers, such as:

- Abolish the cabotage law (see further below)
- Adopt a pocket open skies policy for secondary international airports
- Reconcile conflicting laws and regulations governing mineral lands and other natural resource areas, indigenous lands and protected areas

Facilitate access of such industries to basic infrastructure including low-cost energy and efficient transport facilities; and to domestic and foreign markets (see below and Chapter 9)

Provide technology and financing support for these key strategic drivers through the following:

- Increase and sustain R&D budgets for Mindanao-based state colleges and universities; research centers/institutes (see Chapter 9);
- Provide incentives, rewards and awards for home-grown technologies responsive to needs of and actually commercially adopted by SMEs;
- Develop with the banking system long term financing facilities to support working capital requirements for production of long-gestating fruit crops;
- Define and implement internationally-recognized quality standards for various commodities (e.g., fruits, carrageenan, organic food, Halal products) and provide accessible testing facilities for such.

⁴¹ See Chapter 6, where the concept of social capital is defined.

⁴² Ali and Zhuang (2007). This provides the Asian Development Bank's operational definition of "inclusive growth," which is thus defined as growth with equal opportunities.

Formulate area development plans based on watersheds, riverbasins and other ecosystems as unit of planning.

Define the major ecosystems that would be logical units of planning. Some are already clearcut and well-known, such as the Pulangi Riverbasin and the Agusan Riverbasin. This will require environmental expertise, and should be done with technical guidance from the DENR with participation from other relevant bodies in and out of government. This is a prior step to undertaking deliberate planning on an area basis, transcending local administrative boundaries.

Strengthen capabilities for use of geographic information systems (GIS) and mapping by LGUs, regional government agencies and academic and research institutions. As a valuable tool for physical planning, GIS technology must be accessible to Mindanao LGUs, especially to those who will take lead roles among groups of LGUs planning jointly on an ecosystem-wide basis.

Bring together LGUs sharing an ecosystem - whether a watershed, a riverbasin, a coastal or a marine ecosystem - to embark on joint area planning exercises. Where the concerned ecosystem transcends administrative regions, MinDA as Mindanao oversight body for development, may convene such joint planning activity. Where a complete ecosystem falls within the jurisdiction of one administrative region, the RDC may play the convenor role. The objective would be to undertake development and physical planning for the defined ecosystem, across the concerned LGUs. To this end, there is need to promote and encourage alliances among LGUs sharing an ecosystem, to facilitate such ecosystem-based planning and effective co-management of implementation of resulting plans. An enabling environment to facilitate such alliances should be provided via relevant institutional and financial management flexibilities. (See Chapters 3 and 8 for more on LGU alliances and examples thereof.)

Formulate ecosystem development plans that bring together and harmonize separately prepared local comprehensive development plans (CDPs). Harmonization to consider ecosystem-related concerns may involve modifications as may be necessary to ensure coherence of cross-boundary concerns within the ecosystem. The resulting plans would indicate, among other things, the kinds of economic activities/enterprises that may be established (and those that will be restricted) within the area based on the carrying capacity of the natural resource base; appropriate public investments; and other requirements to ensure the proper economy-environment balance.

Address gaps and weaknesses in the value-chain.

Identify points in the various production-marketing systems where links in the value chain may be weak, lopsided or missing, in order to guide critical focused interventions. It is the value chain that links the local economies of Mindanao together, and links Mindanao with the larger national, regional and international economy. The thrust of strengthening Mindanao's economic integration in its various dimensions is

thus served by strengthening and broadening the various links in the chain, aimed at (1) enhancing efficiency to reduce costs; (2) avoiding undue concentration of market power and its concomitant result of raising consumer prices or depressing farm gate prices; and (3) facilitating active participation by lagging areas. Both efficiency and equity considerations are thereby addressed in the promotion of growth-enhancing economic activities, thus serving the thrust of greater inclusiveness along with accelerated economic growth.

Foster sustained supply chain linkages for the above identified key strategic drivers across Mindanao, Mindanao with the rest of country, and Mindanao with regional and international partners. For example, fruit processing (e.g., vacuum-drying or freeze-drying) technologies could be made widely available to SME entrepreneurs in fruit surplus areas in Mindanao, through joint efforts of the Department of Science and Technology (DOST) and the machinery manufacturing industry. ICT-oriented NGOs could assist in linking small producers to regional and international markets via e-commerce mechanisms. Many other examples of creating or strengthening supply chain linkages may be identified and pursued.

Deliberately promote supply-chain linkages between depressed areas (especially former conflict areas) and progressive economic centers. As mentioned above, this will permit the latter to "pull up" the former rather than have the former drag down the latter due to the negative image of violent conflict that deters investment, as is currently the wide lament. Depressed municipalities would typically make up the upstream components on one end of the value chain (i.e., as raw materials suppliers), linked at the other end to the regional economic centers (e.g., Davao City, General Santos City, Cotabato City, Zamboanga City, Cagayan de Oro City) which are either processing centers, final markets or take-off points to the final markets in the rest of the country and the world. Purposive initiatives to fortify this link would include provision or improvement of storage, transport and communication facilities. Fostering greater processing at or near primary production areas (see above and below) would also serve this objective.

Promote greater processing and other value-adding activities farther upstream in the chain, closer to the primary production areas. Doing so can yield the benefit of reduced costs, inasmuch as it is cheaper to transport processed products than bulkier raw materials. For example, carrageenan-processing facilities that are closer to seaweed production areas could improve efficiencies in the supply chain. Such improved efficiencies are particularly important in the face of stiff competition from Indonesia that has emerged in recent years. For this to happen in Tawi-Tawi, a dominant seaweed producer, cheap and reliable electric power must be made available to make even initial processing feasible. Such policy will also improve market access of primary producers, especially when processing and value-adding activities are more dispersed in small and medium enterprises, as further expounded below.

Encourage a more pluralistic structure in the value chain, involving small to medium scale food processors, as opposed to being concentrated in large-scale processing centrals that foster monopolistic and monopsonistic tendencies in the

trading system. An example is the muscovado sugar industry in Sultan Kudarat where some 15 small muscovado processing plants are servicing 400-500 hectares of sugarcane plantations.⁴³ Farm gate prices for agricultural and marine (e.g., seaweed) products are likely to improve in such a pluralistic and competitive structure, to the benefit of small and medium producers. This may be achieved through an appropriate combination of policy and incentive instruments; the Sultan Kudarat experience merits study for this purpose. Such approach would further contribute to narrowing of the widening gaps among and between Mindanao's growth centers and its impoverished regions, thereby promoting more inclusive growth.

Provide context-appropriate support infrastructure from upstream (e.g., energy, irrigation and water supply) to downstream (e.g., transport, communication and storage) to serve the entire value chain. In many cases especially in Mindanao, solutions need not be costly or sophisticated. For example, for certain communities isolated by difficult topographic conditions such as mountains or rivers, cable conveyor systems or horses may be adequate substitutes for farm-to-market roads to permit efficient transport of primary produce to the market (Box 7-2). (See also Chapter 9 for more extensive discussion on enabling infrastructure).

Facilitate industry organizations with broad membership representing the various links in the value chain, to promote holistic approaches to challenges facing specific commodity systems. Traditional industry organizations have typically brought similar players within a commodity industry together among themselves, in associations of growers, traders, and processors. A value chain development strategy would be better served by organizations that permit active interaction, knowledge sharing and coordination across these various types of players. Thus, rather than have, say, distinct associations for sugar growers and for sugar millers, a sugar industry association that counts among its members growers, millers, and those engaged in transport and logistics, storage, and food manufacturing would be more responsive to the challenges facing sugar as a commodity industry.

Develop more active external economic linkages with BIMP-EAGA partner countries, the rest of Asia (especially China), and the Middle East (especially for Halal industries). This includes active pursuit of the ASEAN RORO initiative to further ease transport of people and goods with and across our regional neighbors, and other initiatives aimed at invigorating cross-border trade and investment within the regions west and south of Mindanao.

Pursue a massive enterprise development thrust.

Mobilize the entire government machinery to provide a hospitable enabling environment for entrepreneurship and enterprise development. While this strategy is worthy of nationwide application, Mindanao in particular offers wide scope for entrepreneurial activity owing to its rich endowments

of natural and human capital. Historically, large investments in sizable ventures in agriculture, mining and manufacturing had provided a significant boost to overall Mindanao production and GDP growth. But historical experience suggests that their benefits have not permeated across the Mindanao populace, and may have even contributed to greater inequity in certain parts of Mindanao (especially in Regions IX and X, as seen in Chapter 6) relative to the rest of the country. In light of this historical experience, Mindanao's economic development must henceforth be consciously geared toward greater inclusiveness, a goal best served by having a strong small and medium enterprise (SME) sector. Thus, alongside continued efforts to attract large desirable and responsible investments by both domestic and foreign investors, Mindanao must embark on a massive SME development effort that would have all government agencies and instrumentalities contribute to the goal. This means that the traditional impediments facing SMEs in access to financing, technology, raw materials and markets must be addressed with deliberate policy and program interventions. National government agencies (such as DTI, government financial institutions, Bangko Sentral ng Pilipinas) and LGUs all have respective roles to play in improving such access through interventions of a regulatory (e.g., rules governing banks; systems of quality standards) and institutional (e.g., testing centers for quality standards and new technologies) nature.

Proactively link various market players with a view to catalyzing investments and synergistic relationships. Beyond improving the enabling environment, deliberate efforts to bring together various market players will help bridge information gaps that may be lying in the way of pursuing mutually beneficial business relationships, including between primary producer groups and processors, between other links in the product value chains, between SMEs and large enterprises, and between financiers such as venture capitalists and innovator-entrepreneurs. Government, industry associations and NGOs can play this effective "matchmaking" role in facilitating business relationships that could pave the way for more productive economic activities.

Streamline processes and minimize transaction costs in setting up a business and overall costs of doing business. This is a nationwide imperative for both concerned central government agencies and LGUs that includes establishment of operational "one-stop-shops" for business licensing and other business dealings with government, such as processing of export documentary requirements. Incentives like performance-based grants for LGUs could include initiatives in this direction among the incentivized indicators of good performance.

Undertake catalytic investments by the public sector where voluntary private investment is impeded by historical peace and order problems. This would entail developing a policy and mechanism whereby government, in well-defined exceptional cases, may infuse equity into catalytic enterprises in conflict areas that will provide employment where private investment will not normally venture. This represents a departure from the usual non-interventionist market-based paradigm, justified by the

⁴³ It is the monopsonistic (single-buyer) situation resulting from having a concentration of processing in a large facility that tends to result in depressed farm-gate prices for farmers, as a buyer's market for the primary product ensues.

need for affirmative action to break conflict areas out of a vicious circle of poverty.

Provide meaningful enticements to encourage investments in conflict-affected areas, whether in small, medium or large enterprises. Of particular importance would be the pursuit of distinctive enterprise development initiatives in predominantly Bangsamoro and Lumad areas, exemplified by the successful La Frutera project in Datu Paglas (Box 7-3) and the proposed Iranon project in Polloc, Maguindanao. Such approach to enterprise development marked by a home-grown and culturally-sensitive Bangsamoro or Lumad development model promises to be crucial to enlivening local economies in conflict areas without having to wait for attainment of a peace settlement with the MILF.⁴⁴ Specific initiatives could include the following:

- Enact an improved investment incentives law for ARMM that provides sufficient attraction for locating investments in the ARMM provinces.
- Provide access to concessional financing (e.g. from IFC, ADB, JBIC) for investors venturing into former conflict area
- Identify, foster and facilitate business partnerships with enlightened developmental and entrepreneurial local leaders in conflict areas, towards replicating success stories of business enterprises that have thrived even in conflict areas. The experience of the La Frutera company in Datu Paglas is a widely cited model, whose success is attributed to the enlightened leadership of the late Hashim Salamat and Datu Ibrahim "Toto" Paglas (Box 7-3).

Other initiatives in pursuit of massive SME promotion and development would include:

- Maximize unique livelihood and employment opportunities from Mindanao's rich cultural base. Apart from Halal industries and Islamic finance, products and services showcasing the distinctive arts of the region have great market potential, such as exotic fabrics and textiles, apparel, furniture and fixtures, objects of art, theater and film, literature, etc. Government support in facilitating market access outside of Mindanao including overseas is important here.
- Develop innovative mechanisms to effectively channel savings from overseas remittances toward local investment and enterprise development in Mindanao. These could include municipal bond issues targeted to OFW families to raise financing for local development projects, for example.
- Promote techno-entrepreneurship especially among the younger generation, including new graduates and out-of-school youth. This refers to development of enterprises in information and communication technology (ICT), to which the young have a natural affinity. To this end, Mindanao high schools must be deliberately oriented

towards entrepreneurial education to raise the proportion of graduates who shall create jobs rather than merely look for jobs.

- Proactively identify and target specific foreign investor groups who are likely to be attracted to invest in Mindanao. A logical target group would be investors from Islamic countries in Asia and the Middle East, particularly for Islamic products and services. Investors from China have also shown strong interest in agribusiness ventures in Mindanao. The mining industry is already attracting much interest from foreign investors from Australia, Canada, US and Europe. Pursuing all these would entail effective economic intelligence on the part of Philippine embassies and consulates abroad.
- Develop and market a Mindanao brand that would be internationally promoted to be widely recognized for quality and desirability. Pursuit of this could be a partnership between private sector and government (e.g., DTI, DOST), and can in turn be a vehicle to enforce quality standards on Mindanao products (e.g., processed fruit, furniture, Halal products) and services (e.g., package tours, retirement estates, Islamic finance). It can likewise be a vehicle for stimulating higher value adding for various Mindanao products.

Broaden and deepen the agriculture/agribusiness sector.

Diversify into other horticultural crops and in more processed forms to reach wider domestic and export markets. Mindanao's comparative advantage in agriculture and its allied industries is well recognized, and will remain indefinitely into the future. This will especially be true with traditional commercial crops that have dominated Mindanao exports, like bananas, pineapples and coconuts. There is much scope for further diversification into other horticultural crops, particularly tropical and exotic fruits, and will hinge on availability and accessibility of processing technologies that will lengthen the shelf life of such products (e.g., vacuum-drying and freeze-drying technologies as commonly used in Thailand's fruit exports). Specific crops with particular promise include moringa (*malunggay*); tropical fruit juices (e.g. Granada); stevia (a natural sweetener); okra; asparagus; dietary supplements and medicinal plants (e.g. mangosteen); and bamboo.

Target rice self-sufficiency for Mindanao as a long-term goal. Notwithstanding its rich agricultural endowments, food security remains a challenge for Mindanao, with rice production falling well short of total requirements. Over the long term, trends in the world rice market suggest a further thinning in rice world trade, already thin at present with only an estimated 5 percent of total world rice production entering international trade. There are indications that rice-surplus countries are increasingly retaining larger portions of their rice production due to growing domestic demands beyond their capacity to further raise production. The

implication is that availability of importable rice may become more limited and at much higher prices in the longer term, and likely within the next 10-20 years.⁴⁵ It will thus be prudent to pursue the long-term goal of producing Mindanao's own rice requirements at the minimum, especially given that its superior agro-climatic conditions for growing the crop relative to other parts of the country put it in a better position to respond to the country's rice requirements. This could initially be set as a 10-year goal, but the pace at which the above projections unfold in the years ahead would eventually determine whether the goal must be reached sooner, or possibly later.⁴⁵

Pursue a unified private sector-led development agenda for Mindanao's farm, fisheries and food sector, addressing various policy, institutional and physical impediments to improved productivity. In light of the above discussions, Mindanao must find a proper balance between export-oriented agriculture and the demands of internal food security over the long term. Key to addressing this balance is a substantial improvement in farm productivity, which has remained low compared to other parts of the country and other countries in the region. In view of this, Mindanao officials and stakeholders need to push for the following key imperatives of nationwide applicability, but of particular importance to Mindanao:

- Resolve conflicting claims on land and natural resources, which have put on hold substantial potential investments.
- Complete and conclude implementation of the Comprehensive Agrarian Reform Program, to reinvigorate rural land markets and spur increased farm investments.
- Repeal the Cabotage Law to unleash greater competition and reduce costs in domestic shipping.
- Ensure an efficient devolved agricultural extension system administered from the provincial level, and tap leading farmers in farmer-to-farmer mentoring schemes within their barangays.
- Facilitate clustering schemes to achieve scale economies in production and marketing for smallholder farms (e.g., the NorminVeggies model; Malaysia's FELDA/FELCRA nucleus estate system).
- Undertake innovative schemes for wider access to agricultural credit, such as accepting standing crops as collateral, longer-term loans to match gestation periods of tree crops, and application of successful microfinance approaches to farm finance.
- Empower LGUs to take primary responsibility for planning and executing rural development initiatives on the ground ("rowing"), as the Department of Agriculture (DA) focuses on overall "steering" functions (e.g., standards setting, regulation, international negotiation) and building LGU capacities in managing agricultural development.

- Reform the agriculture budget to promote subsidiarity and the primary role of LGUs in agriculture development by downloading budgetary resources to LGUs and communities. In line with this, assert and strengthen community-based planning, program/project identification, and implementation.
- Raise budgets for agricultural R&D to levels consistent with international norms (see Chapter 9).
- Fill in remaining gaps in support infrastructure and farm inputs for agriculture, e.g., irrigation, farm to market roads, post-harvest facilities, quality seeds.
- Expand competition in the agricultural trading system through the following:
 - Institute appropriate regulatory measures and legislation to curb cartels and monopolies/monopsonies;
 - Prioritize infrastructure facilities that expand market options of farmers/ growers (e.g., farm-to-market roads and bridges, price information system, barangay public Internet access points); and
 - Foster dispersal of SME agri-processing enterprises in primary production areas to expand choices of outlets for farm products (see discussions above).
 - Ensure convergence of government support services for agriculture, to address the issue of the fragmented, uncoordinated approach of these support services (e.g. different bureaus/agencies handling fertilizers, seeds, credit, etc. with little if any coordination among them).
 - Facilitate transformation of farmers from mere producers to agri-entrepreneurs with deliberate interventions such as business extension services, through joint efforts among LGUs, DA, DTI and other institutions.

Pursue the following measures specific to Mindanao's agriculture agenda:

- Develop context-appropriate agricultural technology support from a Mindanao-based science and technology (S&T) and research and development (R&D) system/ network (see Chapter 9);
- Reinvigorate the Mindanao poultry and livestock industry, especially as it gears up to meet rapidly-growing demand for Halal food products;
- Identify and develop strategic agribusiness corridors (e.g. Iligan and Bukidnon in Region X) along with necessary elements of the value chain that need to be developed or strengthened (see above discussion on value chains), and roles of the respective LGUs involved.

⁴⁴ This is particularly applicable in the case of MILF-dominated areas, where externally-driven development initiatives tend to be viewed with suspicion as a "counter-insurgency" effort seen to undermine achievement of a satisfactory political settlement. In such contexts, a distinctively home-grown development model is deemed to be more acceptable. See Chapter 5 on Peace and Security where this concern is also articulated.

⁴⁵ This outlook is actually debatable, as some analysts blame net consuming countries' rice self-sufficiency policies for inadvertently inducing rice surplus countries to reduce production in the long term even if they are capable of further substantial increases in rice production owing to favorable natural conditions (see, for example, Clarete 2010).

- Expand scholarship opportunities to encourage Mindanao youth to enroll in agriculture and agriculture-related courses, with scholarships coming from both government and the private sector, especially those who have benefited and stand to benefit from a strong agricultural human resource base in Mindanao.

Anticipate and address long-term trends that threaten to dramatically alter the nature of challenges facing Mindanao agriculture, including intensified effects of climate change including sea level rise, thinning of the international rice market, rapid demand growth for natural and organically-grown food, and regional economic integration. In light of these trends, agriculture and agribusiness must be able to respond with greater climate change resilience; increased self-reliance in rice supplies and eventual self-sufficiency or surplus; wider prominence of organic agriculture; and strengthened competitiveness amid wider inter-regional trade in farm products.

Specific long-term imperatives include the following:

- Prioritize climate change resilience in planning for agriculture development in Mindanao. This entails building in climate change adaptation strategies at all levels of agricultural planning, including identifying and breeding drought-resistant crop varieties and ensuring climate change resilience in rural infrastructure, among others.
- Undertake the necessary policy reforms (e.g., reorganizing the extension system) and public investments (e.g., irrigation and post-harvest facilities) to achieve rice sufficiency in Mindanao within the next 20 years. As argued above, self-sufficiency as a long-term goal is strategic and prudent in light of world market trends. Appropriate productivity improvements need to be pursued along with sustainability concerns.
- Position Mindanao as a prominent international center for organic farming and sustainable agriculture, through corresponding public investments, institutional support mechanisms and policy reforms. Identify and designate a suitable island as an exclusive organic farming island or isolated area based on appropriate criteria (with Basilan as a possible candidate), and pour ample public investments and efforts into fully realizing this goal by 2020. Along with this, support and replicate successful sustainable agriculture models and promote their further development and scale-up through formal institutional support from DA and DOST.

Promote a vibrant services sector via trade, tourism and ICT-based services.

Focus on trade, tourism and ICT-based services (especially telecommunications and business process outsourcing or BPO) as the three primary drivers of the Mindanao services sector. These three have already demonstrated rapid growth in past years, and are amply supported by Mindanao's traditional endowments and recent infrastructure developments. Over the next 20 years, these will also be the primary sources of growth in the services sector in Mindanao.

Position Mindanao as logistics hub to service the surrounding ASEAN sub-region including BIMP-EAGA and Timor Leste.

Active trade between Western Mindanao and neighboring states of Malaysia, Brunei and Indonesia traces a long history and are projected to have a continued strong outlook into the future. Mindanao must be an integral part and key player in the emerging regional trading networks in the sub-region. Recent joint initiatives by China and Malaysia in the Sulu-Sulawesi Sea promise to further invigorate regional commerce in the area and its environs, with Mindanao acknowledged as a key component of such trading hub. Its location makes Mindanao well positioned to be a logistics hub to service Sabah in Malaysia, Sulawesi in Indonesia, Brunei, and Timor Leste within the next 20 years. As mentioned in Chapter 5, growing interest in alternative shipping lanes such as the Lombok-Makassar-Sulu sea-lane also promises to position Mindanao squarely in the regional trading arena. Forward-looking investments in upgrading shipping ports and airports especially in Zamboanga City, General Santos City and/or Davao City need to be lined up for such strategy to materialize.

Expand and enhance the internal logistics system serving Mindanao and linking it to Visayas and Luzon.

There remains wide scope for expanded trade across and among Mindanao's primary and secondary growth centers, which would further strengthen the integration and unification of its economy. While the arterial road system is already mostly in place, rail links through the envisaged Mindanao Railway System must find realization within the next 20 years (Chapter 9). Addition of alternative routes and entry points for the RORO nautical highway are also underway, and must be pushed with greater vigor. Stronger integration of the internal logistics system will in turn expand the reach of a much wider base of Mindanao producers to markets in Visayas and Luzon, ensuring that trade will remain a key driver of the services sector well into the future.

Pursue strategic efforts in tourism by charting a Mindanao Tourism Roadmap with wide stakeholder participation, to pursue the vision of making Mindanao a prime tourism destination within the nationwide tourism strategy of the DOT.

Over the years, Mindanao tourism has been hampered by the region's generally negative image particularly in terms of peace and order. While a clear deterrent for foreign tourism, statistics cited above reflect a steady increase in domestic tourism in recent years. Given limited resources, the prudent strategy would be to prioritize the nine Mindanao tourism clusters as defined by DOT (Table 7-3), with those in generally trouble-free areas receiving prior attention even as peace efforts are underway in others. With Mindanao's wide range of tourist attractions for varied interests spanning history and culture, natural beauty and adventure, there is wide scope for substantial tourism growth in the next 20 years. The following initiatives should position Mindanao to take advantage of new emerging tourism services sector opportunities:

- Address policy impediments to wider tourism growth in Mindanao, such as resolution of conflicting claims on land and natural resources; adoption of an open-skies policy for Mindanao airports to attract greater air passenger and cargo traffic from abroad, especially BIMP-EAGA partner countries; and others.

- Upgrade common infrastructure facilities such as airport terminals, highways and access roads, public restrooms, and other amenities that will facilitate access to viable historical/cultural and ecological tourism sites in Mindanao, without compromising environmental integrity (see also Chapter 9). Private facilities such as hotels and restaurants must also be encouraged to upgrade quality via an official accreditation and rating system, among others.
- Upgrade Mindanao tourism products and marketing and information materials to international standards. This would include creative packaging of tour destinations related by physical distance or particular areas of interest (i.e. under the DOT's cluster approach). Production of ample, attractive and up-to-date information materials must be given the requisite resources both by the government and private sector players as a shared endeavor, with maximum use of electronic and print media for widest dissemination. Active marketing via electronic media should include the capability for online reservations and payment; various ICT groups may be tapped in this electronic marketing effort. Similarly, the assistance of the numerous ICT and communications/media groups in Mindanao could be tapped to help rectify its negative image, and build-up a new and positive image for Mindanao in the eyes of the rest of the country and the outside world.
- Provide basic infrastructure facilities (e.g., transport access, water supply and sanitation) in remote tourism areas still lacking basic amenities. Tawi-Tawi, for example, possesses great potential for tourism especially from nearby Malaysia and Indonesia, and has at various times attracted interest from Malaysian tourism investors. However, lack of reliable water supplies had reportedly discouraged one particular investor from pursuing a major project in one of the province's beautiful islands.
- Strengthen coordination of tourism promotional activities. There is a wide scope for improved coordination on various fronts: among private sector players in the tourism value chain (e.g., between and among resorts, hotels, transport providers including airlines, and travel agencies); between private sector players and the government, including LGUs, DOT and DFA; between government entities at home and our foreign missions abroad; between our foreign missions abroad and overseas Filipino organizations, and directly between private sector groups at home and foreign missions and overseas Filipino organizations abroad. The country's huge overseas population base can be a potent tool for tourism marketing, and creative ways of tapping their assistance should be pursued.
- Assert the key role of communities and LGUs in tourism development. The Department of Tourism's community-based ecotourism (CBET) initiative should be supported with a wide-reaching information, education and communication (IEC) program. LGUs must be empowered and equipped to be effective advocates for tourism in their respective areas, and must ensure appointment of competent and well-motivated local tourism officers and staff.

- Reinvigorate BIMP-EAGA initiatives particularly in trade and tourism promotion among the member countries. In particular, there appears to be a need for stronger negotiation and advocacy efforts with our partner BIMP-EAGA countries, to secure stronger government and private sector commitment that had suffered a hiatus in the aftermath of the Asian financial crisis.
- Raise the Department of Tourism's budget shares allocated for Mindanao, which continues to be disproportionate to its potential contribution to total tourism development nationwide.
- Undertake aggressive efforts to attract more tourism investments in Mindanao through the incentives provided by the Tourism Act of 2009 (R.A. 9593) and the Tourism Infrastructure and Enterprise Authority or TIEZA particularly through the tourism enterprise zones or TEZs.
- Strengthen and effect tighter coordination among Mindanao-wide tourism institutions, such as the Southern Philippines Tourism Council (SPTC), Mindanao Tourism Council (MinTC) and the Association of Unified Tourism Officers (AUTO)-Mindanao.

Effect stronger cooperation between government and the BPO industry to ensure responsiveness to the human and physical requirements of the growing industry.

This includes responsiveness of tertiary educational institutions to the industry's skilled human resource requirements. Apart from further expansion of connectivity (see below), it also requires anticipating and planning for the physical space requirements of the industry, which has been a major driver of the overall growth of the real property sector in the country.

Pursue further improvement of the telecommunications infrastructure particularly in support of widening access to broadband connectivity all across Mindanao.

Improved telecommunications facilities from both private and public investments undertaken in the last 10 years have equipped Mindanao to be abreast with Luzon and the Visayas in attracting investments in ICT-based industries, particularly BPO. BPO has begun to take a foothold in Mindanao, particularly in economic growth centers where reliable information infrastructure is in place and tertiary education institutions are present. As available trained human resources in Luzon have become increasingly limited relative to rapidly growing demands, more of such enterprises are turning to Mindanao. There is a growing and active community of Mindanao-based ICT practitioners, with strong motivation to cash in on the wide opportunities in the ICT-based industries and "techno-entrepreneurship."

Widen Mindanao's industrial base

Address persistent constraints to further industrial development in Mindanao. Industry, composed of manufacturing, mining and quarrying, construction and utilities, have lagged behind agriculture and services in Mindanao

owing to a number of persistent constraints. With its largely agriculture-friendly natural environment, agri-based industries will continue to dominate manufacturing activity in Mindanao for years to come. Non agriculture-based manufacturing remains hampered by short-term impediments such as a generally negative peace and order image due to localized conflicts, continuing infrastructure inadequacies especially lack of electric power, and long-standing governance problems. Until dramatic improvements are achieved on these, manufacturing in Mindanao will remain primarily agriculture- and fisheries-based (i.e., agricultural processing, fish canning), particularly in the short to medium term. While mining has long been seen as a potential growth driver for the Mindanao economy, persistent issues on adverse environmental and social impacts prevent the industry's development full throttle. Moreover, Mindanao does not have complete control over the development of its mineral resources inasmuch as these are owned and managed by the State. Mining industry development strategies for Mindanao are therefore tied to national strategies. Given this, Mindanao must unite to support and push for strategies for the mining sector that serve the greatest good for the greatest number of Mindanawons. Meanwhile, construction activity is a function of overall economic growth and public investment levels, with the latter persistently hampered by tight government finances. Similarly, utilities development is constrained by public finances and the attractiveness of the investment climate as influenced by peace and order and governance concerns. All these suggest that unleashing Mindanao's further industrial growth will require the following measures in the short to medium term:

- Provide for Mindanao's long-term energy needs and fill in remaining gaps in transport and communication infrastructure to support further industrialization in Mindanao (discussed more fully in Chapter 9).
- Secure a definitive political settlement with the MILF and NDF, and satisfactory compliance with the FPA with MNLF (Chapter 5), to pave the way for heightened confidence in Mindanao's business prospects.
- Address barriers and deterrents to entry arising from undue concentration of local economic power, especially where local economies are dominated and controlled by powerful political families. Overcoming this reality in the current political economy will be a complex and long-term endeavor that should start with enactment of a strong competition law by Congress.
- Pursue aggressive confidence building efforts on all sides of the mining debate, with the goal of securing sufficient consensus upon which to move forward on the agenda for growth and development of a responsible mining industry. To this end, an updated mineral resources inventory for Mindanao must be considered in the Mindanao-wide Comprehensive Land Use Plan proposed in Chapter 8. Based on this, a Responsible Mining Development Plan for Mindanao should also be formulated with participation by all stakeholders, which, together with the Mindanao CLUP, should guide all subsequent mining applications in Mindanao.

- Ensure faithful compliance by mining firms with the requirements of responsible mining, through a tight monitoring and evaluation system jointly undertaken by MGB, DTI and MinDA, with active participation of civil society. Work must also be undertaken to improve the appreciation of and understanding by LGUs, IPs and communities of mining processes, their consequences, costs, benefits, etc., to avoid having to rely solely on proposals and information provided by investors. This will equip them to better negotiate for fair terms prior to granting of permits and the free prior informed consent (FPIC) required by law.
- Plug the gaps, rectify flaws and clear conflicts with other laws in the legal framework for the mining industry, including defining and fixing a fair fiscal regime for MPSAs and FTAA's, and resolving conflicting provisions with the Local Government Code and the Indigenous People's Rights Act.
- Foster investments in domestic processing of minerals and manufacturing of metals towards greater value adding and stronger vertical and horizontal integration within the industry sector. The legal framework may provide substantial incentives that may be compounded at every stage of further processing, especially of metallic ores; and disincentives for export of raw mineral ores.
- Rectify policy impediments (e.g., provisions in the EPIRA Law; energy pricing policies) that inhibit private investments in power generation in Mindanao (Chapter 9).
- Undertake purposive efforts to help reinvigorate, revive or find alternative uses for the facilities of defunct or moribund industrial projects around Mindanao, where warranted, such as the former National Steel Corporation (now Global Steel Inc.) in Iligan; PICOP in Bislig, Surigao del Sur; Philnico in Nonoc, Surigao del Norte; and others.

Anticipate industry development opportunities within the BIMP-EAGA framework, wider international market trends, and domestic market developments, given Mindanao's particular endowments and potentials. While the above address constraints on the supply side, strategic attention needs to be given to trends on the demand side, in order to maximize opportunities once the supply-side constraints are overcome. At the BIMP-EAGA and international context, purposive economic intelligence and strategic analysis need to be undertaken to identify the types of industries that Mindanao should best invest in for the future. This will be determined by strategic positioning that our ASEAN neighbors may already be taking (e.g., industrial development initiatives in Sabah and Sulawesi), along with explicit directions agreed in multilateral forums such as the various ASEAN official meetings and BIMP-EAGA member country consultations. The direction in this context must be industrial complementation to avoid costly excess capacity in competing industries. In the domestic context, internal developments especially on regional development trends would determine the kinds of industrial opportunities that would arise for Mindanao. For example, further expansion of the RORO nautical highway system would imply the need for more sea craft, suggesting that full-scale investment in a shipbuilding industry to service these requirements as well as the export markets could be warranted.

Box 7-2

Appropriate Solutions Need Not Be Costly

One of the Mindanao 2020 team members had the opportunity to interview the barangay captain of an upland farming community in Sarangani, which was reached via a tortuous ride through a severely battered and eroded road that tested the endurance of both the vehicle and its occupants. Asked to identify the one most important thing he would ask of government if given the chance – even though the answer at first seemed obvious – the farmer came up with an unexpected answer: “Horses. With a few horses, we could easily bring our produce down to the market in town.”

The wisdom in that reply became readily apparent. The barangay captain had no illusions that money would be forthcoming from local political leaders to fix some seven kilometers of a narrow mountain road leading up to a couple of tiny farming communities with too few voters to matter. But horses, a much cheaper solution, would fill the particular need of this community. More importantly, one realizes that fixing the road would only put the still lush forests surrounding the community within reach of loggers' trucks, and thereby in almost certain danger of destruction.

Another example would be further value-adding facilities (i.e., minerals processing, smelters, metal manufactures) that may become attractive once mining investments proceed at full throttle upon satisfactory resolution of issues attendant to the sector.

Pursue win-win approaches towards ecological integrity and economic development.

Adopt a “green growth” and “green economy” approach toward sustainable production and consumption now finding growing international support.⁴⁶ Mindanao's extremely rich endowment of natural wealth cannot be effectively conserved unless environmental protection is seen to serve not only the common good, but is privately beneficial as well. This entails a departure from the “grow now, clean up later” paradigm, to one where both economic and environmental ends are both served. The initiatives below will move Mindanao in this direction.

Formulate and adopt a Mindanao-wide integrated coastal resource and fisheries management program for decentralized implementation. Given Mindanao's archipelagic character and the importance of planning for Mindanao's future on the platform of its natural resource base, this planning exercise is an important first step towards achieving a win-win for Mindanao's economy and environment.

Capacitate LGUs to be the front-line stewards for effective integration of environment and the economy. This starts with the formulation of comprehensive development plans (CDP) and comprehensive land use plans (CLUP) that embody the above win-win approach to sustainable development. This is best achieved through a participatory mode of planning through a local development council that has meaningful non-

government membership and participation, as mandated by the Local Government Code (Chapter 8). These plans must begin with careful stocktaking of the natural environment and its carrying capacity, and must incorporate requirements for climate change adaptation and disaster prevention, mitigation and management, which must likewise be integrated into the physical framework plans of the Mindanao regions formulated by Regional Development Councils/NEDA Regional Offices. LGUs' capacities to enforce environmental laws and regulations must likewise be strengthened, including regulation of small-scale mining firms as provided by law, and to mediate and resolve attendant social conflicts. Environmental regulatory functions need to be increasingly devolved to LGUs in close coordination with and under supervision by DENR. In particular, LGUs need to institutionalize registration and accreditation (at provincial level) of small and medium scale mining enterprises in order to enforce strict adherence to socially and environmentally responsible mining practices. These capacity-building efforts for LGUs would be best pursued in a partnership among DILG (through the Local Government Academy), NEDA, DENR and the academe.

Institutionalize and uphold government-civil society partnership in the enforcement of environmental laws all throughout the supply chain. The partnership between the Caraga Council for Peace and Development (CCPD) and the Philippine National Police (PNP) to thwart illegal logging in the area is an example of such cooperative work to protect the environment.

Develop, promote and institutionalize mechanisms for payments for ecological services (PES). Already widely practiced in various countries including the Philippines, PES arrangements involve outright payments made by entities benefiting from environmental services (e.g., hydroelectric power plants benefiting from watershed protection by upland communities) that are in turn channeled to those undertaking

⁴⁶ See, for example, UNESCAP 2006.

Box 7-3

Datu Paglas and the La Frutera Story

Datu Paglas is the nerve center for the biggest foreign-investment business in Mindanao, a 1,300-hectare banana plantation that employs more than a thousand workers. There is a rural bank that provides financial assistance and advice to the community. And Datu Paglas has a zero crime rate, a truly monumental achievement given the municipality's proximity to a host of armed groups.

Much of the credit for this renaissance goes to Ibrahim "Toto" Paglas III. The former three-term mayor of Datu Paglas now presides over the Paglas Corporation, which provides the backbone for its "twin" company, La Frutera, Inc. that oversees operations in the banana plantation. He was the person noted for making Gawad Kalinga's Caravan of Peace possible in Datu Paglas. Through Toto's efforts, peace, unity and prosperity today do not seem so far-fetched in this little corner of conflict-torn Mindanao. "It may not be an extraordinary story," Toto says of Datu Paglas, "but it changed the lives of thousands of people who in the past were in a state of hopelessness."

How did he do it? In not so complicated a manner, he explains before participants to a seminar on economic development as an approach to peace-building held in February this year at the Asian Institute of Management in Manila. "I sum them basically as leadership, plus of course, the realization that the life of my people must change for the better," Toto says. Toto considers himself a "bridging" leader, bringing in private investments to Datu Paglas, an effort that he believes is the sustainable way to economic development. He also learned, he says, that in fulfilling his mission to bridge the economic, social, and political divide among the tri-peoples in Mindanao (Muslims, Christians, and Highlanders), he knew he had to change the "rules of the game." "I encouraged dialogue and consensus among local folks. By doing so, we share the accountability to make things work for us," he says.

Toto believes that the government, the military, the religious people, the workers, the rebels and even the lawless elements have something to say that is of great value. Toto also challenged the convention that guns and goons define a man's status in the society. "At first, I was not comfortable to go around town without my bodyguards, because it was 'not the normal thing.' But I decided to put an end to that fashion because the old ways were not working for the others and for me either." His personal campaign took a toll on him. He lost his father and three brothers due to violence and lawlessness before he could demonstrate to the rest that "we don't need guns." "Other traditional and political leaders are still relentless, but I keep faith that in due time they will change." One of the first tasks Toto set on upon becoming mayor of the town the first time around was to restore a semblance of peace and security in his locale. Perhaps it was his personal experience of having lost his father and several siblings to violent confrontation that prodded him to do this. The common cultural response in the region to such devastation was to retaliate in kind, but Toto refused to take this road. Instead, he made it clear that any criminal or terrorist activity would not be tolerated in his town. Being a scion – the latest Datu, in fact – of an old and respected family, he used his filial ties to secure assurances from the Moro Islamic Liberation Front (MILF) commanders, even from the late MILF Chairperson Hashim Salamat himself, that the war would not spill over to Datu Paglas." From the *Philippine Star*, May 5, 2005.

environmental protection activities (upland communities in this case). It is also exemplified by divers' fees collected from recreational divers, whose proceeds are in turn channeled to local community groups directly working to preserve the marine environment.⁴⁷ Wherever there are clear beneficiaries from environmental protection activities (e.g., tourists, production enterprises dependent on a healthy environment), there could be opportunities for PES arrangements that can make environmental protection activities especially by local communities literally pay. Such schemes can be applied in environmentally sensitive areas such as Lake Lanao and the Mt. Apo watershed to ensure natural resources and environment protection while providing a viable source of income for upland and rural communities. A specific PES initiative would be to expand the menu of possible conditionalities for conditional cash transfer (CCT) programs, to include participation in community environmental protection activities among activities required of transfer beneficiaries, especially in (but not necessarily limited to) poor upland communities.

Foster a keen sense of social and environmental responsibility among enterprises of all scale levels (micro, small, medium and large). This can involve a carrot-and-stick approach by LGUs and concerned national government agencies that involves meaningful incentives (fiscal or otherwise) for good corporate social responsibility (CSR), along with punitive sanctions for negative behavior. This will also entail providing an enabling environment for active civil society participation in advocacy, IEC, monitoring and enforcement activities. Good corporate citizenship must eventually become the norm rather than the exception in the Mindanao business sector.

Strictly enforce prohibitions on illegal trade of wildlife and endangered species, with active citizen participation. A system of effective rewards for reporting illegal trading of wildlife and endangered species could be instituted, while enjoining active partnerships with civil society groups in collaborative efforts to curb the practice.

Encourage community-led and private sector-led investments on environmental protection projects, including those eligible for carbon credits under the Clean Development Mechanism of the Kyoto Protocol.

Find creative applications in Mindanao of market-based instruments for environmental protection now in use elsewhere, such as cap-and-trade marketable permits, pollution taxes, appropriate resource extraction fees reflecting true resource costs, CO2 emissions tax, and tax deductions/credits for enterprises that mitigate their adverse impact on the environment.

In sum, the future of Mindanao's economy rests on the future of its environment. Its economy and environment are inextricably integrated – more so than in the rest of the country – and it is only through a development strategy that upholds **economic and ecological integration** that Mindanao can sustain its people indefinitely into the future. And unless the translation of this integration into human benefit is pursued via **inclusive wealth creation**, the growing gaps and inequities that would ensue will undermine the very sustainability of economic growth, and will only plunge the island-region back, and possibly deeper, into the state of conflict and instability that has marked much of its history.

47 The best known example of this is the system adopted by the municipalities of Mabini and Tingloy in Anilao, Batangas.



CHAPTER 8

A Distinctive Mindanao Governance: Self-Reliance and Self-Determination Fulfilled

Where We Are Now: Situationer and Challenges

A Unique Governance Opportunity

Mindanao is at a crossroads in governance. On one hand, there is the lingering prospect of the resumption of armed conflict. On the other hand, opportunities are emerging to improve governance and to address the roots of conflict and persistent poverty once and for all. Undeniably, the spectre of violence and the volatile peace and order situation continue to hamper long-term economic development in many parts of the island region. It is well-established that areas affected by conflict are also areas with marked slow economic growth, while areas that are relatively stable in terms of peace and security have enjoyed high economic growth. In the end, it is appropriate and responsive governance that would usher in peace and security, and in turn economic and social development in Mindanao.

As such, Mindanao is a fertile arena for experimentation in governance at all levels. Opportunities are rife for Mindanao to pioneer a unique form of “island governance” in the Philippines that addresses the region’s complex history and its people’s diversity. Furthermore, studies have shown that an effective sub-national political arrangement often catalyzes economic growth and conflict reduction, while upholding and nurturing ethnic, linguistic, cultural and religious identities of groups in society.

Mindanao is a viable sub-national politico-economic unit, within which strengthened and effectively rationalized governance can catalyze strategies for power-sharing and devolution to address the peculiar development needs, history and diversity of the island group. As an island group with a finite geography, Mindanao – through a customized relationship with the national government – possesses great potential for the establishment of a new governance model that offers a pragmatic response to the formidable logistic, administrative and political challenges facing it.

Recent Governance History

American colonial governance (1898-1946) in Mindanao was framed within distinct colonial and ethnic labels on its people, categorizing them as Christian and non-Christian, with the former described then as “civilized” and the latter (the Moros and the Lumad) as “uncivilized.” Christians were regarded as the mainstream population, while the government policy was for non-Christians to be fused or mainstreamed. Following the policy of amalgamation or fusion, special provinces were designed as transition mechanisms, temporary in character, to be transformed into regular structures after ten years. The Christian-dominated areas of Surigao and Misamis were transformed in 1903 into regular provinces. Non-Christian-dominated areas were subdivided into the two special provinces of Agusan and the Moro Province. Agusan then was made up of what are now Agusan and Bukidnon. The Moro Province

was composed of the large five provincial districts of Davao, Cotabato, Lanao, Zamboanga and Sulu, roughly corresponding to the expanse of the combined territories of the Sultanates of Sulu and Maguindanao and the *Pat a Pogampong ko Ranaw*. It was not until 1957 that regular elections were held in these political units. In the course of their evolution, these special political units eventually lost their territorial character, both through the process of subdivision into provinces and municipalities and through the creation of administrative structures to look after the non-Christian population. Thus, the Bureau of Non-Christian Tribes, the Commission on National Integration, the Office on Muslim Affairs (OMA), the Office of the Northern Cultural Communities and Office of the Southern Cultural Communities came into existence to look after the welfare of their designated clientele. The OMA has since been replaced by the National Commission on Muslim Filipinos (NCMF), which was enacted into being by Republic Act 9997 on February 18, 2010. The NCMF is a government agency given full powers to execute programs and mandates related to the welfare of Muslim Filipinos, who, though most prominent in Mindanao, are now spread widely all over the country.

There are now six administrative regions in Mindanao: Region IX, based in Pagadian City; Region X, based in Cagayan de Oro City; Region XI, based in Davao City; Region XII, based in Koronadal City; Region XIII or the Caraga Region, based in Butuan City; and the Autonomous Region of Muslim Mindanao, based in Cotabato City. (Figure 8-1). In time, these administrative regions also became the platforms for regional economic development and security arrangements, especially with the creation of the Regional Development Councils (RDC) and the Regional Peace and Order Councils (RPOC).

The ARMM was created by the Philippine government in 1989 through the enactment of RA 6734 (The Organic Act of the ARMM). The law was later amended by RA 9054 in compliance with the provisions of the Final Peace Accord undertaken by the Philippine government with the Moro National Liberation Front (MNLF) in 1996. The Philippine Constitution recognizes the autonomy and the devolution of powers given to the ARMM. The establishment of ARMM restored the territorial character of governance to the Moros, indicating official government recognition of their special governance requirements, beginning with the Tripoli Agreement of 1976. This was the first government-acknowledged definition of the right to self-determination of the Moros, both in territorial and administrative terms. While the ARMM from its creation was subject only to the direct authority of the President, President Gloria Macapagal-Arroyo issued Administrative Order 273 in December 2009 transferring the power of general supervision over ARMM to the Department of Interior and Local Government (DILG).

The ARMM is unique in the regional configuration, as it enjoys executive and legislative powers not only in local affairs, but also in all devolved line agencies. The power also includes legislation in local elections so long as it does not impinge on the laws governing the national elections. The powers granted to the ARMM were government’s deliberate effort to respond to Bangsamoro demands for self-determination and territory.

Meanwhile, the Indigenous Peoples Rights Act (IPRA) of 1997 seeks to recognize, promote and protect the rights of the indigenous peoples (IP). These include the right to ancestral domain and lands; right to self-governance and empowerment; social justice and human rights; and the right to cultural integrity. IPRA was enacted to give flesh to the Constitution's mandate for the State to "recognize and promote the right of indigenous peoples/indigenous cultural communities within the framework of national unity and development," and to "protect the right of indigenous cultural communities to their ancestral lands to ensure their economic, social and cultural well-being". The advent of IPRA overshadowed the commonly held belief that the Lumad have been consigned to the periphery of governance and economic development.

IPRA was historic for a number of reasons. First, it recognized native titles to communal lands, thereby making it possible for certificate of ancestral land title (CALT) and certificate of ancestral domain title (CADT) to be issued. Second, as a law, it reversed the near century-old Philippine Commission Act 718 of 1903, which declared as null and void all land grants made by traditional leaders without government consent. Third, it also nullified Presidential Decree 705, which disallowed ownership of lands 18% in slope and above. Fourth, it allowed the establishment of self-government and the practice of customary laws in predominantly IP areas.

However, the government has fallen short on a number of items crucial to IP life. While it is true that several applications for CADT and CALT have already been issued titles, several thousand hectares remain untitled, the processing of which has been impeded by severe lack of funds. This is a trend that has been consistently in evidence since the time of the Commission on National Integration (1957), whose required budget was not released in full year after year.

The IPs have asserted that they too have their own collective identity as Lumad, a Bisayan term meaning "indigenous," especially after the Moros proclaimed their Bangsamoro identity and their political goal of establishing their own republic. They are similarly asserting their right to self-determination or self-governance within their respective ancestral domains, but within the territorial integrity and under the sovereignty of the Republic.

Complex Governance Challenges

To a large extent, deep-seated emotions, more than legal or constitutional issues, underlie the conflict in the troubled areas of Mindanao. Responses to the Bangsamoro assertions, especially from the non-Muslim population in the conflict-affected areas of Mindanao, have been largely negative, even virulent. A clash of emotions surrounded the use of such terms as "Muslim Mindanao" in 1988-89, and the establishment of the Southern Philippines Council for Peace and Development (SPCPD) in 1996. Emotions were further heightened with the stopping of the signing of the Memorandum of Agreement on Ancestral Domain (MOA-AD) between the Government and the Moro Islamic Liberation Front in 2008.

The issues are highly emotional, at times irrational, raising the need for community dialogue among Mindanawons and for local government units to take the lead in peace-building at the community level under a people-to-people approach. Major roles must also be played by the educational system and line agencies. There is thus a need for the entire machinery of government to focus on peace-building as a special concern in governance.

Another key governance challenge is the resolution of differing historical and legal interpretations of various past agreements and legal instruments on Mindanao. Solving the Bangsamoro problem requires reconciling and consistently recognizing the 1898 status of the Sultanates of Sulu and Maguindanao, and the interpretations of the Philippine State and the Treaty of Paris in order to officially assess the Bangsamoro allegation that it was illegally annexed to the Philippines. It is important to note that the Philippine Constitution of 1935 was premised on the validity of the Treaty of Paris, an agreement between two colonial powers in which the existing Sultanates at the time had no participation.

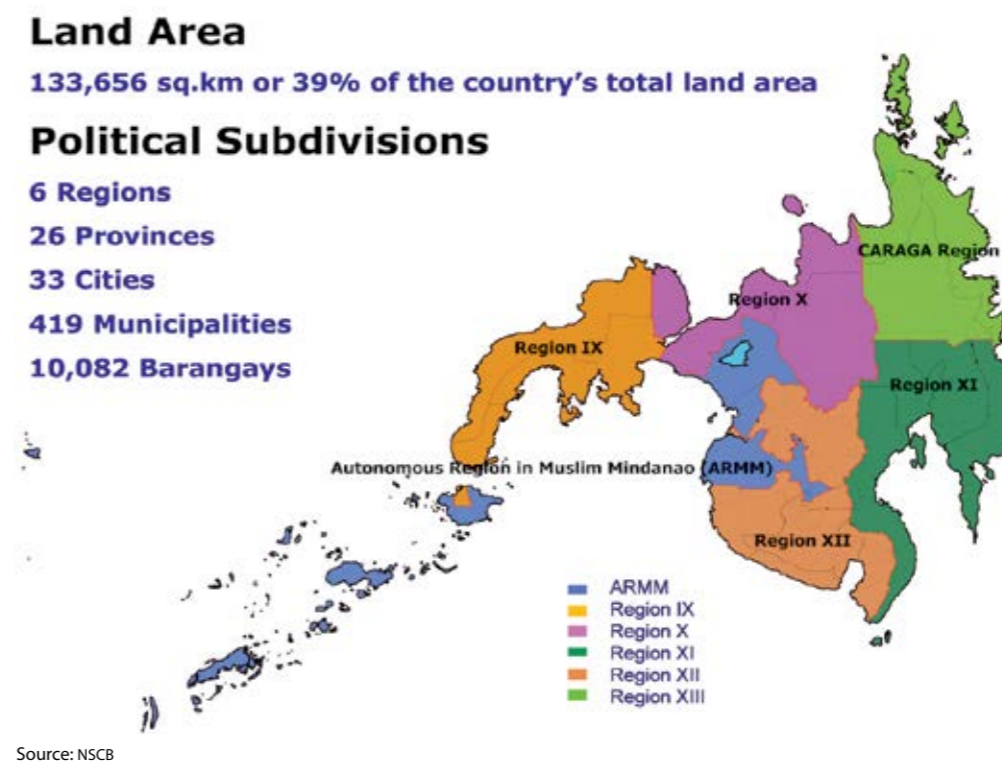
From the Tripoli Agreement in 2001 to the MOA-AD in 2008, the direction was towards the admission by the government of the Republic of the Philippines of a historic wrong and the recognition of the Bangsamoro right to self-determination. However, with the Supreme Court's issuance of a temporary restraining order on the signing of the MOA-AD and its subsequent ruling declaring the said document as unconstitutional, the focus appears to have shifted to maintaining the status quo that prevailed prior to June 2001.

Yet another key governance challenge concerns the conflict over Moro lands. This may be attributed in part to opposing systems of land use (Figure 8-2) practiced by the indigenous Moro groups and the non-Moro migrant settlers, who are seen by the former to have encroached upon territories traditionally owned or controlled by them. Community tensions over forest resources and mining, for example, have been a cause of localized fighting. These incidents have been magnified when the larger armed groups cast these localized conflicts in the context of their bigger narratives.

Competing claims over land will continue to have a powerful inhibiting effect on private investments, even if peace accords are successfully concluded. Settlers, whose families have invested labor into the land for two or three generations, and the indigenous peoples, whose attachment to the land reaches back through the centuries, will need to be assisted in reaching an acceptable settlement of claims. Several indigenous groups have increasingly turned to the channels provided them by IPRA, while others continue to cling to Moro traditional land concepts of land ownership. The resolution of social conflict over land claims is a governance challenge that even the MNLF leadership chose not to confront head-on, even after its leadership took over the reins of the ARMM government.

Over the last century, government administrations have continually re-structured land ownership to favor the commercialization of agriculture at the expense of communal

Figure 8-1 Administrative Map of Mindanao



and subsistence farming. Some date the starting point of the Muslim land conflict to the advent of American colonialism at the turn of the 20th century wherein the conversion of large plots of land into cattle farms and sugarcane and pineapple plantations was allowed. This transformation generated substantial social dislocation of native populations, for whom the loss of traditional livelihood had been generally inadequately compensated within new economic structures.⁴⁸ The inequitable access to natural resources in Mindanao led to long-standing strife, social displacement and economic retardation for many inhabitants of Mindanao. The poorest rural people have limited access to important natural resources, such as forests and pastures.

Policy overlaps and inconsistencies engendered by laws relating to natural resource management complicate the governance challenge over conflicting land claims. Over the years, various policy and legal initiatives have attempted to remedy resource-based problems. While these attempts are a step forward in mitigating resource conflicts, incompatible provisions in different laws have arisen. For instance, provisions of IPRA and the Philippine Mining Act of 1995 disagree with respect to the mandated process and the authority over resource permits and land use development. There is also a conflict between IPRA and the Integrated Protected Areas Act regarding authorities mandated over land use development (i.e., who determines which areas are to be set aside as 'no-touch' zones, which are considered ancestral domains) and over regulating the use and transport of natural resources found within ancestral domains that are also

considered as protected areas. Similarly, legal conflicts over land use have arisen due to conflicting provisions under the Protected Areas Act and the Mining Act, as it is not clear which law will take precedence if a given forest area is deemed critical to maintain biological diversity and ecological services and, at the same time, contains valuable mineral deposits. The Local Government Code vests local governments with regulatory powers only over small-scale mining operations but not over large-scale ones. Even then, local governments usually lack the ability and capacity to exercise such regulation, and to negotiate terms with big mining corporations.

Finally, another long-standing challenge is the need for political settlement with the Communist Party of the Philippines-New People's Army (CPP-NPA), which maintains 29 guerrilla fronts mostly located in eastern Mindanao. Government needs to confront the roots of the Communist rebellion and reconcile strategies in addressing them.

Weak Institutions and Capacities

While governance is seen as the cohesive glue that provides the necessary element to address socio-economic problems in Mindanao, this is undermined by the lack of capacity and the weakness of institutions. These weaknesses have fostered corruption, further compromising the already problematic socio-economic situation. While corruption is not unique to Mindanao, it takes on a different complexion in the region due

48 ICE Case Studies, Number 118 May 2003

to the presence of several aggravating factors. These include the proliferation of armed groups, political warlordism, undue domination of local business by political leaders, the Muslim secessionist movement and extreme poverty. The lack of economic opportunities contributes to conditions wherein poverty-stricken communities help to prop up political warlords, who in turn provide some means for employment or an income, including through criminality and banditry. In particular, political warlordism, a product of a weak state, has perpetuated corruption in the region, which, in turn, arrests political and economic stability. Money lost to corruption could have been spent on basic education, primary health care and alternative livelihood initiatives in grassroots communities in Mindanao.

The creation of the ARMM presented a significant opportunity for Muslim Mindanao to achieve self-determination and self-governance, yet perceptions on the record of the ARMM experience are mixed at best. In particular, some studies⁴⁹ on ARMM showed that the region is faced with governance challenges that would require capacitating the region in the areas of transparency and accountability, and efficiency to deliver basic services. As highlighted in Chapter 6, a substantial number of Mindanawons possess the lowest capacity among the Philippine population to access the means for emancipation from the cycle of poverty. Inevitably, most of the provinces with the lowest Human Development Indices can be found in Mindanao, particularly in ARMM. Tawi-Tawi, Sulu and other ARMM areas continue to dwell at the bottom of the latest listings measuring the human conditions in the Philippines. The inability of the ARMM to deliver basic services has been attributed to its almost total dependence on the central government for budgetary support (LGSPA 2007). And as with most local government units, the ARMM's Internal Revenue Allotments are often tied to political considerations, a practice that is particularly prevalent in Mindanao.

All these have led to the observation that rather than be the vehicle for Moro self-determination it was meant to be, ARMM has become even less autonomous than local governments such as cities, towns, and provinces. It has become, in effect, more dependent on the national government than any other political subdivision in the country. (Bacani 2005).

One major challenge in resolving the peace and order situation in Mindanao is the lack of state and local capacity to intervene at critical points of escalation of conflict. Deep-seated historical and cultural grievances between and among clans, as exemplified by *rido*; political leaders, military units and insurgent groups have the potential to trigger armed confrontations on the ground that have little to do with the larger state-insurgency conflict. This underscores the need to strengthen the capacity of civil society and community-based leaders to manage conflict, arrest their escalation, and formulate effective responses and interventions. The growing dynamism and the increasingly active response from civil society groups in Mindanao are a potent instrument that can be utilized towards this end.

Ultimately, Mindanao's complex governance challenges cannot be resolved with a governance model that appears to have

been built on a linear, cause-and-effect frame of reference. In reality, the conflict is a function of interplaying historical, cultural, political and economic interests that clash due to their sheer diversity. It is a mosaic of conflicting interests that all stakeholders must endeavour to reconcile in order to lessen the debilitating effects on Mindanao society. In many cases, effective governance in Mindanao is impeded not so much by the lack of developmental vision and plans, but rather by too many levels of actors and complex institutional arrangements, apart from capacity deficiencies that make implementation slow, deficient and at times non-existent.

Mindanao-wide Coordination

Recognizing the importance of a governance mechanism that would coordinate government development initiatives for Mindanao across its administrative regions, President Corazon C. Aquino created the Mindanao Economic Development Council (MEDCo) through Executive Order No. 512 issued on March 19, 1992. MEDCo's mandate was to promote and coordinate the active participation of all sectors to effect the socio-economic development of Mindanao under a wholistic and integrated approach. MEDCo was likewise tasked to address the need to promote and strengthen interregional linkages to ensure the integrated viability of the programs and projects in Mindanao, with the local government units as frontline entities that will realize the development of specific geographical areas.

To further strengthen MEDCo's coordinative mandate, Congress upgraded it into the Mindanao Development Authority (MinDA) in 2010 by virtue of R.A. 9996, which was considered a major step towards effective Mindanao governance. MinDA is envisaged by the law to "address the need for a coordinated and integrated approach to island-wide development challenges," seen to have been a persisting gap unfilled by MEDCo owing to its weak legal mandate and/or existing coordinative mechanisms of government. It is thus an example of a sub-national governance mechanism envisioned to forge a working partnership with the national government on one hand and the regional and local government structures on the other, as it charts and guides efforts to secure the future of Mindanao. MinDA has the potential to be the formula for a successful island-wide governance framework that ensures political stability, conflict reduction and increased cooperation towards peace and development.⁵⁰

Achieving the envisaged effective coordination of Mindanao-wide initiatives remains an outstanding challenge, inasmuch as other similar coordinating bodies albeit with more limited geographical or sectoral scope have been existing and operating with varying degrees of effectiveness, even prior to MEDCo and MinDA. These include the Regional Development Councils, NEDA Regional Offices, along with the Mindanao regional offices of other central government line departments and agencies, ARMM, Southern Philippines Development Authority (SPDA), among others. Deliberate efforts are thus needed to clarify and affirm MinDA's institutional mandate and authority relative to such other coordinative bodies. All these must be considered in relation to and consistent with the devolution policy of

government as espoused in the Local Government Code of 1991, endowing LGUs with due responsibilities and authorities, and the concomitant resources with which to exercise them.

The Clamor for Self-Determination

Through the years, the calls for autonomy and self-determination have not been confined to the Muslim insurgency, but have come from a wider base of Mindanao constituents who lament the perceived neglect of Mindanao by "imperial Manila". Among other things, it is cited that Mindanawons have been unable to participate in the formulation of policies and decisions with profound effect on the lives of Mindanawons; that budgetary allocations for Mindanao have traditionally been lower than the island region's commensurate share; that Mindanao's wealth has been "siphoned off" through the years for the benefit of individuals or groups outside of Mindanao, especially Luzon and Metro Manila; that Mindanao is grossly underrepresented in key positions in national government, both elective and appointive; and so on. Calls for Mindanao autonomy have included outright secession, and proposals for a federal form of government via Constitutional amendment that would define (a) separate state(s) for Mindanao.

What is clear is that Mindanao cannot move forward unless such clamor for self-determination and self-reliance is satisfactorily addressed. Planning for the future of the island group will thus entail achieving wide consensus on a governance structure that will guarantee a level of autonomy and self-determination to the satisfaction of the wide mass of Mindanawons.

Where We Want To Go

Vision

The Mindanawons' vision of governance 20 years hence is described as:

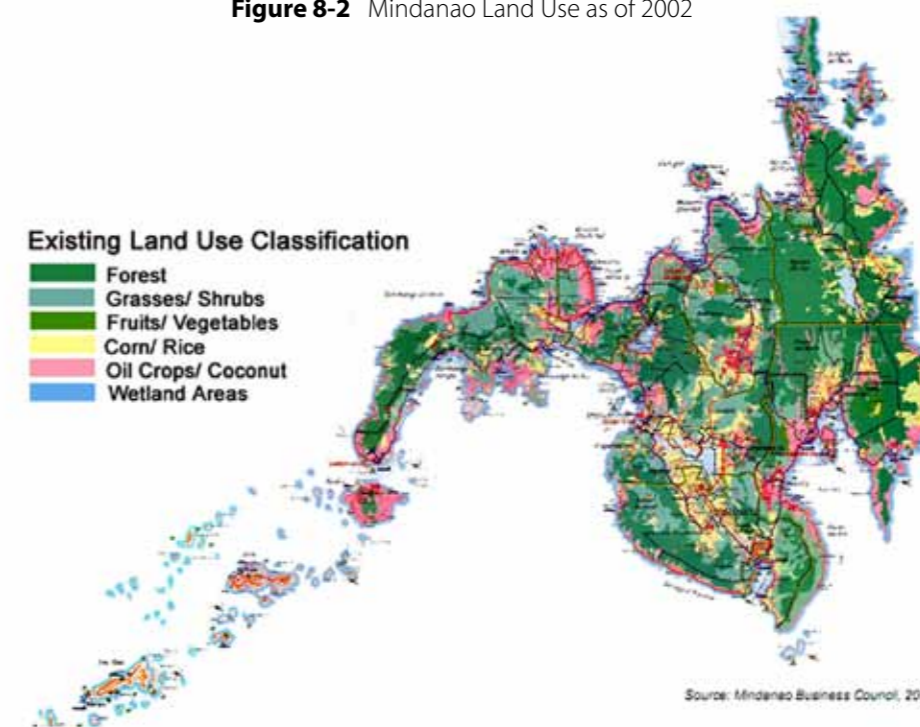
A culture-sensitive, self-reliant, responsive and accountable governance with each political unit at various levels able to assert self-determination, while integrated by a soundly defined relationship of complementarity with each other and with the national government.

Culture sensitivity means recognizing the distinct cultural identity and history of the people of Mindanao, particularly the Lumads and Bangsamoros, in policies, programs, systems and processes; and in all sectors.

Self reliance refers to the need to put in place governance mechanisms designed to responsibly and sustainably harness the natural richness that abounds in Mindanao. The objective here is to chart Mindanao's development in a way that puts a premium on self-reliance and minimal state dependence.

Responsive and accountable means that leaders at all levels of governance respond to actual needs of their constituents, and are accountable to the citizens in their respective political units.

Figure 8-2 Mindanao Land Use as of 2002



Source: Mindanao Business Council, 2002

49 Rasul (2007) and Bacani (2005)

50 http://www.medco.gov.ph/medcoveb/uploads/MinDA/MinDA_Law.pdf (Accessed on August 22, 2010).

Because of the particular socio-political and economic conditions obtaining in Mindanao that make the region especially vulnerable to self-serving politics and a culture of impunity, it is imperative to institutionalize measures for enhanced accountability.

Soundly defined relationship of complementarity with each other and with the national government refers to the idea of internal sovereignty whereby LGUs can decide to cooperate and affiliate themselves with each other based on shared needs and challenges. These should operate with the least intervention from the national government, while the state retains traditional authority over foreign affairs, national security and currency, among others.

Goals

A participatory and culture-sensitive Mindanao governance and political framework that asserts self reliance and internal self-determination, marked by:

- Empowered, self-reliant, accountable and responsive LGUs;
- A stable, autonomous, self-reliant and effective governance mechanism for the Bangsamoro people that is widely acceptable and finds active support from its citizenry;
- Effective coordination and monitoring mechanisms at the Mindanao-wide, regional and inter/intra-provincial levels;
- An empowering relationship with national government that is supportive of local development plans and initiatives;
- Indigenous peoples with the ability to exercise self-determination in managing and governing their respective ancestral domains, within a framework that respects boundaries, history and cultures;
- Wide respect for the rule of law, human rights and hallmarks of good governance, such as transparency and social accountability;
- An active and empowered citizenry and effective law enforcement that maintains integrity and a high regard for human rights, working together to break the backbone of corruption, criminality and impunity in Mindanao.

Targets

By 2016,

- All Mindanao LGUs comply with the LGC and possess current comprehensive development plans (CDPs) and comprehensive land use plans (CLUPs) that incorporate climate change adaptation measures.
- 80% of Shariah courts are operational with firm budget allocation.
- 85% voter turnout is achieved in Mindanao.
- Most (at least 60%) of Mindanao LGUs have IP representation in their legislatures.
- Working alliances or formal collaborative mechanisms among municipalities are present in at least half of Mindanao provinces.
- All LGUs regularly convene and make effective use of their local development councils, which have active and meaningful civil society and private sector participation.
- A significant number of LGUs have embarked on PPP projects for infrastructure, service delivery or local development initiatives for the general welfare.

By 2020,

- Updating and faithful implementation of well-consulted CDPs and CLUPs incorporating climate change adaptation measures is undertaken by all LGUs as a regular responsibility.
- 100% of Shariah courts are operational with firm budget allocation.
- 90% voter turnout is achieved in Mindanao.
- 100% of Mindanao LGUs have IP representation in their legislatures.
- Working alliances or formal collaborative mechanisms among municipalities are common, and present in at least 75 percent of Mindanao provinces.
- Local development councils with active and meaningful civil society and private sector participation are a standard feature in the direction-setting and policy decision-making of all Mindanao LGUs.
- Most of Mindanao LGUs have embarked on PPP projects for infrastructure, service delivery or local development initiatives for the general welfare.

By 2030,

- All Mindanao LGUs are all considered climate change-resilient, and guided in their work by up-to-date CDPs and CLUPs that are widely known and supported by the local citizenry.
- 100% of Shariah courts are operational with firm budget allocation.
- 95% voter turnout is achieved in Mindanao.
- 100% of Mindanao LGUs have proportional IP representation in their legislatures.
- Working alliances or formal collaborative mechanisms among municipalities have become a norm across Mindanao.
- All LGUs regularly convene and make effective use of their local development council, with active and meaningful civil society and private sector participation.
- The wide majority of LGUs consistently depend on PPPs for infrastructure, service delivery or local development initiatives for the general welfare.

How We Will Get There

Principles and Requisites

Self-reliance and self-determination will be key underlying principles for Mindanao governance so that Mindanawons are masters of their own destiny, rather than rely on or be imposed upon by national government or external interests.

The governance structure for Mindanao needs to guarantee its ability to craft its own development directions, make its own decisions and undertake its own programs and projects. For this to happen, strong cooperation and coordination between national and local governments emphasizing bottom-up governance is required, wherein:

- National government confines itself to an overall “steering” role while empowering and capacitating LGUs to do the “rowing,” i.e., vest them with the responsibility and authority to translate broad national objectives into concrete initiatives at the local level. This entails expansion of LGUs’ powers, prerogatives and resources along with responsibilities and accountabilities, especially in agriculture, economic development and health.
- National government departments/agencies take explicit responsibility for providing technical guidance to and building the technical capacities of the LGUs in their respective sectoral concerns. This should be part and parcel of their “steering” functions that include defining broad directions, setting standards and enforcing them through their regulatory functions, among other core functions.⁵¹ As such, they ought to be among each sectoral agency’s performance commitments and major final outputs/outcomes (MFOs).
- National government and Mindanao LGUs cooperate in running capacity building programs that cover various governance areas such as planning, policy analysis, formulation and implementation, program and project identification and management, and monitoring and evaluation; and specific skills such as resource generation to support self-defined development projects. Special attention must be given to ARMM LGUs to allow them to catch up with the more progressive areas of Mindanao.
- Sectoral budgets uphold and promote subsidiarity and the primary role of LGUs and communities in development initiatives. Downloading of budget resources directly to communities and allowing the community and local governments to undertake planning, program/project identification and implementation have yielded positive results in many poor areas of Mindanao⁵² under the Kalahi-CIDSS programs of past years. The approach may be further improved and upscaled to improve self-governance in line with the principles of self-determination and self-reliance.
- LGUs assert their right to define the course of their social and economic development including formulation of their strategy for resource generation and mobilization (see Chapter 6). For this purpose, policies and programs geared towards strengthening of LGUs and local officials as provided further below shall be designed according to peculiar needs and implemented in a sustained manner.

Critical to all these is a sincere, responsive and empowering national government that gives Mindanao the due attention, resources, and authority it needs to shape its future reflective of its people’s aspirations and in accordance with national ideals. This could include openness to changing the current legal and constitutional framework if need be. For example, eventual shift to a federal form of government, a popular sentiment expressed in most consultations, may yet prove to be the appropriate long-term solution to Mindanawons’ clamor for self-reliance and self-determination, and achievement of this will require Constitutional amendment.

⁵¹ For certain sectoral departments/agencies, these core functions could also include research and development, extension, and international negotiations, as in the Department of Agriculture.
⁵² Such as in Siayan, Zamboanga del Sur, which as of 2003 was the poorest municipality in the country, but has since been lifted out of this dubious distinction.

Strategies and Initiatives

The above vision and goals will be pursued through the following strategies:

- 1. Strengthen and empower Mindanao LGUs and communities** that shall be the prime-movers of a bottom-up development, and whose leaders shall become the foremost champions of Mindanao 2020;
- 2. Address the traditional weaknesses of the ARMM government** towards definitive achievement of a stable and effective autonomous governance mechanism for the Bangsamoro people that is widely accepted, actively supported by its citizenry, and finds strength in its complementary relationship with the remainder of Mindanao;
- 3. Tighten Mindanao-wide coordination** with a view towards eliminating duplication and overlaps and maximizing complementation;
- 4. Facilitate inter-LGU cooperation and collaboration** towards managing a shared resource base, furthering historical and cultural ties, and/or tapping opportunities for synergy through pooling of assets and resources;
- 5. Optimize the mix of modern and traditional elements of governance** that is respectful of history and culture while responsive to contemporary governance challenges;
- 6. Reform the electoral system** through improving the quality of candidates for local public office and ensuring the integrity of the electoral process;
- 7. Provide a favorable enabling environment for harnessing and scaling up creative public-private partnership schemes** in various contexts to meet various development objectives.
- 8. Maximize opportunities for citizen participation** in governance and development management.
- 9. Ensure responsive and supportive national institutions** such as the National Commission on Indigenous Peoples and the National Commission for Muslim Filipinos.

These strategies are further elaborated below.

Strengthen and empower Mindanao LGUs and communities

Have LGUs exercise key functions that are best exercised by them given their better vantage point and competence, aside from those already delegated to them by the Local Government Code. These additional functions include management of disaster risk and response, environment and natural resources, and financial resources. Fully making LGUs responsible and accountable for these functions, provided that necessary technical and financial support is extended, is in keeping with the principles of subsidiarity, self-determination and self-reliance. In support of the above, the following policy initiatives would be important:

Ensure the preparation of a sound, widely consulted and well accepted Mindanao-wide comprehensive land use plan (CLUP) that emanates from and informs local land use plans.

This implies that land use plans at provincial and municipal levels must also be prepared, and that all such plans are vertically integrated and consistent with each other. It also entails capacitating LGUs in preparing CLUPs, and in formulating and implementing widely-consulted Comprehensive Development Plans (CDPs) that incorporate appropriate climate change adaptation measures.

Build up local revenue generation capabilities via creative taxation policies and mechanisms within the LGUs' taxation powers; collecting realistic user fees for services; and catalytic economic enterprises, with a view to reducing overdependence on the IRA.

Strengthen local financial management via mechanisms for promoting proper fund utilization, management and auditing (e.g., LGUs to aspire for ISO 9001-2008 certification).

Adopt an entrepreneurial approach to governance that involves exercising local governments' corporate powers in order to spur more business and social enterprises. To this end, LGUs must streamline their own processes (the Quezon City experience described in Box 8-1 is illustrative) and create a business-friendly environment that encourages local investment and entrepreneurship, apart from attracting external investments. This includes streamlining the processes for obtaining environmental clearances and water permits to improve enabling conditions for investment and business while protecting the natural environment.

Ensure the representation and participation of indigenous peoples at all levels of the local development councils. A seat for IP representation must be provided in the Sanggunian and other bodies, following traditional selection mechanisms for representation. Corollary thereto, adequate budget and capacity building must be provided for IP participation.

Make wider use of information and communications technology (ICT) in local governance for effectiveness and transparency, especially in financial management.

Harness and build up social capital via better mechanisms for effective information sharing, consultations and dialogues with affected communities, participatory monitoring, capacity building measures, and, most importantly, faithful enforcement of relevant local laws.

Partner with the private business sector and civil society in various local requirements and initiatives such as payments for environmental services (see Chapter 7), ICT development and computerization of government operations, and monitoring and evaluation of government accomplishments and expenditures.

Work for the amendment of the Local Government Code to address the following long-standing issues:

- Distribution and allocation formulae for the Internal Revenue Allotments.
- Situs of taxation to provide a rightful share especially for areas where business operations are extractive, such as in plantations and mining areas.
- Widen the eligible base for local taxation by revisiting the national-local distribution of the tax base, to achieve a fairer distribution and permit wider taxing latitude for LGUs.
- Enact enabling legislation for the Constitutional prohibition against political dynasties.
- Review the term lengths of elected local officials and, if warranted, establish measures to encourage longer-term planning perspectives among local government leaders.

Address the weaknesses of the ARMM government to achieve an effective autonomous governance mechanism for the Bangsamoro people.

Pursue a broad and coordinated partnership towards strengthening the various instrumentalities of the ARMM government to strengthen capacity and integrity, improve responsiveness and build accountability. A concerted effort must be mounted for a customized and sustained capacity building program for ARMM. External development partners, civil society, private sector, national government, and ARMM constituents need to join forces towards this singular goal of making ARMM the effective vehicle for Moro self-determination that it was designed to be.

Undertake a deliberate leadership development strategy and program that will groom and sustain a pipeline of a new generation of progressive leaders for Muslim Mindanao. This can be tied to the purposive scholarship program for Mindanao students described in Chapter 6.

Tighten Mindanao-wide coordination with a view towards eliminating duplication and overlaps and maximizing complementation.

As the island-wide coordinating and promoting mechanism, MinDA must spearhead or work towards effective governance through the following:

Review, and if warranted, rationalize or establish Mindanao-wide coordination or institutional mechanisms to provide impetus for coherent and inclusive socio-economic development and address the multiplicity of concerns that have slowed social and economic progress in Mindanao. These institutions should be properly and consultatively designed to provide the effective and efficient delivery of basic services that will address widespread poverty and mitigate the ravages of inequitable and unjust distribution of natural resources, the effects of armed conflict and multi-ethnic and cultural diversity.

Box 8-1

Streamlining Registration in Business-friendly Quezon City

Through its Business One-Stop Shop (BOSS) program, a Simplified Business Registration System project introduced in 2010, Quezon City successfully reduced the processing time and costs associated with the application of business permits. From 18 days of processing, it is now possible to obtain a business permit in Quezon City on the day of application itself, or nine days later, in the case of business operations that require ocular inspection by city authorities.

The registration and the transfer of documents are accomplished electronically, reducing the number of interfaces with government offices from 28 to two. The entire process takes about 20 to 25 minutes in one business center.

Expected to benefit from the implementation of BOSS are the small- and medium-sized enterprises in Quezon City. The simplified registration process was designed to eliminate red tape and reduce the opportunity for corruption. BOSS is expected to lead to an increase in revenue and spur the generation of jobs, while firmly establishing Quezon City as a business-friendly hub for investment and enterprise.

Effect and maintain close coordination and synergies among agencies and instrumentalities serving Mindanao, especially those with closely-related or similar functions, including Regional Development Councils, department-level agencies, NEDA, SPDA, LGUs and other related agencies, in the interest of efficiency in operations while upholding clear accountability. This would entail providing a coordinated and integrated approach in the formulation and implementation of various Mindanao-wide, inter-regional development plans, programs and projects. In particular, close coordination among related agencies will prevent policy inconsistencies and provide for a more synergistic response to the challenges.

Pursue, in cooperation with OPAPP and the ARMM government, the mainstreaming of MILF, MNLF and CPP-NPA as active partners in Mindanao development by providing the environment and mechanisms to facilitate their engagement. This is premised on the attainment of an honorable and lasting peace settlement between the government and these groups.

Bring together a Mindanao-wide monitoring and evaluation mechanism from various M&E systems already in place, and regularly provide the results to key users such as Congress, NGAs, LGUs, research institutions, business and the civil society community.

Formulate and undertake a sustained and comprehensive capacity and team building program with concerned agencies and instrumentalities on above-cited development areas.

The national government has a crucial role in improving governance in Mindanao. Among other things, it must undertake the following:

Harmonize conflicting provisions of resource management and environmental laws, particularly with regard to permitting and licensing, identification of beneficiaries and the like. This must take into account both traditional and non-traditional concepts of land use and ownership.

Provide impetus and support for rationalizing and reforming the Mindanao-wide bureaucracy. This rationalization would be geared toward improvement of service delivery, improved coordination and generation of savings from streamlining of functions.

Facilitate inter-LGU cooperation and collaboration

Provide an enabling environment for LGUs to freely associate with one another based on common objectives, or to confront mutual concerns that require synergistic responses. The PALMA Alliance of five municipalities in North Cotabato has exemplified the significant benefits of tapping complementarities and pooling resources among LGUs faced with common challenges, in this case on road infrastructure development. Similar alliances among Mindanao LGUs have been established in jointly undertaking natural resource management, as in the Lanuza Bay Development Alliance; and disaster risk mitigation, as in the Allah Valley Landscape Development Alliance (see Box 8-2). Such inter-

LGU collaboration could conceivably evolve into higher forms of alliances covering a broader range of functional areas across economic, environmental, and human development priorities.

Specific measures to encourage and develop such collaborative arrangements include the following:

- **Provide fiscal incentives for inter-LGU cooperation and pooling of resources to achieve complementation and synergies** while ensuring participation of affected stakeholders who may reside within different administrative units of governance. Incentives may be in the form of performance-based national government grants, resource matching schemes, etc. to LGUs undertaking joint collaborative initiatives that result in greater efficiency and effectiveness.
- **Institute appropriate rewards and awards** for exemplary collaborative LGU initiatives.
- **Provide the legal framework for possible evolution of LGU collaboration** into higher forms of integration (e.g. federation or mergers).

Optimize the mix of modern and traditional elements of governance

Combine modern and traditional customary elements of governance towards responsive administrative, judicial and legislative systems. With its diverse cultures and traditions, Mindanao lends itself to a combination of traditional, customs-based governance mechanisms as well as modern governance systems. This combination must be optimized in a way that is respectful of history and culture, while being responsive to contemporary governance challenges. Specific initiatives in this regard would include institutional strengthening of the Sharia justice system, integration of customary laws as an essential component of indigenous conflict resolution mechanisms, integration of traditional mediators into the judicial system, and permitting the use of local languages in official forms, transactions and communications.

Work to institutionalize the above in areas where traditional culture is relatively strong and stable. Legislation to this effect could be enacted based on practical experiences in particular areas and situations. Furthermore, law schools should create room in their curriculum for such adaptive legal systems.

Reform the electoral system to improve quality of candidates and to ensure electoral integrity

Ensure that automated elections work credibly, while creating space for the appropriate combination of traditional and modern voting systems in heavily traditional areas of Mindanao.

Work for the emergence of quality candidates and leaders through deliberate leadership training programs especially for the youth, in addition to upgrading and widening accessibility of quality education in general.

Box 8-2 When LGUs Cooperate

The PALMA Alliance in North Cotabato is the result of five contiguous municipalities pooling their resources together – with the help of the provincial government – to build a road network at a cost of roughly only P30,000 a kilometer. This is far less than the average of one million pesos charged by private contractors for the same work. Awarded the Galing Pook Award in 2007, the Kabalikat PALMA Infrastructure Project had the municipalities of Pigcawayan, Alamada, Libungan, Midsayap, and Aleosan (thereby spelling out the alliance’s acronym) pooling their infrastructure equipment, machinery, personnel, and expertise to collectively work on road building projects in the member towns. The collaboration has so far led to construction and rehabilitation of nearly 300 kilometers of farm-to-market roads, with palpable positive effects on the lives of the populace.

The Lanuza Bay Development Alliance (LBDA) was formed by the seven Surigao del Sur municipalities of Carrascal, Cantilan, Madrid, Carmen, Lanuza, Cortes and Tandag. Originally meant to provide coastal and fishery resource management of Lanuza Bay, a Marine Protected Area, it is moving on to tackling upland and forest management as well. The member-LGUs asserted control over resources within their territorial jurisdiction, patrolling and monitoring their waters, formulating policies and managing education and awareness programs. LBDA also promotes alternative livelihoods, such as seaweed farming, the establishment of a restaurant called Sanctuary Café and a renewed tourism campaign promoting Surigao del Sur as a surfing destination while offering homestay facilities for tourists. The LBDA has enjoined various NGOs and peoples’ organizations, national agencies (e.g. PNP, DENR, DILG) and external partners (e.g. USAID, European Union, Voluntary Service Overseas) in its mission. The LBDA is a prime example of inter-LGU cooperation in the field of natural resource management.

The Allah Valley Landscape Development Alliance (AVLDA) was created in 2003 following incidents of intensified flooding of the Allah and Banga rivers. AVLDA is composed of representatives of the Province of South Cotabato (municipalities of Lake Sebu, T’boli, Surallah, Sto. Niño, Banga and Norala), the Province of Sultan Kudarat (Tacurong City and the municipalities of Isulan, Esperanza, Lambayong and Bagumbayan), five national government agencies and one NGO coalition. The focus areas of the AVLDA include economy, infrastructure, social development, institution building and the environment. Environmental degradation, including widespread forest denudation, contributed to flooding incidents, which left mostly poor communities along the riverbanks highly vulnerable. This made disaster risk management among the Alliance’s top priorities. The AVLDA currently invests in the training of its human resources for continuity and sustainability of the cooperation. In the future, it endeavors to transform itself into an authority (in the example of the Laguna Lake Development Authority) to end financial dependence on external partners.

Sources: Galing Pook Foundation; Environmental Science for Social Change

Promote civic citizenship in schools and provide wide access to complete information on candidates and on the electoral process. Help voters connect their choices to higher aspirations rather than base these on popularity, kinship or debt of gratitude.

Ensure the exercise of free will in voting by eradicating warlordism and arms proliferation. A sustained and relentless effort in this regard could be mobilized with the active participation of all stakeholders in Mindanao. It is only when elections are held in an environment that is free from intimidation, fear, undue influence and fraud, that the ballot will truly reflect the sovereign will of the electorate.

Provide a sustained capacity building program for elected leaders through leadership trainings and academies, focusing on the development of long-term vision and the enhancement of negotiation and conflict management skills.

Provide a favorable enabling environment for harnessing and scaling up creative public-private partnership schemes

Make partnership an end-to-end feature of governance and development work, spanning planning all the way to monitoring and evaluation. Uphold, encourage and give due course to development initiatives from the private sector, and to people's participation in all such processes through civil society organizations. The Mindanao Technical-Vocational Education and Training (TVET) Roadmap, a planning initiative of private TVET providers is a worthy example of private partnership to address the front-end (i.e., planning) of development work (see Box 8-3). At the other end, monitoring of government performance and the effectiveness of its programs is best undertaken by detached and independent third parties. Close involvement of civil society and the private business sector in such work is thus both desirable and imperative.

Clarify, expand and strengthen the legal framework governing and facilitating such partnerships beyond those covered in the BOT Law, to cover such partnerships for human development and environmental initiatives, among others. For example, unnecessarily rigid financial rules that constrain access by NGOs to public funds would need to be relaxed.

Undertake deliberate efforts for social preparation, knowledge sharing and capacity building of partners (NGOs and POs, business groups, staff of national and local governments), as well as for leveling perspectives and motivations. Effective partnerships do not happen by themselves. They require a convergence in outlooks and motivations, and complementarity in capabilities among the partners involved. Resources must be committed to capacity-building activities, which are public investments that promise multiple payoffs. In particular, building and capacitating partnerships for human development and social cohesion are worthy investments that resource providers would do well to actively support.

Maximize opportunities for citizen participation

Faithfully implement mechanisms for citizen participation already enshrined in law. These include the Local Government Code, which provides for Local Development Councils at all LGU levels, as well as laws that created multi-stakeholder bodies with civil society participation, such as the National Anti-Poverty Commission. Upholding these mechanisms is particularly important for Mindanao, where the greatest poverty incidence in the country is found. LGUs must be impelled to make optimal use of local development councils and other multi-stakeholder mechanisms provided by law (e.g., local school boards, Councils for the Protection of Children) at the provincial, city/municipality and barangay levels, and turn them into effective forums for meaningful non-government participation in governance and development processes, and for fostering active multi-stakeholder partnership initiatives.

Institutionalize civil society and private sector representation in key governance bodies and development mechanisms at the Mindanao-wide levels where not yet provided by law. MinDA must set the example by consistently ensuring such representation in all key bodies and tasks undertaken towards implementation of Mindanao 2020.

Institutionalize community dialogues as a mode for problem identification, conflict resolution, and community participation in development initiatives. This is particularly important in multi-ethnic communities. Alternative dispute resolution programs may be used to address specific natural resource sectors and conflicts.

Implement upscaled community-driven modes of delivering development services, using the highly-successful Kalahi-CIDSS interventions as models.

Strengthen national institutional support mechanisms addressing the welfare of Mindanao people.

Strengthen and de-politicize NCIP so that it becomes the effective instrument and structure for the IPs' self-governance and development of their ancestral domain that it was meant to be. The idea of building a think-tank or a research institute for comprehensive development of IPs in Mindanao, must be explored, and realized as a support mechanism for consolidating knowledge about IPs. Moreover, the State must guarantee that the Indigenous People's Rights Act (IPRA) is fully implemented. This includes prioritizing the full issuance of certificates of ancestral land title and certificates of ancestral domain title within five years.

Provide the National Commission on Muslim Filipinos with appropriate levels of budgetary and logistical support in order to be effective in fulfilling its mandate. Appointments to the Commission are critical in the face of the long-standing conflicts in Muslim areas in Mindanao. Hence, appointees to

these positions need to be widely acceptable and acknowledged for integrity and competence, in order for the NCMF to be a credible and unifying organization.

Clarify and firm up the mandate and authority of the Office of the Presidential Adviser on the Peace Process (OPAPP) vis-à-vis the Peace Panels formed to negotiate with the MILF and NDF. These various instrumentalities for pursuing peace negotiations need to avoid the confusion and even contradictions in public positions taken in the past, in order to demonstrate

government's sincerity and seriousness in purpose as it seeks a peaceful settlement in the various conflict fronts in Mindanao. In conclusion, Mindanao is well positioned to be the vanguard for a new governance model that would assert true **self-reliance** and **self-determination** that could usher in a new era of peace and prosperity for its people. But it will take an empowering national government, dynamic local governments, and a vibrant, united and engaged citizenry transcending ethnic, cultural and political divides for this vision of a **Mindanao that is One and Number One** to become a reality.

Box 8-3

**A Private Sector Public Planning Initiative:
The Mindanao TVET Roadmap**

The Mindanao TVET Roadmap represents the strategic response of the Mindanao TVET Association⁵³ (MinTVET) to challenges in the external environment and in the Technical-Vocational Education and Training (TVET) sector for the period 2010-2015. The Roadmap responds to realities and scenarios revealed by a careful analysis of the general external environment and the TVET sector in Mindanao, and a series of regional consultations with stakeholders. Based on this analysis, MinTVET defined its imperatives for strategic action, as follows:

- **Shape Up and Move Up Imperative:** the need to develop TVET institutions to become "quality assured" and to gear up for specialized fields and higher qualification levels;
- **Small Is Big Imperative:** The need to address the skills requirements of the MSME sector;
- **Green TVET Imperative:** The need to address skills requirements for increased productivity and sustainable development in the agriculture and fishery sectors;
- **E=M+C Imperative:** The need to ensure employment success of TVET graduates;
- **MinTVET Fund Imperative:** The need to source development funds to finance TVET for marginalized sectors, agri-fishery and MSMEs, and to make TVET more gender and culture-sensitive;
- **Information Imperative:** The need to build up knowledge systems and connectivity about TVET in Mindanao and the global marketplace.

⁵³ MinTVET is a non-stock, non-profit corporation established in December 2001 to undertake activities that promote upgrading of the quality of technical vocational education and training in Mindanao.



CHAPTER 9

Enabling Conditions: Requisites for Realizing Mindanao 2020

Where We Are Now: Situation and Challenges

The four preceding chapters articulated the body of Mindanao 2020: its thematic visions, goals and objectives, thrusts, and strategies. For all of these to materialize, the proper environment and support systems must be in place. This chapter elaborates on these enabling conditions that are critical prerequisites for the thrusts and strategies to succeed in the attainment of the visions and goals, namely, infrastructure, science & technology and research & development, and financing support.

Infrastructure

By definition, infrastructure provides the underlying framework or foundation for a certain system. This section covers hard infrastructure or basic physical facilities and installations, and soft infrastructure or policies, programs, information and institutions that support the development of physical infrastructure. It also covers logistics or flow of goods and services with its corresponding hard infrastructure requirements.

Notwithstanding achievements over the past 15 years, a number of policies, programs and projects that were spelled out in the infrastructure agenda of Mindanao 2000 have yet to be realized. Many reasons have been cited but most commonly cited in all the subsectors are the following:

- Lack of coherent plans (e.g., integrated roads, bridges and logistics; water resource management, etc.)
- Inadequate government financial resources, which hampered implementation of the strategies, programs and projects.
- Underinvestment especially by the private sector, attributed to the lack of appropriate policies and incentives for government and private sector partnership.
- Absence or unclear or inconsistent policies and regulations that impede investments and implementation of development projects such as in the privatization of viable water districts; cabotage law; and below-cost pricing of power.
- Criminality such as pilferage and vandalism of service infrastructures, and peace and order problems in some parts of Mindanao.
- Lack of appropriate, updated and baseline data that are necessary in decision-making, such as the quality, quantity and availability of water resources for valuation and pricing purposes.

All these impeded implementation of Mindanao 2000, hence the full attainment of its goals and objectives. An incisive review of where things stand at sub-sector or specific level would thus be instructive for purposes of Mindanao 2020.

Transportation and Logistics

Land

It is in provision of infrastructure that Mindanao has achieved the most in the last 15 years, but much remains to be done. The transport and logistics network needs to be integrated to harness intra-regional complementation, move products to Luzon, Visayas and the rest of the world, and ease access to its tourist destinations.

Mindanao continues to have the highest percentage (34.1% in 2009) of unpaved national roads (Table 9-1). Caraga region has the longest unpaved national roads, which was estimated at 41%. While other regions have lower proportions (around one-third) of unpaved roads, the levels are still too high to bring them to a rapid development path. It is estimated that about P57 billion would be required to pave these roads.

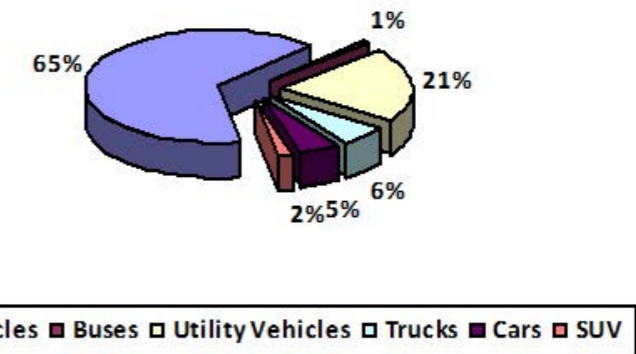
The situation is worse at the barangay level where 95%⁵⁴ or about 44,891 kilometers of roads were unpaved in 2007.

About 39.2% of roads are in bad condition (Table 9-2) and paved roads have been deteriorating fast due to deficiencies in design and construction; damage from large and overloaded trucks (JICA, 2009); and inadequacies in resources and regular road maintenance capabilities on the part of the DPWH and LGUs.

Road use has been intensifying as evidenced by the 8% average annual growth rate in motor vehicle registrations. In 2008, a total of 829,063 motor vehicles were registered in Mindanao, the bulk (65%) of which was accounted for by motorcycles and tricycles (Figure 9-1). These vehicles have become popular means of passenger transportation because of their affordability, energy efficiency and ability to navigate bad and sloping roads that are generally not passable to 4-wheeled vehicles. From 2007 to 2008, motorcycle and tricycle registrations grew by 6.5% to 545,331 units.

⁵⁴ As estimated by Mindanao Development Authority, based on the DPWH standard of P20 million per kilometer.

Figure 9.1
Motor Vehicle Registration, 2008



Source: Land Transportation Office

Table 9-1. National Roads Development by Major Island by Region, 2009

Area	Paved (Km)	Unpaved (Km)	Total (Km)	%Unpaved Roads
Luzon	1,1659	3,759	1,5418	24.4
Visayas	6,127	1,180	7,307	16.2
Mindanao	5,306	2,837	8,143	34.8
IX	880	339	1,219	27.8
X	1,198	519	1,717	30.2
XI	958	529	1,487	35.6
XII	869	543	1,412	38.4
XIII	807	561	1,368	41.0
ARMM	594	347	940	36.9

Source: DPWH Central Office & DPWH ARMM

Table 9-2. Road Conditions in 2009

Conditions	Philippines (%)		Mindanao (%)	
	Fair-Good	Poor-Bad	Fair-Good	Poor-Bad
Paved Roads	60.5	39.3	61.1	38.9
Unpaved Roads	65.8	34.2	60.5	39.5
Total Roads	62.1	37.9	60.8	39.2

Source: JICA, 2009

Utility vehicle registration also grew rapidly but came as far second (21%) in share to total registrations. Meanwhile, the number of buses and trailers declined at a rate of 12% and 4.6% in 2008, respectively. These trends are consistent with the observed shifts in people's transportation preferences, which favor light vehicles over big ones such as buses and trailers. Many of those who do not take motorcycles prefer utility vehicles because these can take non-regular routes and provide faster service. These have also become popular means of transporting goods and produce.

Mindanao does not have a railway system. There is widely expressed desire to build a Mindanao circumferential railway system, but this has not been realized due to its substantial investment requirement that puts to question its economic feasibility. Nonetheless, short run railways in high traffic areas are being seriously considered. A feasibility study for an 82.5 km railway from Cagayan de Oro to Iligan has been completed and is undergoing review for possible external financing.

Water

The Philippines' archipelagic nature partly explains the highly unequal development of its parts. Connecting the islands and developing the soft (e.g., governance and policy) and hard (e.g., ports and feeder roads) infrastructure is thus a critical strategy. Such connection, however, must maximize the use of waterways since water transportation, especially of cargo, is cheapest on a per unit weight basis. It is also worth noting that Filipinos, especially those from Mindanao are traditional ship builders, seafarers and maritime experts.

There are currently 12 base ports, 15 terminal ports, 47 other national or municipal ports and 64 private ports in Mindanao. The major ports for cargo are Davao, General Santos, Cagayan de Oro and Zamboanga. As of 2008, all major base ports are already International Ship and Port Facility Security compliant. Despite the large number of ports and international standards of some of them, ship calls have been on the decline in recent years (Figure 9-2). There are a number of reasons for this trend, many of which reinforce each other, such as (a) inappropriate policies (e.g., cabotage law); (b) high shipping and handling costs, manifested in how the cost of freight per nautical mile from Manila to Davao

is three times that of Manila to Hongkong (Llanto and Basilio; 2005); and (c) perceived lack of safety due to aging vessels and numerous maritime accidents as industry protection (again under the cabotage law) dampens impetus for modernization and better services. Meanwhile, there has been a significant shift to the use of the RO-RO system, which offers faster and cheaper transportation services.

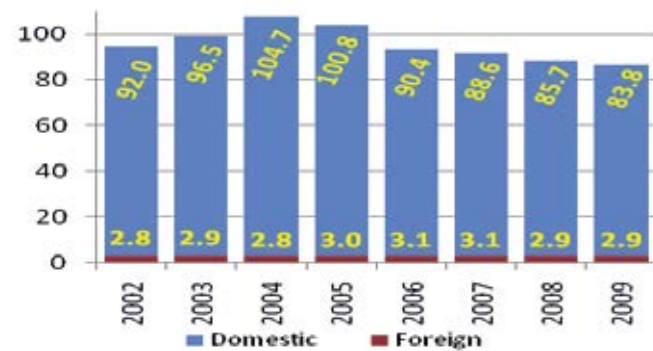
Except during the period affected by the world financial crisis, cargo traffic has been robust. It was steadily increasing at an annual rate of 2.5% from 1999-2007 (Figure 9-4), twice the rate for the whole country in the same period (JICA, 2009). Foreign cargo traffic has been driving the trend due to increased trade with foreign countries that are generally located north of Mindanao (e.g., USA, Japan, China, South Korea). Domestic cargo movement through the use of traditional shipping has been on the downtrend, despite growing trade with Luzon and Visayas, due to heightened use of the RO-RO.

Trends in containerized cargos are likewise steadily moving up, seemingly unaffected by the financial crisis (Figure 9-5). These trends may be attributed to economic development and containerization improvements in Mindanao Container Terminal (MCT) in Cagayan de Oro and Davao/General Santos ports (JICA, 2009).

The JICA study forecast cargo traffic to grow annually between a conservative 35.4 million metric tons (2.5% growth rate) to an optimistic 101.6 million metric tons (10%) in 2030. Containerization is projected to reach 71% by then. All these have a bearing on the appropriate transportation and logistics infrastructure for Mindanao over the next 20 years.

The completion of the Strong Republic Nautical Highway (SRNH) largely contributed to the decline in the use of regular ships for passengers and cargo. The SRNH allows continuous travel through land and water, and makes it possible for private and public land vehicles to travel cheaper and more conveniently in and out of Mindanao through the use of "Roll-On, Roll-Off" (RO-RO) facilities. Figure 9-6 shows the routes covered by the three nautical highways (Eastern, Central and Western).

Figure 9-2 Ship Calls in Mindanao 2001-2009 (in thousands)



Source: DOTC

The policy environment for RO-RO was improved by, among others, deregulating fare rates, lifting distance limitations, and maximizing private sector participation. The new policy regime sped up the development of the nautical highways, which in turn spurred many economic activities that boosted growth and development especially in ports along the highways. The use of RO-RO benefited industries and people through faster and cheaper transportation service.

The number of vehicles carried by RO-RO in Mindanao has increased annually by 7.2% from 2007 to 2010 largely due to the highly robust operations of the RO-RO system and improved economic situation. The growth has been phenomenal in Southern Mindanao having registered double digit growth rates with a spike of 290.7% in 2009 for an annual average of 108.6% (Table 9-3).

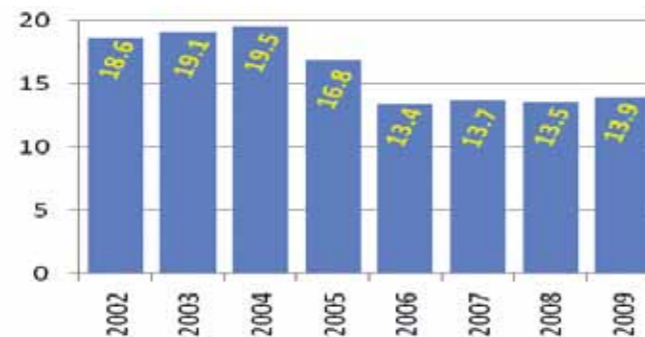
It is noteworthy that Mindanao moved far more vehicles than both Luzon and Visayas, even if the latter have far more islands (Figure 9-7) and RO-RO ports (37 against Mindanao's 21). This is likely due to significantly lowered transport costs (by 40% for passengers and 30% for cargo), and travel time reduction by 10 hours from Mindanao to Luzon through the Visayas. These indicate that Mindanao is the primary beneficiary of the RO-RO system, which better connected it with the rest of the Philippines at least cost. Having clearly demonstrated its benefits, the RO-RO system must thus figure significantly in the long-term development framework for Mindanao.

Air

Mindanao has 27 airports (Table 9-4) classified according to international (3 existing and 1 under construction), Principal Class 1 (3), Principal Class 2 (9), and Community (11). The Laguindingan International Airport located in Misamis Oriental is expected to be completed in early 2012. Twenty-one airports were recently improved under the Super Regions program of the Arroyo Administration. These included the establishment of M'lang Airport in North Cotabato.

Most of these airports are located along or very close to Mindanao coastlines. Only three (Malaybalay, M'lang and Surallah) airports,

Figure 9-3 Passenger Traffic 2001-2009 (in millions)



Source: DOTC

all of which are small community airports, are located inland. This configuration implies two things: (a) Mindanao development is largely coastal; and (b) Mindanao airports are exposed to risks posed by oceanographic (sea-level rise) and geologic (tsunamis) phenomena. Due to the absence of Principal airports inland, many passengers need to travel 1-4 hours overland to take regular and cheaper flights.

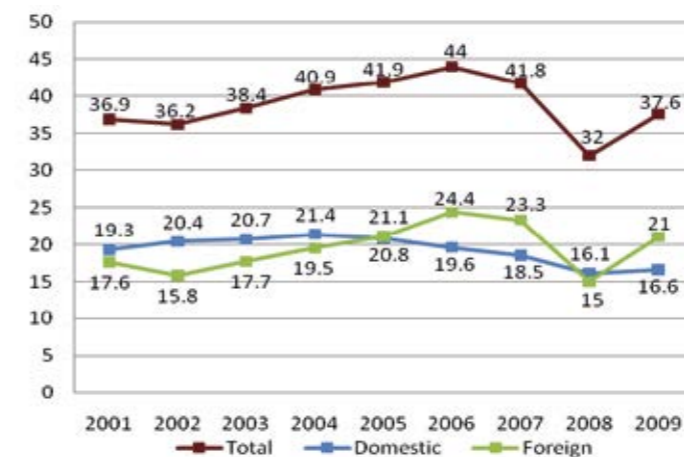
Three Mindanao airports are among the 10 busiest in the Philippines in 2010 in terms of passenger traffic: Davao City (3rd), Cagayan de Oro City (4th) and Zamboanga City (10th) as shown in Table 9-5. Volumes of passenger traffic in these airports have been growing at double-digit levels, with Davao city even doubling its growth rate to 35.4% in 2010, when it moved 2.7 million passengers.

In terms of cargo traffic, four Mindanao airports were listed in the top 10: Davao (3rd), Cagayan de Oro City (4th), General Santos (7th) and Zamboanga City (8th). General Santos, which only ranked 14th in passenger traffic, figured prominently in this category, owing to the large (11.8 million kilograms) carriage of fish and fish products.

In terms of regional performance on passenger traffic, Mindanao airports registered growth rates higher than the already very high national average of 14.1% in 2009 (Table 9-6). Altogether, Mindanao airports moved 5.1 million passengers in 2009, registering a growth rate of 24.6% from 2008. Region XII grew the fastest at 48.2%. As a result, Region XII also increased its contribution to passenger movements from 10% in 2008 to 12% in 2009. The biggest contributor is Region XI at 39% due to the big volumes of passengers using the Davao City Airport, followed by Region X (24.5%) due to the Cagayan de Oro Airport.

Passenger and cargo traffic are expected to further speed up over both the medium and long term. The operation of Laguindingan airport in 2012 will help meet the growing demand for aviation services, particularly in Northern Mindanao. However, at the rate passenger and cargo movements are expected to grow, the expansion, rehabilitation and modernization of Mindanao airports have become imperative. And in order to address the risks posed by natural phenomena and accessibility of principal

Figure 9-4 Cargo Throughput 2001-2009 (million MT)



Source: Philippine Ports Authority

airports to people inland, plans and feasibility studies for undertaking these expansions or actually building new airports inland, must already be undertaken.

Information and Communication Technology (ICT)

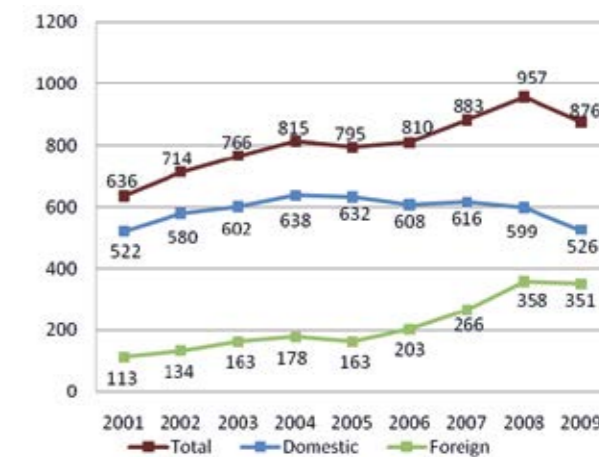
The ICT sector is a major support mechanism to all the themes in this strategic framework plan and requires substantial infrastructure development to be effective and used maximally. However, ICT infrastructures are normally large-scale in nature (usually nationwide in scope); hence decisions for these are done at the center (in Manila). To warrant the establishment of Mindanao-wide ICT infrastructure, demands for ICT services must significantly increase. Mindanao 2020 aims to catalyze this increase to expand ICT services and lower service costs.

The demand for telephone services has evolved rapidly in the last decade. In 1995, installed fixed telephone lines in Mindanao totaled 149,580. This was very low even for national standards so substantial investments were poured in such that the number peaked to 1.02 million in 2002. Five years later, this number dropped by 31% to 706,750, of which, only 40% are subscribed (Table 9-7). The drop in landline use is explained by the strong shift in preference to cellular mobile telephones (CMT).

The more economically advanced regions had higher teledensity and installed line utilization rate. ARMM's subscribed teledensity in 2007 was at a very low 0.2 per 100 population, and its utilization rate was at 24.3%. Region XI had the highest utilization rate of 38.5%. However, this is still too low to maximize the use of installed capacity, a likely indication of poor capacity projection or of unanticipated trends in CMT penetration.

In 2007, the National Telecommunication Commission (NTC) estimated that there were 57.3 million CMT subscribers nationwide, 15 times more than the fixed line subscribers. At the ratio of 15 CMT to one fixed line subscriber, the total CMT subscribers in Mindanao may be estimated at 4.2 million in 2007. For the period 2000-2007, NTC estimated the average annual growth rate of CMT subscribers at 31.4%. This means that CMT

Figure 9-5 Container Traffic 2001-2009 ('000 TEU)



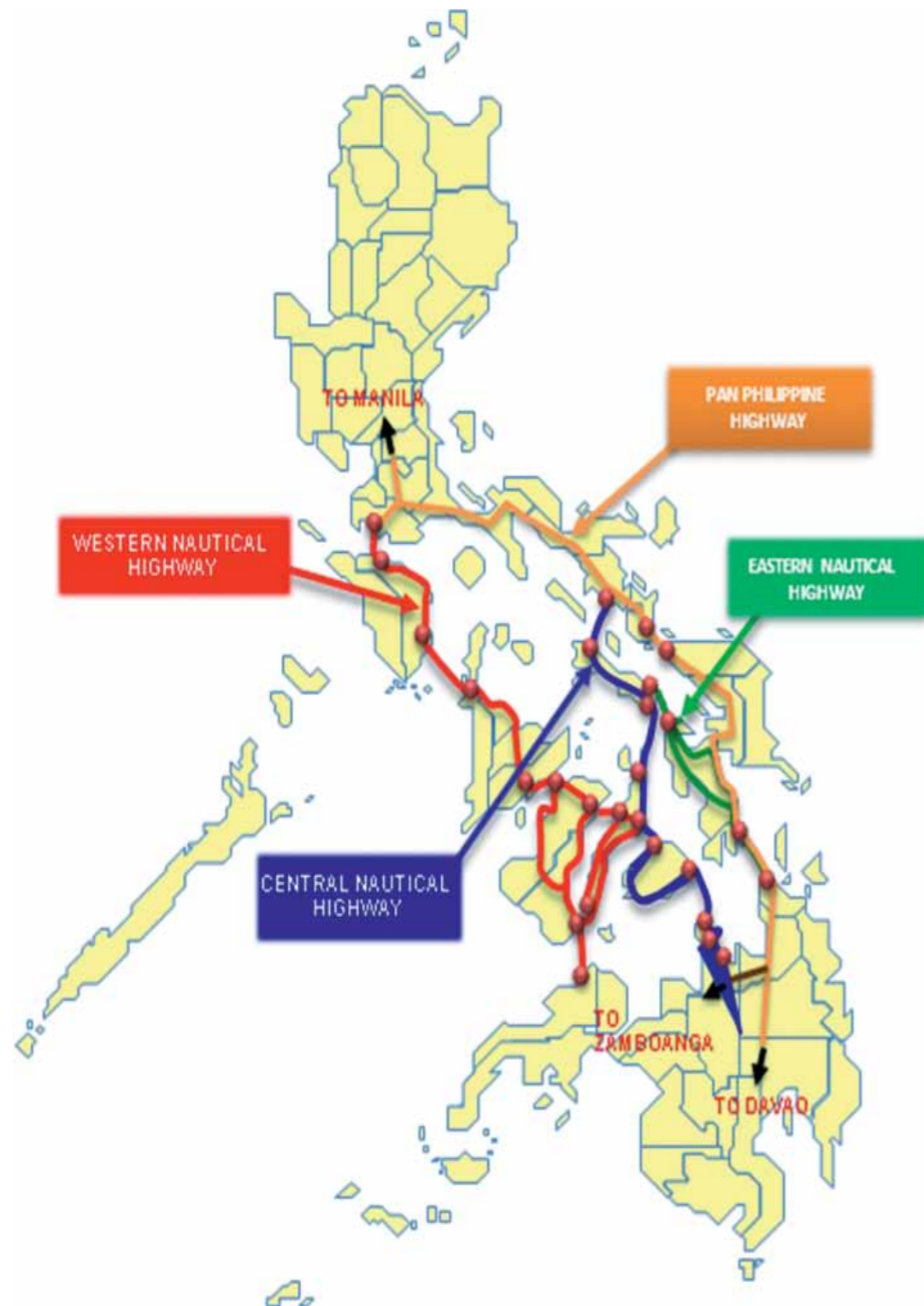
Source: Philippine Ports Authority

subscribers in Mindanao had reached about 9.5 million in 2010. Internet use has likewise been growing rapidly especially among the young people of Mindanao. This is despite the low access to computers and Internet by many children, particularly those in less-developed areas. There are at least two programs that address Internet access by students: (a) the Community e-Center (CEC), which was implemented by the Commission on Information and Communication Technology (CICT) in cooperation with LGUs, private sector, schools and other stakeholders; and (b) USAID's Growth and Equity in Mindanao (GEM), which implemented the Computer Literacy and Internet Connection (CLIC) Program. By the first quarter of 2009, there were already 275 CECs in Mindanao, found mainly in municipalities (Table 9-8). The CLIC program has provided computers and high-speed Internet connections to about 200 schools all over Mindanao.

The major constraints to ICT development in Mindanao are Internet broadband connectivity and costs of Internet and software. The sustainability of the above programs has been compromised by these same constraints as some schools have not been able to handle the payments for Internet service and replacement of computers and parts. These constraints, in turn, are due to inadequate infrastructure, which were not put in place since demand levels had not been enough to justify further investments by service providers. Financing has also been a major problem because being an infant industry, ICT service providers still do not have track records that banks normally require.

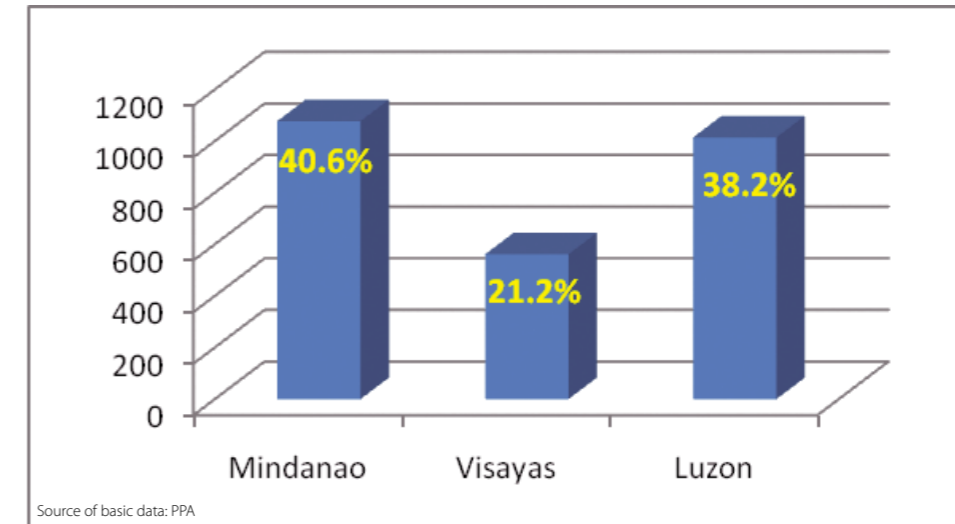
ICT-oriented businesses and services as well as the business process outsourcing industry have become significant players in Mindanao, as discussed in Chapter 7. But for these to prosper at a more rapid rate, the corresponding hard and soft ICT infrastructure need to be provided. Soft infrastructure includes the production of quality IT graduates and practitioners. Some parts of Mindanao are well placed to do that since these have enough schools adjudged by CHED as Centers of Excellence in Information Technology Education (Table 9-9). However, the greater part has little or no access to quality education since the centers are concentrated in very few areas and mainly in Davao City. In addition, many of those trained by these schools move to other parts of the country or abroad.

Figure 9-6 Strong Republic Nautical Highways



Source: DOTC

Figure 9-7 Vehicles Carried by RoRo by Share of Major Island Groups (In Thousand)



Source of basic data: PPA

Table 9-3. Vehicles Carried by RoRo in Mindanao

	2007	2008	2009	2010
Northern Mindanao	913,575	962,657	1,011,678	1,070,180
GR (%)		5.4	5.1	5.8
Southern Mindanao	13,464	16,663	65,105	72,368
GR(%)		23.8	290.7	11.2
Total Mindanao	927,039	979,320	1,076,783	1,142,548
GR(%)		5.6	10	6.1

Source: Philippine Ports Authority

Other constraints identified by ICT practitioners include the outdated and conflicting regulatory framework; limited utilization of ICT for economic and social development due to lack of understanding and appreciation for the complex IT industry and its various sub-sectors; and peace and order problems that drive investors away. One illustration of conflicting policy is DepEd's prohibition on collection of contributions by schools, hence the inability of programs such as that of GEM to provide resources for maintenance of computers that the latter provided to schools. The other is the slow response of government to the use of ICT in its operations and in addressing the peace and order problem.

Energy and Power

Energy and power infrastructure plans, programs and projects are also largely prepared and decided upon by the central government in Manila. Power infrastructures are highly dependent on natural resources in-situ and level of power demand, which has lately been outstripping supply. These indicate that Mindanao LGUs and private sector need to expand their participation in power generation and in tempering demand to address power shortage and minimize dependence on national government.

Power generation in Mindanao was steadily increasing at an average annual growth rate of 4.7% from 2002-2009 (Figure 9-8). In 2009, generated power reached 8,235 GWH.

In the second quarter of 2010, the average and peaking capabilities of the plants dropped to 771 MW and 860 MW, respectively (Table 9-10), hence brownouts reached 4-6 hours daily. The average generation capability of hydroelectric plants exhibited the biggest drop, mainly due to the adverse impacts of the El Nino phenomenon. The average capability was at its lowest sometime in the height of summer months when it dropped by about 90%.

Mindanao's energy sources have become more diversified over the years. In 2002, Mindanao did not have coal and solar power generating capability. In 2005, Cagayan Electric Power and Light Company (CEPALCO) operated a 1 MW photovoltaic power plant in Cagayan de Oro. Coal power started to be produced in 2006 and since then has become a significant contributor to the grid, accounting for 12.4% of installed capacity in 2009. At the height of the power crisis, coal's contribution to the grid became very significant at 27.2% as hydropower plants failed to reach their capacities.

Table 9-4. Categories of Mindanao Airports By Region

Airport Name	Airport Category
Region IX Zamboanga Peninsula	
Zamboanga International Airport*	International
Dipolog Airport*	Principal; Class 2
Pagadian Airport*	Principal; Class 2
Ipil Airport*	Community
Liloy Airport*	Community
Siocon Airport*	Community
Region X Northern Mindanao	
Lumbia Airport, Cagayan de Oro City*	Principal; Class 1
Camiguin Airport*	Principal; Class 2
Labo Airport, Ozamis City*	Principal; Class 2
Maria Cristina Airport, Iligan City*	Community
Malaybalay Airport, Bukidnon	Community
Laguindingan International Airport, Misamis Oriental*	International (Under construction)
Region XI Davao Region	
Francisco Bangoy International Airport, Davao City*	International
Imelda R Marcos Airport, Mati City*	Community
Region XII SOCCSKSARGEN	
Tambler International Airport, General Santos City*	International
Awang Airport, Cotabato City*	Principal; Class 1
Allah Valley Airport, Surallah, South Cotabato	Community
M'lang Airport, North Cotabato	Community
Region XIII Caraga	
Bancasi Airport, Butuan City*	Principal; Class 1
Surigao Airport, Surigao City*	Principal; Class 2
Tandag Airport, Surigao del Sur*	Principal; Class 2
Siargao Airport, Surigao del Norte*	Principal; Class 2
Bislig Airport*	Community
ARMM	
Sanga-Sanga Airport*	Principal; Class 2
Jolo Airport*	Principal; Class 2
Malabang Airport*	Community
Cagayan de Sulu Airport*	Community

Source: Civil Aviation Authority of the Philippines, DOTC

*Located along or close to coastlines

International: Airports with border facility used for international flights

Principal: Airports for scheduled domestic flights using Jet (Class 1) and Prop (Class 2) services

Community: Airports used for general aviation aircrafts

Table 9-5. Busiest Philippine Airports, 2009 and 2010

Airport	Passenger Traffic				Cargo Traffic			
	Rank	2009 ('000)	GR (%)	Rank	2010 ('000)	GR (%)	Rank	2010 (Million kg)
Ninoy Aquino	1	24,108	8.3	1	27,120	12.5	1	353.10
Mactan, Cebu	2	4,395	20.6	2	5,791	31.8	2	49.95
F. Bangoy, Davao	3	1,968	16.2	3	2,664	35.4	3	40.78
Iloilo City	4	1,324	23.3	6	1,581	19.4	6	11.82
Lumbia, CDO City	5	1,111	23.1	4	1,302	17.2	4	22.24
Silay, Bacolod	6	1,020	21	5	1,224	20.0	5	12.50
Tacloban City	7	832	32.6	7	860	3.4	10	6.33
Kalibo, Aklan	8	640	59.9	8	1,006	57.2	NA	NA
Puerto Princesa	9	588	22	9	728	23.8	9	8.28
Zamboanga City	10	583	24.1	10	624	7.0	8	8.96
General Santos	14	405	33.7	14	478	18.0	7	11.81

Source: Civil Aviation Authority of the Philippines

Diversification is a recognized strategic move for various reasons, not the least of which is to cushion the impacts of possible drops in the supply of power sources similar to the hydropower experience during the dry spell. However, diversification must veer more towards increased use of clean, renewable and indigenous sources of power to minimize costs attendant to importation, foreign exchange risks, and environmental impacts. The reverse has been happening in Mindanao as reliance on coal and oil has risen in the recent years. Plans are afoot to establish more of such plants in the near future because indigenous resources are limited and technical feasibility issues have yet to be addressed on the use of renewable power such as biomass, wind and solar.

Electricity sales have been growing at an average rate of 2.2% annually in the last five years to reach 6.7 MWH in 2009 (Table 9-11). Industry remains as the biggest user accounting for 38.5% of annual average consumption in the period 2005-2009. All users have been steadily increasing their consumption annually recording a composite average growth rate of 3.0% in same period. This indicates some robustness in the economy despite the registered 10% drop in consumption by industry in 2009.

Worth noting is system loss, which has been accounting for 13.9% of annual average consumption and rapidly increasing at an average rate of 6.1% annually. In 2009, system loss increased by a whopping 16.6% (Figure 9-9). The caps on system loss are set at a relatively high 9.5% for distribution utilities and 14% for electric cooperatives. Own-use electricity likewise needs close examination since its share in total in 2009 reached 4.4% and has been growing at a rate of 18.3% annually. These are alarming trends considering that power has become an expensive and critical commodity in Mindanao. The costs of losses and own-use are automatically passed on to electricity consumers resulting in also automatically eroding business profitability and increasing burdens to meager household budgets. Meanwhile, these legal provisions further boost systemic inefficiencies and complacency.

Power prices have been rising in Mindanao. The days are gone when Mindanao was known for having the cheapest power at the time when it was able to maximize the use of hydropower. There are many factors causing price increases, each of which is a complex issue in itself, hence would not be easy for consumers to do something about. These include the following:

- Increasing demand vis-à-vis compromised supply due to the impacts of climate change and environmental degradation;
- Low capability to meet demand due to failure to build new capacities;
- Costly imported fuel, which is made more expensive by exchange rate depreciation, costly transportation, and other related importation costs;
- Substantial system losses in generation, transmission and distribution, as described above;
- Provisions of Republic Act 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA) that authorizes the National Power Corporation (NPC), Independent Power Producers (IPPs), and electric distribution utilities (DUs), i.e., electric cooperatives, to recover some allowable costs to help them sustain viable operations, through among others, the Generation Rate Adjustment Mechanism (GRAM) and the Incremental Currency Exchange Rate Adjustment (ICERA) mechanism.
- Ancillary charges and capital expenditures of the National Grid Corporation of the Philippines (NGCP) that are passed on to consumers.

DOE projects that demand would increase by an average of 4.6% annually to reach 2.2 GWH in 2020 and 3.5 GWH in 2030 (Figure 9-10). To meet and sustain this demand, at least 1,000MW new

Table 9-6. Regional Shares and Growth Rates in Air Passenger Traffic

Area	2008 ('000)	Share(%)	2009('000)	Share(%)	GR (%)
Region IX	638	15.7	781	15.5	22.5
Region X	984	24.3	1,236	24.5	25.7
Region XI	1,693	41.7	1,968	39.0	16.2
Region XII	407	10.0	604	12.0	48.2
CARAGA	332	8.2	460	9.1	38.5
Mindanao	4,056	11.2	5,052	12.2	24.6
Philippines	36,163	-	41,258	-	14.1

Source: Civil Aviation Authority of the Philippines

capacities must be installed in the next 10 years and still another 1,500MW from 2021-2030. So far, only two plants having a combined capacity of 58 MW have been committed to meet the 800MW capacity that must be installed in the next four years to avert a crisis. A couple of small solar projects are currently being planned.

Installation of new capacities on a progressive basis is imperative. Unfortunately, investments are discouraged primarily by the lack of peace and order and power pricing situation in Mindanao. The pricing issue involves the heavy subsidy for NPC to avert political repercussions of big increases in electricity rates if NPC's true costs were to be passed on to consumers. With the EPIRA, other costs are being passed on to consumers thus making it more difficult for government to pass on the mounted costs of NPC.

To address inefficiencies, encourage competition, attract investors and give consumers the right to choose the power they would consume, EPIRA provides for the establishment of the Mindanao Wholesale Electricity Spot Market (WESM) by 2014 and strengthen rural cooperatives.

Despite higher electricity prices compared to those Mindanao had traditionally been used to, they remain too low to attract new investments. A comparison by NGCP shows that in April 2009 the prices of electricity were P6.59 per KWH in Davao Light; P7.23/KWH in VECO in Visayas; and P9.32/kwh in Manila Electric Co. At these rates, investors shy away from Mindanao and get attracted more to Luzon since it offers better profitability and has better peace and order situation.

A related issue is the privatization of Agus and Pulangui power plants by 2011 as prescribed in EPIRA. Accordingly, no investors have shown serious interest in these plants to date, likely for reasons cited, including the environmental conditions that lower the capability of these plants to produce power. There has been a strong lobby especially from Mindanao business, to defer the sale of the plants due to fear of sudden increase in rates and creation of private sector monopoly in power generation. The six plants of Agus must be sold as one since they are more economical to operate in tandem. Their combined capacity of 727 MW represents almost 40% of total installed capacity, thus

whoever buys it could control and heavily influence Mindanao's power generation and pricing.

Solar power is expected by many to significantly and immediately help address Mindanao's power problem. Compared to fossil fuel base plants, which need three years to set up, a solar power plant can be made operational in six months. However, the government, through the National Renewable Energy Board (NREB), is limiting solar power capacity to 100 MW nationwide in the next three years because its higher cost is expected to substantially increase power prices. NREB is looking at a P17.95 per kwh feed-in-tariff for solar energy, which is far higher than mini-hydro's P6.15 per kwh, and wind power's P10.37 per kwh. Meanwhile, there are 44 applications to set up solar power plants with combined capacity of 420 MW nationwide (with some to be located in Davao, Zamboanga, Misamis and Cagayan de Oro). As such, there is a clamor to increase the capacity limit beyond 100 MW to 230 MW, and to review the proposed feed-in-tariff for solar energy.

Water Supply and Sanitation

As of July 2008, there were 101 operating water districts in Mindanao. These are complemented by Barangay Water and Sanitation Associations (BAWASA), which operate and maintain Levels 1 and 2 water supply systems. There have been various water supply improvement programs that extend financial and technical assistance to LGUs such as the Growth with Equity in Mindanao or GEM (USAID) and the President's Priority Program on Water (P3W).

The programs and initiatives have improved access to water conditions in Mindanao. As of 2008, 80.5% of households had access to potable water and 67% already had sanitary toilets. This led to the assessment that the MDG target of access to safe drinking water and better sanitation by 86.5% of households nationwide has high probability of being attained in 2015.

Even if the MDG targets were attained, about 15% more households would still not have ready access to clean and potable water by 2015. Many of these would be residing in rural and upland areas.

Table 9-7. Telephone Subscribers by Region, 2007

Area	Population	Lines		Teledensity	
		Installed	Subscribed	Installed	Subscribed
Region IX	3,230,094	43,327	32,445	1.34	1.0
Region X	3,952,437	151,295	61,846	3.83	1.6
Region XI	4,156,653	272,498	104,836	6.56	2.5
Region XII	3,829,081	79,014	37,926	2.06	1.0
Caraga	2,293,480	127,272	34,315	5.55	1.5
ARMM	4,120,795	33,344	8,108	0.81	0.2
Mindanao	21,582,540	706,750	279,476	3.27	1.29
NCR	11,553,427	3,411,533	2,097,361	29.53	18.2
Philippines	88,542,991	7,168,261	3,940,082	8.10	4.45

Source: National Telecommunication Commission

By 2020, everybody should already have access to clean water. By 2030, there should no more be dependence on Level 1 water system and current Level 2 systems should already be upgraded to Level 3.

Irrigation

The Mindanao 2000 target for irrigation was 69% of irrigable lands by 2002. Fourteen years later (as of December 2009), available irrigation systems only covered 357,435 hectares or 37% of the 959,020 hectares of irrigable lands. This indicates slippages or inability to cope with growing demand for irrigation.

The slow provision of irrigation facilities has been attributed to a number of reasons that include: (a) lack of funds vis-à-vis the huge capital requirements of irrigation development; (b) failure of the National Irrigation Administration (NIA) to fully build capacities and turn over to LGUs the preparation of technical documents (e.g. detailed engineering and program works) for irrigation projects; (c) decreasing quality and quantity of water supply for irrigation due to watershed degradation; and (d) inability of farmers to comply with a new water tax to recover costs of operation and management of irrigation systems and rehabilitation of watersheds.

From 2006-2010, NIA focused on the restoration, repair and rehabilitation of existing irrigation systems. With an allocation of Php3.21 billion, NIA targeted to restore 49,389 hectares and rehabilitate 28,987 hectares. However, it was only able to restore 37,105 hectares or 25% short of its target.

Current irrigation systems are infrastructure intensive, hence requires substantial financing. They mostly use surface water that is transported over long distances, thus lose much of it along the way. During dry spells, irrigation is the first to be by-passed in water distribution. Meanwhile, farmers in lands irrigated by government are unable to pay for construction and maintenance so the facilities eventually become unusable.

Drainage and Flood Control

For drainage and flood control, a number of strategies in Mindanao 2000 were not executed such as: (a) undertake comprehensive land use planning and zoning, (b) adopt an integrated approach to watershed planning, and (c) sustain mass education toward watershed protection and rehabilitation. The inability to implement these strategies heightened the risks to flood-prone areas. The Mines and Geosciences Bureau (MGB) has yet to complete its geo-hazard mapping in Mindanao but it already identified at least 548 landslide and flood-prone areas in Caraga (Region XIII) and Southern Mindanao (Region XI). Some of those identified include 94 barangays in Compostela Valley and 67 barangays in Davao Oriental.

Some 254 municipalities are susceptible to flooding. In August 2009, the NDCC reported that 382,348 people from 259 barangays were adversely affected by flashflood and landslide incidents. Most of these barangays (203 of the 259) are in North Cotabato, within which Pulangi River crosses. Flooding has become commonplace in downstream places such as Sultan Kudarat, Cotabato City, Butuan City and Agusan Valley.

Flooding and drainage are just partly infrastructure issues. They are actually physical planning and environmental issues. River systems naturally reroute but in many cases, they are forced to reroute by infrastructures installed along the rivers (especially dams) and riverbanks (e.g. houses and buildings). Same rivers are polluted by the population or choked by silt due to deforestation. Drainage systems, if there are any, are engineered with little regard for natural considerations and are likewise choked by garbage and other sediments. The response to flooding has always been infrastructure but in certain cases, this even exacerbates the situation as the cycle continues.

Science & Technology and Research & Development

The Department of Science and Technology (DOST) regional offices in Mindanao have done a good job of promoting technology use and enabling SMEs using agriculture, fishery and

Table 9-8. Community e-Centers in Mindanao, 2009

Region	Province	City	Municipality	Total
IX	1	14	27	42
X	0	17	46	63
XI	1	11	38	50
XII	0	9	57	66
XIII	0	10	23	33
ARMM	1	4	16	21
MINDANAO	3	65	207	275

Source: National Computer Center Field Operation office

Table 9-9. Centers of Excellence in Information Technology Education, 2007-2010

No.	Center of Excellence	Location
1	Ateneo de Zamboanga	Zamboanga City
2	Ateneo de Davao	Davao City
3	Capitol University	Cagayan de Oro City
4	Dipolog Medical Center College Foundation	Dipolog City
5	MSU-Iligan Institute of Technology	Iligan City
6	Notre Dame of Marbel University	Koronadal City
7	St. Vincent's College	Dipolog City
8	University of the Immaculate Conception	Davao City
9	University of Mindanao	Davao City
10	University of the Philippines (Mindanao)	Davao City

Source: CHED

natural resources improve their profitability and expand their operations. These have been providing important laboratory services, needed scholarship programs, S&T information; and undertaking programs that promote S&T appreciation and culture such as the Mindanao Invention Contest and Expo and Youth Excellence in Science award.

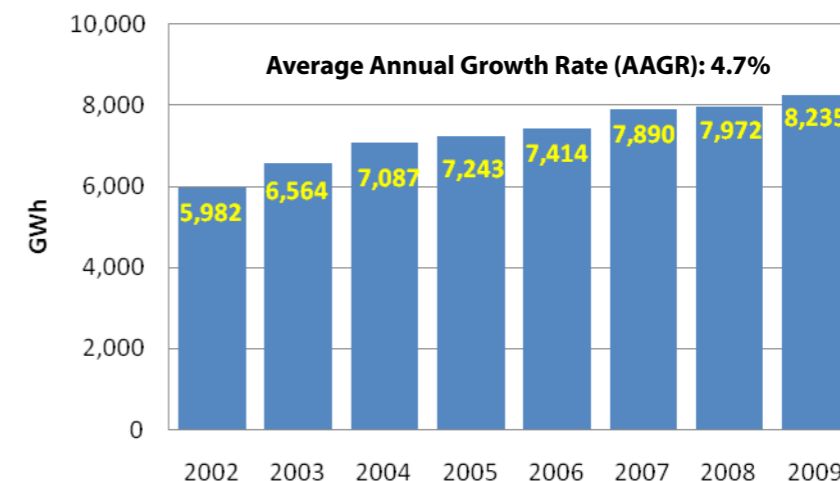
Priorities for research and technology transfer of Mindanao DOST offices highly consider the contexts of their respective areas and generally support the industries and activities therein. Examples of these are furniture making and food processing, industries that rely heavily on Mindanao's agriculture and natural resources. Food processing has dominated the technology transfer and assistance programs since this caters more to SMEs. The technologies are simpler and cheaper such as those for the processing of root crops, meat, fruits and fish. Many SMEs have prospered due to these assistance of DOST.

The transfer or assistance for more advanced technologies required by non-food manufacturing such as those for metal fabrication and chemical-based product manufacturing are notably limited. Basic research seems virtually absent.

As of September 2008, the Commission on Higher Education (CHED) indicates that there were 433 Higher Education Institutions (HEI) in Mindanao (Table 9-12). This number accounts for 21% of all HEI's in the country. Of these, not one was declared as Center of Academic Excellence in the period 2007-2010. However, 10 are considered Centers of Development in Information Technology Education by CHED for the same period as already discussed earlier (Table 9-9).

For economic reasons, many HEI's have shifted to or have been specializing on courses that would cater to the needs of other countries (e.g., nurses and seamen) rather than Mindanao and the Philippines. Those that respond to Mindanao needs have focused on social and political sciences that are seen to clarify and address the complex social and political issues in Mindanao. The above indicates that Mindanao has been producing good quality graduates and has a huge potential to produce scientists and technology experts who will be useful not just for its ICT industry but also for its over-all social and economic development. Unfortunately, these centers are concentrated in key cities and the HEIs have not been very responsive to needs of Mindanao due to a host of issues as discussed below.

Figure 9-8 Power Generation in Mindanao



Source: Department of Energy

A quarter of these HEIs are public, mostly State Universities and their satellite campuses. Some of these have research units or laboratories albeit generally lacking in financial resources, equipment and technical people to run genuine scientific and technological research works. Their research agenda have thus been limited to what they can handle, and oftentimes not directed towards industries where these can be most useful. The HEIs are also hampered by bureaucratic rules and regulations that minimize their responsiveness. All these inhibit them from maximizing partnerships with the private sector, which could have extremely helped them address the same constraints.

Private HEIs dominate in Mindanao at 75% of the total. Many of these also have R&D units but the thrusts of their research agenda are largely influenced by their own academic needs, again for economic reasons. Partnerships with government agencies and R&D institutes and private business have been limited.

In addition to the HEIs, some Mindanao NGOs (e.g., Alternative Forum for Research in Mindanao) undertake research work but generally focused on the social sciences. NGOs usually operate with external funding, whose support specific topics of interest; hence their areas of work tend to be limited.

R&D institutes and laboratories have attempted to coordinate and share their research agenda and outputs. Often through the leadership of DOST, they have organized themselves into associations or networks such as the Sothern Mindanao Consortium of Analytical Laboratories, Mindanao Studies Consortium, Philippine Association of Institutions of Research, Research Association of Colleges and Universities, and many more. However, these networks are unable to operate effectively due to the usual financial constraints of both the networks and their members, and absence of a legal personality and unclear governance structure that also hinder their ability to raise and effectively utilize external assistance.

Financing Peace and Development

Financing is a key enabler for any endeavor for without funds, it would be difficult to implement plans, programs and projects within desired timeframe. Mindanao has long been lamenting the limited financial support from national government and sees this as a major reason for its slow development. This section will review the financial situation in Mindanao to determine how funds may be mobilized and financing gaps may be filled.

LGU Income

The LGC granted the LGUs fiscal autonomy. It empowered the LGUs to generate own resources and provided them wide latitude to utilize their funds. LGUs have the capacity to generate income from (a) tax and non-tax revenues, (b) share from national government in the forms of IRA and share in the proceeds of use of national wealth in the LGU areas, (c) extraordinary receipts mainly in the form of official development assistance (ODA), (d) loans, and (e) inter-local transfers. On top of these, LGUs also benefit from the Priority Development Assistance Fund (PDAF) that their Congress representatives spend through them or local offices of NGAs; DepEd's School Building Program; the Calamity Fund, and other special purpose funds.

LGUs have been highly dependent on national government, which is the source of at least 80% of their incomes. The major component of their income has remained to be the Share from National Government, of which the IRA accounts for 99% (Table 9-13). As such, the IRA continues to be the one main source of income especially for provinces and municipalities (barangays are 100% IRA dependent). This dependence compromises their advocacy to exercise self-determination, especially over their budgets and expenditures.

The cities have attained some level of fiscal autonomy having reduced their dependence on national government to about

Table 9-10. Mindanao Energy Capacity and Capability by Plant Type

Power Source	2002		2009			2010 (As of April)	
	Share to Total (%)	Installed Capacity (MW)	Dependable Capacity (MW)	Gross Power Generation (GWH)	Share to Installed Capacity (%)	Average Capability (MW)	Share to Total (%)
Hydro	69	998	902	4,196	51.8	95	12.3
Oil	17	594	485	1,652	28.6	373	48.4
Coal	0	232	210	1,563	12.4	210	27.2
Geothermal	14	103	98	823	5.9	93	12.1
Solar	0	1	1	1	0.1		
Total	100	1929	1697	8,235	100	771	100

Sources: Department of Energy; National Grid Corporation of the Philippines

67.5% of their incomes. However, due to the increasing number of cities that share in the revenues nationwide, the allocations have been declining. Cities have so far offset this reduction and, on average, made themselves 27.3% self-sufficient through increased collection of fees and taxes.

Mindanao provinces and municipalities usually have lower tax bases compared to cities due to fewer economic activities. However, their low tax revenues also indicate that they have not maximized the collection of taxes due them. On the other hand, the cities are able to reduce dependence on IRA mainly through tax collections.

Extraordinary receipts and aids have not been significant but on aggregate basis, data show that Mindanao has been getting a fair share at 33.7% of total aids going to all LGUs (excluding barangays) nationwide. Details of this will be presented in the discussion on ODA below.

Cities have borrowed or availed of external financing more than provinces and municipalities. Their total borrowing has been significant when compared to all (except barangays) LGU borrowings nationwide. Borrowing from banks or the public (e.g. thru Municipal bonds flotation) has not been resorted to by provincial and municipal LGUs due to a number of reasons that include the lack of information or knowledge on external borrowing, low capability to contract loans and perfect the transactions, and limited income to amortize the loan. Long-term loans are also discouraged by the fact that the local executives only serve for three years.

Official Development Assistance

Government officials and many Mindanawons believe that ODA, both loans and technical assistance, is a major precondition to the attainment of peace and development.⁵⁵ Indeed, ODA has been funding many development projects involving infrastructure development, capacity building research, income-generating activities, etc.

ODA grant projects that were implemented in Mindanao in 2009 are listed in Table 9-14. These 46 projects, which cost US\$149.5 million,⁵⁶ do not include grant projects and those that were implemented nationwide. Notable projects are those that build capacity of LGUs in ARMM, support for the health sector, and production of renewable energy.

Table 9-14 and Figure 9-11 show that Luzon got the biggest ODA share at 39.3%. However, a closer look would indicate that some projects for which implementing agencies or project management offices (PMO) are based in Manila, are counted in Luzon even if the benefits accrue to all three islands. In addition, Luzon has a much bigger population so when such is considered in the equation, the Luzon to Mindanao ODA gap would drastically drop at a ratio of 2.7: 1.

In the case of ODA loans, two items dominate: (a) program loans, usually in the form of budgetary support, and (b) nationwide projects. These two components accounted for 20% and 31.4% of total ODA for Mindanao in 2009, respectively (Table 9-14). These two items benefit the whole country but are not divisible by region or island for statistical purposes.

Table 9-11. Sales and Consumption of Electricity in Mindanao

Sector	Consumption (GWH)	Ave. Annual Distribution (%)	Ave. Annual Growth Rate (%)
	2009	2005-2009	2005-2009
Residential	2,361.7	27.4	4.1
Commercial	1,143.0	12.7	5.8
Industrial	2,777.9	38.5	-0.5
Others	416.8	4.4	6.9
Total Sales	6,699.3	83.0	2.2
Own-Use	293.2	3.1	18.3
System Loss	1,242.8	13.9	6.1
Total Consumption	8,235.3	100.0	3.1

Source: Department of Energy

NEDA estimates⁵⁷ show that the share of ODA going to Mindanao was 8%⁵⁸ in 2007 while the average share was 7.7% from 2004-2007. It further estimated that the share of Mindanao in the Medium-Term Public Investment Program, 2006-2010 amounted to 139.8 billion pesos spread over six years was 8%. This amount excludes national projects. Regions X (Northern Mindanao) and XI (Davao) got the bulk of ODA in 2001 at 22% and in 2002 at 24 percent.

The ODA distribution pattern described above has generally remained the same. In 2009, Mindanao-specific projects contributed 6.1% to total ODA proceeds (Figure 9-11). It is expected that when grant projects and nationwide and multi-regional loans are considered, Mindanao share would be equal to or a bit more than 8%, the average share registered in 2007. Luzon, particularly the NCR and Region III, got the lion's share of ODA loans at 39.3%, indicating that the cost of loan projects that went to Luzon were more than six times those that went to Mindanao.

More than half of ODA loans specific to Mindanao were implemented island-wide in 2009. For region-specific projects, Region X got the biggest share of ODA at 19.8% (Table 9-15). ARMM and Region XII also received significant amounts of region-based ODA. There were no projects funded in 2009 in Regions IX and XIII but these regions were included in Mindanao-wide and nation-wide projects.

ODA availment and utilization by LGUs face a number of issues. As in many cases, lack of capability in various aspects of project development and implementation tops it all. For ODA availment, commonplace are: (a) weakness in planning and identification of programs and projects, (b) weakness in project proposal development, and (c) inability to put up required counterpart

funds. For implementation, issues are usually project-specific but the most common are lack of capabilities to address implementation bottlenecks and delays, cost over-runs, right-of-way problems and coordination problems. All these may be summed up to low absorptive capacity, which has been the reason cited for the lower than desired ODA level for Mindanao.

NGA Budgets

In addition to all the sources of income cited above, additional funds are allocated to or through various LGUs in the form of programs and local projects of national government agencies (NGAs). In general, the use of these funds are determined at the Department level; and disbursed and used by the regional and local NGA offices, sometimes in coordination and cooperation with LGUs. For 2010, a total of P73.6 billion was allocated for the various regional offices of the NGAs, Commissions (e.g., Commission on Elections) and State Universities in Mindanao (Table 9-16). While this is a substantial outlay, even more than the incomes of LGUs, a big chunk of the money was earmarked for salaries and operations⁵⁹ of the regional offices and State Universities. Only a small fraction of this could be directly spent on development projects. Nonetheless, the regional offices are there to provide services and pursue department programs and initiatives that benefit the regions.

The special purposes funds (SPF) reflected in Table 9-16 only cover three components: (a) the allocations for the LGUs, which are actually composed of the IRA and other tax revenues due the LGUs; (b) the PDAF, and (3) the allocations from the Agriculture and Fisheries Modernization Program (AFMP). Together, these three funds allocated a total of P 72.9 billion for use in 2009. In 2010, the AFMP budget was subsumed in DA's budget but still the total SPF allocation increased to P74.5 billion.

⁵⁵ A common view that came out during consultations

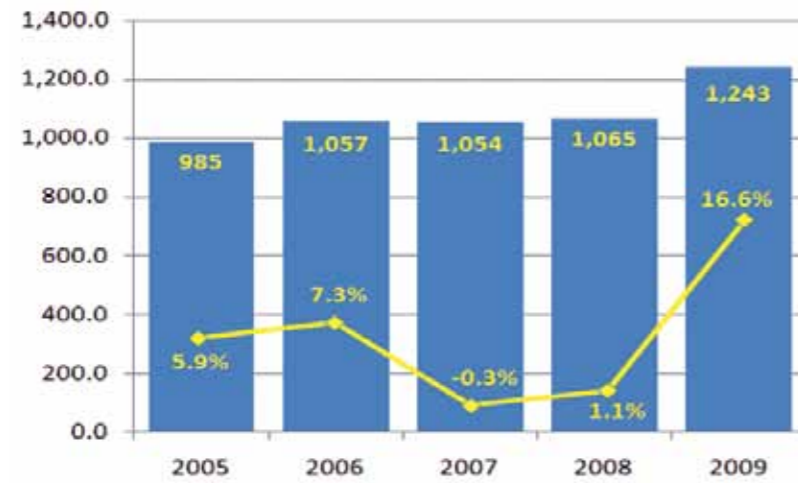
⁵⁶ The actual amount of ODA going to Mindanao or any specific area at any one time is hard to determine given available data. The bulk of ODA projects cover the whole country or a number of regions but the allocation for each region or area is not readily quantified. Furthermore, most projects are for multi-year implementation and the budget or expenses for one year are not immediately available. The projects and amounts cited herein, therefore, may not be solely for 2009.

⁵⁷ Paper presented by RD Lourdes Lim of NRO XI in the Mindanao Working Group Conference in November, 2009 in Davao City.

⁵⁸ An Assessment of the ODA Policy in the Philippines (2003). Garcia, Leonora and Lumilan, Eden Grace. Official Development Assistance, Quezon City

⁵⁹ There are other special purpose funds like Calamity Fund, Agrarian Reform Fund and E-government Fund but these were not included since these are not automatically distributed to all the regions and the availment of some is conditional.

Figure 9-9 System Losses 2005 - 2009



Source: Department of Energy

The PDAF is a fixed amount provided to Congressional representatives for use in the development of their respective districts. Its utilization is coursed through the Departments that are responsible for the types of projects it earmarked for, e.g. DPWH for infrastructure development. Mindanao has been getting P1.1 billion each year from PDAF. Assuming all are spent for and within Mindanao, PDAF is a clear addition to the monies flowing into Mindanao for its development.

The allocations of both the departments and the SPF to Mindanao have been steadily and rapidly increasing at an average of 11.3%, much faster than Luzon's 8.8%. In 2010, the total allocation for Mindanao came up to P148.1 billion.

Mindanaons have been complaining about the much lower budget Mindanao has been getting from national government compared to its contribution to GDP and allocations for Luzon. Indeed, Figure 9-12, which plots the budget distribution in 2010, bears this out. Mindanao's share was 17%, a level that has remained practically the same for some time now. In contrast, Luzon's share accounts for a third of the total budget for all the areas. The nationwide share is also substantial at 25% because it accounts for the budgets of the central offices of national agencies.

To put this issue in proper perspective, it must be noted that Luzon accounts for the budgets of eight regions (compared to 6 of Mindanao), and takes care of a wider geographical area and bigger population. Meanwhile, Visayas gets the lowest budget but it also has the smallest area and population. It would thus seem that the better basis for comparison is per capita budget distribution as shown in Figure 9-13. When population was considered, the gaps in budget shares drastically narrowed, even placing Mindanao at an advantage as it only covers six regions.

The above discussions on the income and other funds sources of LGUs illustrate that LGUs have substantial resources to manage and spend for the development of their jurisdictions and, should

there be shortfalls, they also have a wide scope for increasing incomes and mobilizing external resources. It is also not quite true that Mindanao is at a disadvantage in funds and ODA allocations. The pertinent question appears to be whether LGUs are able to manage their resources well so that they may absorb more funds for the upliftment of their constituents' welfare.

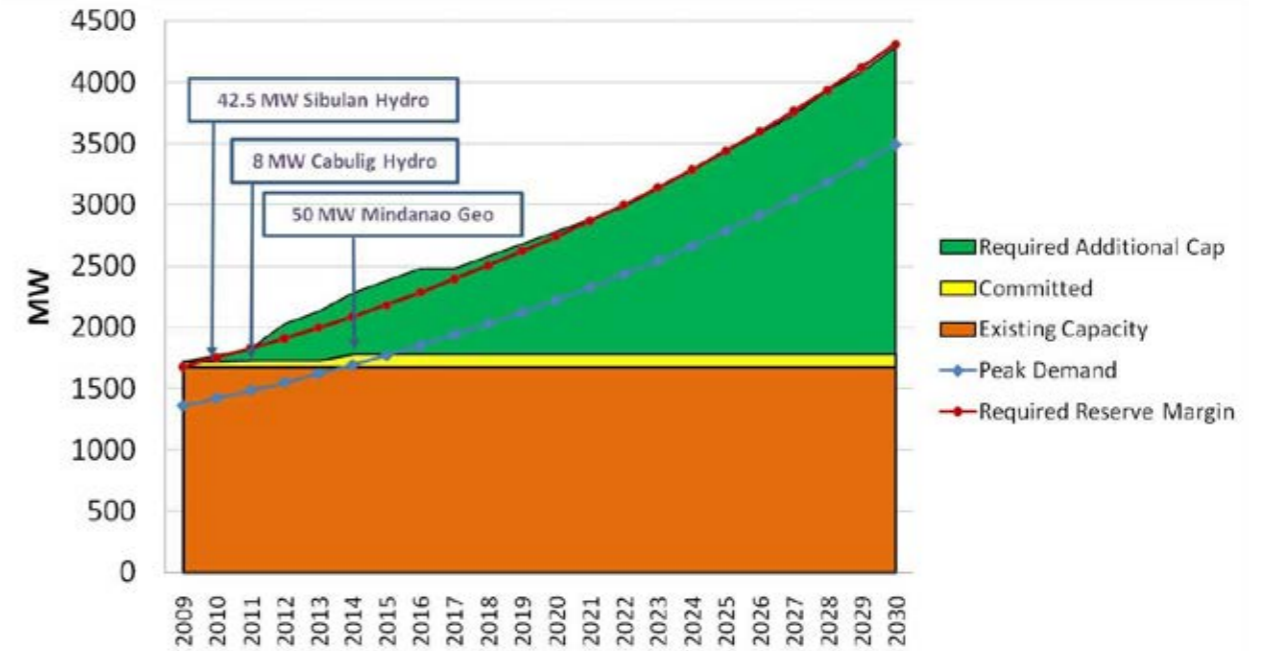
LGU Income Versus Expenditure Patterns

Except for a few, Mindanao LGUs generally incur surpluses every year (Table 9-17). Region XI provinces had the highest average surplus for the period 2006-2008. This is due to weaker spending by its provinces, particularly Compostela Valley and Davao del Sur, which had surpluses equivalent to 26.9% and 20.2% of their incomes in 2008, respectively. The other provinces that were unable to spend more than a fifth of their incomes in 2008 are Surigao del Norte (23%), Dinagat Islands (22.8%), and Lanao del Norte (22%). In contrast, Bukidnon and Sarangani were overspending and incurring deficits yearly from 2006 to 2008. Sarangani's deficit was highest in 2006 at 31.6% of its income. Most of those with deficits are servicing debts but a few others that are servicing debts even registered surpluses.

Based on their financial reports to BLGF, municipalities almost always have excess incomes. Only about 5% overspent in 2008. Region XIII municipalities had combined surplus equivalent to 12.8% of their incomes.

In 2008, almost all (97%) cities had surpluses with 60.6% incurring them at double digit levels. Region IX cities registered the biggest surpluses because (a) all except Isabela City had double digit surpluses, and (b) Zamboanga City had an all time record of failing to spend 71.6% its budget in 2006 for an average of 57% during the 3-year period. The City received aid during the period and it obviously had problems or delays spending the money, including some of its other incomes. Malaybalay City had similar experience with 50.8% of its income not being spent in 2007. It borrowed money and was also receiving aid during the

Figure 9-10 Mindanao Energy Supply-Demand Outlook 2010-2030



Source: Power Development Plan, 2009-2030, DOE

period. Region XI had the lowest surplus in view of the big deficit of P183.9 million incurred by Davao City in 2007. Only 3% of all cities registered deficits in 2007 and 2008.

There certainly are many reasons for the income and expenditure patterns of LGUs as described above, some may be justifiable but others may actually point to weak financial management capabilities that need to be addressed by this plan. The income-expenditure patterns indicate that most LGUs (a) have much elbow room to mobilize resources, (b) can accomplish much more from available resources, and (c) must improve systems and processes to speed up funds utilization especially for development projects. The last point actually applies to national government as well since a major reason for the surpluses is the systemic delays in budget releases from the national government.

OFW Remittances

Apart from government and business, there are other funds that may be tapped for investments in peace and development in Mindanao. One of these is the remittance of overseas Filipino workers (OFW), a good part of which is seeking places for productive investments, and probably an equal part of it are not spent wisely.

In 2008, there were 328,328 OFWs from Mindanao deployed overseas. Deployment was steadily growing from 2003 and peaked in 2008. A drop in deployment of 4.5% to 300,184 was experienced in 2009 (Figure 9-14).

Mindanao accounted for 15.7% of total OFW deployed by the country during the year (Figure 9-15). A fourth of total deployed

OFWs in Mindanao originated from Region XII. The shares of Regions IX, X and XI in the deployment were even at 18%.

Bangko Sentral ng Pilipinas records show that total remittances reached about PhP 826 billion in 2009. Of this, about PhP130 billion were contributed by Mindanao, which, on average, contributes 16% to total remittances. OFW remittances come in two forms (cash and kind) and delivered through various modes such as banks, couriers, mails, family and friends. Statistics are generally able to capture only cash remittances that go through the financial system, hence actual levels are expected to be significantly higher than those being shown in Figure 9-16. Furthermore, the destinations of remittances as identified by the financial system do not reflect the true picture since funds freely move. Tapping these substantial amounts for long-term and productive use would be a great help to Mindanaons.

Where We Want to Go

Vision

By 2030, Mindanaons can appreciate that:

Infrastructure, knowledge and financing support systems are well in place, effectively propelling a wide array of development initiatives in Mindanao towards successful outcomes beneficial to all Mindanaons.

Goals/Objectives:

1. Reliable, efficient and climate-resilient infrastructure featuring:
 - An integrated inter-modal transport and logistics network, with high-standard highways and strategically-located, climate-resilient ports, airports and land transport stations that allow faster movement of people, goods and services; reduce logistics costs; promote productivity and competitiveness; and seamlessly connect Mindanao with the rest of the country and the world;
 - A dependable power system that optimizes the use of renewable energy, minimizes adverse impacts on environment and ecosystems, and ensures reliable transmission and efficient distribution of affordable electric power up to the most remote barangays;
 - Widely accessible water supply systems with the capacity to provide water for drinking and hygiene, complemented by environment-friendly sewerage and sanitation systems that protect public health and promote well-being;
 - State-of-the-art ICT infrastructure that provides reliable, affordable and high speed connectivity; links peoples and systems; allows efficient exchange of information and knowledge; and ensures universal access, ; all for purposes of promoting economic growth, strengthening institutions and governance, and empowering common people and communities; and
 - Ample and reliable support infrastructure for education, health, agriculture, tourism and disaster risk management.
2. A responsive knowledge support system from a strong and well-equipped Mindanao S&T community that (a) undertakes active and relevant R&D generating new knowledge to address the region's peculiar challenges and requirements through innovative and adaptive technologies; and (b) features an active network of centers of excellence from which continuously emerge highly-acclaimed scientists and technologists.
3. Ample financial resources that effectively tap a variety of local and external fund sources, and assert Mindanao's self-reliance both in the sourcing of funds and in the development activities that they support. The financial environment will be marked by:
 - A policy environment conducive to private investments and partnerships with national and local governments;
 - LGUs capable of mobilizing and properly managing financial resources for their development needs; and
 - Mindanawons taking charge of their own destiny by investing in infrastructure development and productive economic activities within Mindanao.

Targets

Benchmarked on 2010 levels, the following targets for the various enabling components will be pursued:

By 2016,

- All national roads are paved and in good condition; 80% of barangay roads are paved
- Construction of Mindanao's first railway system is underway
- 100% increase in Ro-Ro passenger traffic; 50% increase in vehicles carried by Ro-Ro
- 80% increase in foreign ship calls
- 100% increase in air passenger traffic with Region X increasing its share to 30%
- All high schools have computer laboratories and access to Internet
- All provincial, city and municipal LGUs have reliable Internet access and computerized financial operations
- 13% increase in installed power generating capacity; about half of which is accounted for by renewable energy
- 70% of irrigable lands have irrigation facilities
- 95% of households have access to safe water
- 20% drop in IRA dependence on average; 100% increase in share of income of LGUs from local sources on average

By 2020,

- Multi-modal network of transportation and logistics highway in place in key centers
- All barangay roads are paved
- Mindanao has its first railway system
- Further 70% increase in passengers and cargos carried by Ro-Ro
- 90% of irrigable lands have irrigation facilities
- All public elementary schools in cities and provincial centers have internet access and at least five computers for use by students
- All LGUs have computerized systems and dedicated computer centers for use by farmers, fisherfolks and SMEs in their operations and marketing
- 20% increase in installed power generating capacity; about half of which is accounted for by renewable energy
- All households have access to safe water
- Further 10% drop in IRA dependence (average of all LGUs); another 50% increase in share of income of LGUs from local sources (average of all LGUs)

By 2030,

- A multi-modal integrated transportation and logistics superhighway is in place
- All types of transactions needed by the public with LGUs can be done online
- All schools have Internet access and computer laboratories
- Mindanao farms are fully irrigated and irrigation systems are regularly maintained
- On average, LGUs are 30% IRA dependent and able to undertake more ambitious projects using self-generated funds

How We Will Get There

Infrastructure and Logistics

As a key enabling condition, infrastructure development necessarily draws from the thrusts and strategies under the four themes discussed in the preceding chapters, especially the economic and social themes. These include linking peoples, geographical areas, economic activities and government services; energizing homes and economic activities; and helping improve education, health and sanitation. Common to all infrastructure sub-sectors are the following strategies:

1. **Formulate a Mindanao-wide long-term infrastructure development plan and infrastructure sub-sector development plans.** These must be done simultaneously and interactively to ensure internal consistency and these must be founded on reliable data and scientific knowledge.
2. **Promote self-reliance, cooperation and sustainability in infrastructure provision.** LGUs must be equipped with and capable of providing most of their infrastructure requirements individually or collectively, in a way that is both responsive and forward-looking.
3. **Establish an effective M&E system complemented by a mechanism of rewards and sanctions for good and bad performance respectively.** A participatory M&E mechanism will particularly help ensure quality and responsiveness of infrastructure projects to actual needs.
4. **Promote transparency and wide understanding of infrastructure policies and programs through an effective information and communication system.** Where citizens understand the nature and significance of infrastructure initiatives, citizen involvement can more easily be harnessed to ensure faithful and timely provision of infrastructure requirements.

These strategies are further elaborated below.

Formulate a Mindanao-wide long-term infrastructure development plan and infrastructure sub-sector development plans

Plan Mindanao's infrastructure development as a total system for maximum efficiency and widest benefit. Mindanao infrastructure development has largely been guided by regional plans formulated by the Regional Development Councils and sub-sectoral plans (e.g., energy and transportation) formulated and implemented by NGAs; and influenced by political and administrative subdivisions. However, Mindanao consists of a large contiguous area and several large and small islands that must be viewed in totality to fully consider complementarities and inter-linkages. This means taking stock of what infrastructures are in place, what else are needed, and how these may be undertaken in a coordinated and integrated fashion. For this, a

long-term Mindanao-wide infrastructure development plan must be formulated simultaneously and interactively with Mindanao-wide infrastructure sub-sector plans. These plans must possess, among other things, the following attributes:

- Takes guidance from this long-term framework plan (Mindanao 2020) and a Comprehensive Mindanao Land Use Plan as prescribed in Chapter 8;
- Accounts closely for Mindanao's natural, spatial, cultural and geographical conditions apart from the usual social and economic situations;
- Considers long-term (20-30 years) future requirements based on, among other things, (a) population growth and mobility, (b) economic growth, (c) global/ regional trends (e.g., population aging, declining natural resources especially fossil fuel) and (d) natural phenomena (e.g. sea level rise, seismicity); apart from the usual historical trends and current situation;
- Identifies clear sources of technical and financial resources, and strategies for mobilization and implementation;
- Mobilizes wide support from a participatory formulation process; and
- Provides for good communication and feedback mechanisms.

Plan infrastructure on the basis not only of the usual socio-economic and financial background information, but also on relevant scientific knowledge as well. In this era of globalization and climate change phenomena, the importance of reliable data and scientific studies cannot be overemphasized. The country is located in the Pacific Ring of Fire, making it prone to earth movements and accompanying phenomena such as tsunamis. As an archipelago, it has thousands of islands hence is highly vulnerable to climatological and geological occurrences such as sea level rise, and subsidence. For the same reasons, it has numerous geological formations such as mountains, valleys/canyons, caves and sinkholes, and very high biological diversity that need to be protected and managed. Mindanao possesses all these features, which means that for efficiency and sustainability, infrastructure planning and development must be informed by more than the usual socio-economic and financial studies. Scientific studies (e.g., seismic, geological, atmospheric and geomorphological studies) also need to be undertaken and up-to-date modeling techniques need to be applied in infrastructure planning. The hazard and risks maps produced by the DENR through NAMRIA must also find application in planning for infrastructure development and population settlements.

Make infrastructure responsive to specific contexts and requirements. Economic, social, cultural and political contexts vary widely across various parts of Mindanao. Yet, many erroneously approach Mindanao as if it is a homogenous entity, and thereby apply plans and programs based on template solutions that could prove inappropriate, inapplicable or even undesirable in specific local conditions.⁶⁰ It is thus imperative that accurate and timely local data and statistics be available to better guide planners and program/project designers.

⁶⁰ See Box 7-2, "Appropriate Solutions Need Not Be Costly" in Chapter 7, for example.

Table 9-12. Higher Education Institutions, 2009

Region	Public	Private	Total	% Share
IX	12	48	60	2.9
X	18	65	83	4.0
XI	16	75	91	4.4
XII	10	68	78	3.8
ARMM	16	48	64	3.1
Caraga	14	43	57	2.8
Mindanao	86	347	433	21.0
Visayas	135	238	373	18.1
Luzon	316	938	1254	60.9

Source: Commission on Higher Education

Promote self-reliance, cooperation and sustainability in infrastructure provision

Enable, equip and empower LGUs to assume more prominent roles in infrastructure development through entrepreneurial governance, partnerships with the private sector, and by forging alliances. This is in line with the strategies for strengthening LGUs discussed in Chapter 8, thereby making them the basic exemplars of self-reliance and self-determination in Mindanao.

Foster an investment-friendly policy and institutional environment, particularly for private sector investments in infrastructure via PPPs. In line with the strategies in Chapter 7 to promote domestic and foreign direct private investments through policy reforms, key initiatives in the context of attracting infrastructure investments would include (1) continuous improvements in PPP schemes including optimizing distribution of risks; (2) rationalizing and streamlining bureaucratic approval requirements and procedures; and (3) establishing an investment guarantee fund particularly for critical areas with peace and order problems.

Encourage inter-LGU collaboration in the provision of local infrastructure. The benefits from having LGUs pool resources together and undertake infrastructure development collaboratively has already been demonstrated in actual experience (see Box 8-2 in Chapter 8).

Make social preparation and stakeholder participation integral parts of standard operating procedures for developing infrastructure facilities, in order to forge wide ownership and support by the public. On the part of the using public such ownership is likely to encourage more prudent and judicious use, assistance in care and maintenance, and participation in monitoring and reporting need for remedial measures when called for.

Establish an effective M&E system for infrastructure

Institutionalize an M&E system featuring active stakeholder participation. Two key issues in infrastructure development in Mindanao are undue political influence on program and project identification, and weak M&E systems. The two are actually related. Politically influenced programs and projects need not be inherently undesirable, if the result is meeting the needs of the majority of the citizens, rather than narrow and self-serving interests of politicians or minority but powerful vested interests. The latter situation is best avoided by having meaningful and representative citizen participation in the infrastructure planning cycle, spanning planning/programming all the way to M&E, which in turn informs subsequent infrastructure plans and programs. In particular, LGUs must encourage citizens and the media to take active roles in the regular monitoring of both positive and negative practices and outcomes associated with infrastructure projects. Such system can check graft and corrupt practices and ensure that infrastructures are developed according to actual need, design and specifications.

Implement a system of rewards and sanctions for good performance and under- or non-performance respectively. This will further enhance the potency of the M&E system toward encouraging positive performance and outcomes from infrastructure projects.

Promote transparency through an effective information and communication system

Keep the public informed and seek their feedback on infrastructure initiatives. Transparency through participatory processes as earlier described, and proactive dissemination of timely and accurate information about policies, programs and

Table 9-13. Mindanao Government Income Structure By Administrative Subdivision, 2009

Income Source	Mindanao Provinces (PMillion)	Share to Total (%)	Mindanao Municipalities (PMillion)	Share to Total (%)	Mindanao Cities (PMillion)	Share to Total (%)	Total	Share to Nat'l (%)
	1,788	10.3	2,421	10	5,347	27.3	9,555	10.7
	608	3.5	1,111	4.6	3,643	18.6	5,362	8.5
	1,180	6.8	1,310	5.4	1,703	8.7	4,194	15.7
Shares from National Tax	14,746	84.7	21,165	87.4	13,320	68.1	49,231	28
	14,591	83.8	20,948	86.5	13,202	67.5	48,741	27.9
	155	0.9	217	0.9	118	0.6	490	10.4
	549	3.2	259	1.1	42	0.2	850	33.7
	332	1.9	346	1.4	823	4.2	1,500	28.9
	2	0	15	0.1	23	0.1	41	3.2
	17,417		24,204		19,555		61,177	22.2

Source: Bureau of Local Government Finance

projects must mark infrastructure development in Mindanao. Consultations must be routinely undertaken throughout the project development and implementation processes, i.e., from planning to completion and use, to ensure responsiveness of and maximum benefits from infrastructure facilities.

Below are further strategies that are specific to particular infrastructure sub-sectors:

Transportation and Logistics System

Widen the role of inland, coastal and inter-island water-based transport in the Mindanao transport and logistics system. Mindanao's archipelagic geography and prominent river systems make water-based transport a logical recourse in the transport of people and goods within and across the island-region. Waterways link Mindanao islands to the mainland, the near-shore and riverine population areas to economic centers, and the whole of Mindanao to the rest of the Philippines and other countries. Key initiatives to make more optimal use of such waterways for transport include:

- Modernize operations and maximize use of major ports.
- Further expand RO-RO coverage and develop RO-RO facilities in strategic areas such as Tawi-Tawi and Jolo to General Santos and Davao City; Zamboanga City and Sultan Kudarat and Maguindanao; and various points connecting Mindanao and Visayas (e.g., Butuan and Bohol, Zamboanga Norte and Cebu).
- Promote passenger and cargo travel through the numerous river systems especially in those that feed into or are

closest to economic centers, through encouragement of investments and issuance of a legal basis that provides direction and incentives.

- Provide complementary infrastructure support especially river quays and seaports that possess the features earlier described, and connect these to the logistics network (e.g., stations, roads, airports) and value chains.
- Improve safety and sea-worthiness of water vessels, and security in water transportation routes by, among others, replacing aging vessels and improving navigation systems.
- Promote the establishment of shipping as well as boat and shipbuilding and repair industries, both for local transport needs and for the export market (see Chapter 7). In the medium-term, Mindanao can create a niche in the industry (e.g., supply of shipbuilding parts and materials) to strengthen its influence in policy-making for these industries.

Reform policies and regulations that have rendered the transport and logistics system inefficient and costly, along with industries linked to them. Examples are the cabotage law and high import tariffs on steel products. Creative incentives and improved systems and procedures must also be put in place.

Integrate land, air and water transport systems into a coherent and interactive array of interdependent networks. Creating such an inter-modal transportation and logistics superhighway will increase travel efficiency and reduce costs. Enhancing safety and minimizing negative environmental impacts must be priority concerns in the establishment of such logistics system.

Table 9-14. Distribution of ODA Loans

Coverage Area	Number	Amount (US\$ M)	% Share to Total
CAR	2	36.6	0.38
I	4	266.2	2.76
III	8	1,150.5	11.94
IV	2	26.3	0.27
IV – A	1	93.0	0.97
NCR	9	1,355.1	14.06
V	1	25.0	0.26
Luzon-Wide	3	75.2	0.78
VI	3	122.2	1.27
VII	1	65.5	0.68
VIII	1	56.8	0.59
Visayas-Wide	1	72.2	0.75
X	1	92.2	0.96
XI	1	25.0	0.26
XII	1	47.2	0.49
ARMM	2	60.5	0.63
Mindanao-Wide	6	241.8	2.51
Multi-Regional	20	878.4	9.11
Nationwide	28	3,022.6	31.36
Project Total	95	7,712.2	80.03
Program Loans	11	1,925.0	19.97
GRAND TOTAL	106	9,637.2	100.00

Source: NEDA 18th ODA Portfolio Review (2009)

Upgrade main arterial roads into world-class all-weather highways, and build new ones where necessary (e.g., those that would link Mindanao’s east and west sides).

Address the following key considerations in designing and building or improving transportation infrastructure:

- Respect, prioritize and consider the natural and cultural integrity of environmentally and culturally critical areas. Protect biodiversity from loss of habitat and influx of people, and consider geological and geomorphological conditions of the project areas and those surrounding them.
- Accord due importance to pedestrians in building roads in populated areas by providing ample sidewalk space and safety and directional signs;
- Provide dedicated lanes for motorbikes and bicycles especially in urban areas to promote energy conservation and minimize accidents;
- Protect infrastructure from natural disasters (e.g., tsunami) or climate change impacts through location on higher

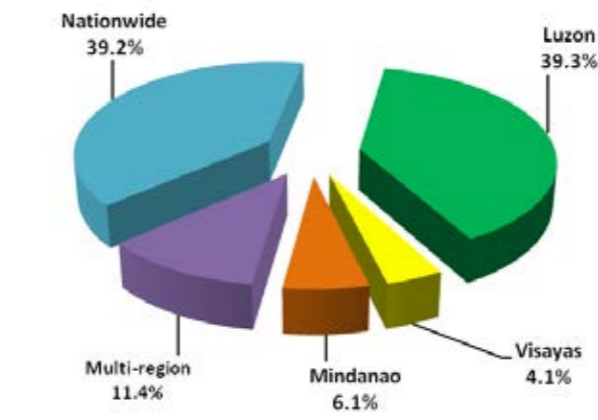
grounds or away from shorelines and fault lines.

- Build viaducts and tunnels for better vertical and horizontal alignments and only if extremely necessary, comparatively cost-efficient and environmentally sound.

Promote alliances among LGUs and partnerships among government and community in the construction of municipal and barangay roads. An enabling legal environment and a system of incentives to encourage such alliances and partnerships would need to be provided through a combination of legislation and executive actions (see above and relevant discussion in Chapter 8).

Prepare a long-term plan for a railway system that is closely coordinated with the other infrastructure plans mentioned above, to complement the proposed inter-modal transportation and logistics superhighway. The railway plan must create a policy and operational environment that would be conducive for private sector investments in railways and other components of the logistics highway. Conduct of feasibility studies on railway systems identified in the plan must be undertaken.

Figure 9-11
ODA Distribution Minus Program Loans
As of December 2009



Source: NEDA 18th ODA Portfolio Review (2009)

Prioritize the upgrading, expansion or modernization of existing airports, particularly the community airports located inland, and pursue construction of a state-of-the-art airport in the Mindanao heartland out of one of such existing inland airports. These strategies aim to catalyze development in less progressive areas, reduce time and cost of accessing airports and air travel, and ensure availability of suitable alternate airports should natural or environmental disasters affect airports near or along the coasts.

Strengthen implementation of policies on user payments for infrastructure facilities to address inefficiencies in resource mobilization and utilization:

- Allocate Mindanao collections from motor vehicle user charges to use within Mindanao, and ensure utilization of these proceeds as mandated by law, i.e., for road maintenance and drainage improvement, road safety devices, and air pollution control;
- Establish a corruption-proof system for enforcing load limits on trucks and other heavy motor vehicles;
- Encourage private investments through imposition of reasonable user charges (e.g., toll fees) as warranted; and
- Regularly and routinely report on the amounts and utilization of all user fee collections to the paying public.

Information and Telecommunications Technology Support

Formulate a coherent long-term ICT plan for Mindanao aimed at eliminating the digital divide within Mindanao and between Mindanao and the rest of the country and the world. The plan should enable both national and local governments to, among other things, (a) improve and sustain the sector’s liberalized

Table 9-15. ODA Distribution within Mindanao, 2009

Coverage Area	Amount (US\$ M)	% Share to Mindanao
Region X	92.2	19.8
Region XI	24.99	5.4
Region XII	47.18	10.1
ARMM	60.52	13.0
Mindanao-Wide	241.81	51.8
Mindanao Total	466.7	100.0

Source: 2009 Portfolio Review of NEDA

and deregulated environment, (b) put the private sector at the forefront, and (c) give priority to the development of a scientific and knowledge-based culture, especially among the young people and the production sector.

Develop a coherent information infrastructure program based on the above ICT plan, incorporating a clear physical investment program to support high speed connectivity and increase demand in order to lower costs to the public. Whenever and wherever warranted, government must undertake missionary investments to boost investor confidence and connect far-flung areas.

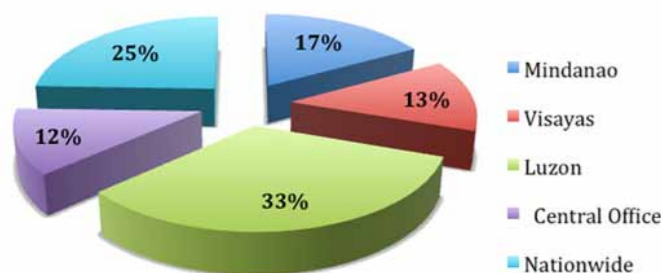
Establish a Mindanao information governance structure that involves the LGUs, business and other non-government sector, academe, students and parents, as the local counterpart of an activated and strengthened Information Technology and e-Commerce Council at the national level. The structure must be island-wide rather than regional in orientation inasmuch as ICT defies boundaries. Among its major functions should be the management of risks such as the negative image of Mindanao, terrorist activities, disasters and impacts of climate change.

Update and remove inconsistencies in the national policy and regulatory framework and complement this with a local (Mindanao) framework. The Mindanao framework could include an investment and incentives program that supplements that of the national program.

Foster centers of excellence in IT education by supporting key academic institutions in strategic areas in Mindanao toward achieving such status, while ensuring that existing centers of excellence maintain their status. This is critical to sustaining the supply of quality human resources to meet the growing needs of the ICT industry.

Ensure wide access by small producers to ICT tools and the Internet. Access to information and knowledge empowers small producers, as it helps them overcome limitations associated with their size disadvantage vis-à-vis large firms or farms. This would entail establishment of self-sustaining programs that would build capacities and equip SMEs and small farmers on the use and applications of ICT in their respective enterprises. Provision of Internet access points in every barangay should also

Figure 9-12 Budget Distribution by Area 2010



Figures are computed from Table 16

be a goal, which could be pursued as a partnership among local governments, civil society organizations and private business.

Energy and Power

Formulate a Mindanao Power and Energy Development and Sustainability Plan that sets forth clear policies and strategies, and puts in place coherent programs and projects that would set the stage for the long-term reliability of power.

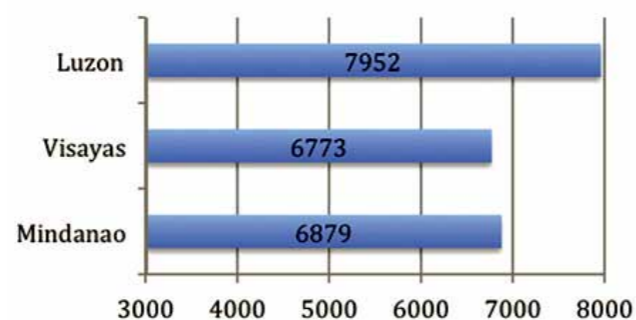
Reform energy pricing policies to rectify infirmities that inhibit investments in further energy development in Mindanao, viz:

- Make power prices reflect the true but reasonable costs of power generation (i.e. excluding those not attributable to actual power generation within Mindanao).
- Reduce caps on system loss; exclude avoidable losses such as obsolescence, theft and pilferage; and impose a cap on own-use electricity
- Ensure that pricing and formulae for sharing proceeds account for water resource use and management (e.g., care for rivers and watersheds by the community), provide adequate margins for investors but at reasonable levels that ensure competitive goods and services.

Deliberately address losses in power generation, transmission and distribution systems with clear targets for reduction through time. This would include establishing a mechanism for imposition of penalties for excessive system loss, and reforming the Universal Charge formula, with end in view of excluding costs of inefficiencies, electricity pilferage, and unnecessary use of electricity for operations.

Encourage private sector investments through a conducive policy environment. This would entail strengthening of mechanisms for attracting investments and public participation; and providing assistance in securing long-term bulk power supply contracts from private sources.

Figure 9-13
Per Capita Budget Distribution by Area 2010,
Population in 2007



Source: NSO

Further diversify the energy mix by expanding the share of renewable and indigenous power. Develop needed infrastructures that facilitate and lower costs of movement, processing and utilization of renewable energy materials to attract investments in renewable energy generation. Where sustainable, invest in missionary renewable energy projects and seriously study other cost-effective options, including possible establishment of a nuclear power plant in Mindanao if found warranted and widely supported.

Prioritize the building of small hydroelectric plants over large ones in order to maximize the use of hydropower without adversely compromising environmental integrity. Meanwhile, speed up the improvement of environmental conditions of hydropower energy sources through the following:

- Promote and enhance community-based forest management and payments for forest and river services to prevent erosion and sustain ground water supply for hydropower generation;
- Promote and strengthen community stewardship via incentive mechanisms and capacitation of upland communities to maintain and sustain the watersheds;
- Adopt a policy and formula for charging water user fees for hydropower generation and equitably utilize and share the benefits with upland communities;
- Rehabilitate silted river systems feeding power plants such as Pulangi IV; and
- Resolve conflicts affecting power projects.

Prioritize the development of renewable energy facilities by providing dedicated funds for the conduct of exploratory and feasibility studies, and by strongly promoting investments in cooperation and partnership with the local governments and communities.

Foster a competitive electricity market by laying the groundwork for establishment of the Mindanao Wholesale Electricity Spot Market by 2014; and by undertaking comprehensive strengthening of Rural Electric Cooperatives.

Table 9-16. Regional Allocation of the Expenditure Program, 2008-2010 (In Billion Pesos)

Area	Departments & Others			Special Purpose Funds			Total			AGR
	2008	2009	2010	2008	2009	2010	2008	2009	2010	
Mindanao	61.8	76.9	73.6	59.2	72.9	74.5	121.0	149.8	148.1	11.3
Visayas	46.9	57.8	58.3	47.2	55.5	57.8	94.1	113.3	116.1	11.4
Luzon	204.4	241.1	253.6	128.0	144.8	137.9	332.4	385.9	391.5	8.8
Nationwide	94.0	127.9	151.8	23.6	46.5	27.4	117.6	174.4	179.2	25.5
Total	407.1	503.6	537.4	258.0	319.7	297.6	665.1	823.3	835.0	12.6

Source: Bureau of Local Government Finance, DOF

Notes: To minimize distortions, (a) oversight bodies such as Congress and Office of the President were excluded from "Departments" but State Universities and Commissions with regional offices were included; and (b) only special purpose funds that were directly allocated to the regions were included in the computations.

Table 9-17. Income and Expenditure Pattern of Mindanao Regions (Average for 2006-2008)

Region	IX	X	XI	XII	XIII	ARMM
Provinces in Mindanao						
Income	2198	2838	2600	2683	2373	2561
Expenditures	1983	2726	2252	2607	2068	2432
Surplus/Deficit	215	112	342	76	305	130
% of Income	9.8	3.9	13.2	2.8	12.9	5.1
Municipalities in Mindanao						
Income	3037	3926	3323	3712	3308	4284
Expenditures	2711	3595	3082	3334	2885	4142
Surplus/Deficit	326	331	241	378	423	142
% of Income	10.7	8.4	7.2	10.2	12.8	3.3
Cities in Mindanao						
Income	2787	4999	4822	1906	1823	711
Expenditures	1647	4081	4736	1608	1616	697
Surplus/Deficit	1140	917	85	299	207	14
% of Income	40.9	18.3	1.8	15.7	11.4	2.0

Source: Bureau of Local Government Finance

Strengthen and sustain an information and education campaign on energy conservation and critical but controversial policies and programs such as user fees or taxation.

Water Supply, Irrigation and Sanitation

Adopt an integrated approach to watershed planning and management, within the context of comprehensive land use planning and zoning (see Chapter 8). The competing use of water for irrigation, power generation, industrial and household use implies that each of these concerns cannot be approached in isolation. Water supply management thus demands a holistic and integrated approach and should be addressed in a coherent and participatory manner. The following must be integral to this integrated approach:

- Develop a coherent Mindanao-wide program for establishing, upgrading and maintaining water supply systems and services. The program should engage LGUs, private sector, communities and donor institutions in the development and implementation of the program.
- Capacitate BAWASAs to be able to upgrade themselves into viable economic enterprises or cooperatives that may invest in and efficiently manage water supply services.
- Adopt and adapt irrigation methods or technologies that are economical and environment-friendly, and consistent with local cultures and contexts of the farmers and irrigable lands served. Approaches could find optimum combinations of the use of groundwater (e.g., via tube wells) and rain water (using water-impounding systems).
- Provide needed infrastructure for sewerage and sanitation systems, ensuring that the system fits the culture and situations of target communities. For example, areas that have limited or no water supply would call for environment-friendly waterless toilet technologies (Ecosan).
- Embark on a sustained mass education program on watershed protection and rehabilitation to harness citizens' and community support and assistance.

Science & Technology and Research & Development

Build and sustain a strong Mindanao-focused scientific and R&D community and culture, and improve capabilities for undertaking scientific and empirical researches and analyses that support the region's peculiar development needs. In support of this, the following initiatives are needed:

Promote partnerships and cooperation among government, local research institutes, civil society and business enterprises in crafting forward-looking and responsive S&T and R&D programs guided by this long-term Mindanao 2020 framework plan.

Develop demand-driven research agenda that would respond to the needs of government, business and other development stakeholders. A sampling of areas needing more research and evidence-based analysis are the following:

- Development and generation of appropriate local indicators for human welfare and poverty assessment such as measurement of human needs and assets,
- Understanding the dynamics of identity, ethnicity, law, personal history, clan conflict, globalization, etc.
- Proper valuation of environment and natural resources for appropriate cost-benefit analysis of proposed development programs/projects;
- Scientific approaches to sustainable fishing; and
- Social and economic implications of opening up or building roads in biodiversity-rich parts of Mindanao.

Develop a critical mass of experts on various key Mindanao challenges by providing competitive remuneration; ensuring utilization of research work in policymaking and development work; and maintaining integrity and independence of research.

Involve young men and women in the implementation of the S&T and R&D agenda by making said agenda their reference for choosing thesis topics and developing research projects in various disciplines.

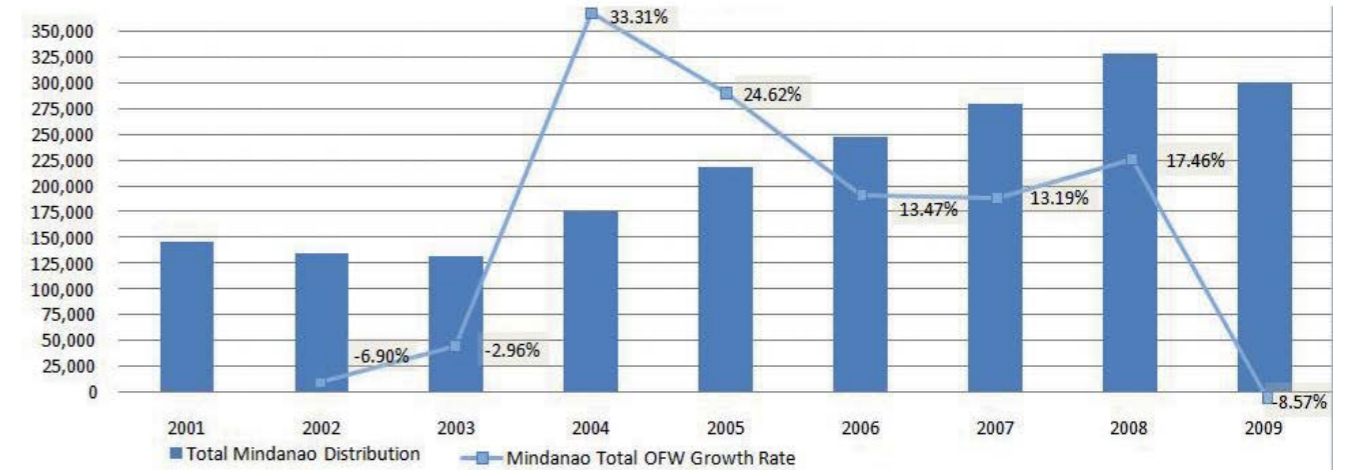
Set up an independent, multi-disciplinary and state-of-the-art Mindanao Research and Development Center to be professionally run as a corporate entity, with the responsibility of providing evidence-based policy analysis and advice to the government, business and the general public. The Center shall play the role of coordinating entity and clearing house for all Mindanao-pertinent knowledge resources from academe, think tanks and other institutions in and out of Mindanao. Part of its mission shall also be the emergence of world-class Mindanao scholars.

Establish a Mindanao Knowledge Network that would be an organic part of the above research center. The Network shall have nodes in various academic or research institutions at various levels (national, regional, provincial, municipal). The network shall regularly collect, process, analyze and disseminate statistical data, information and other research and scientific materials. It shall make these data and resources readily accessible through the network to both decision makers and citizens through various print and electronic media.

Enhance technological support for Mindanao-based industries that will aid in the overall economic and human development, e.g.:

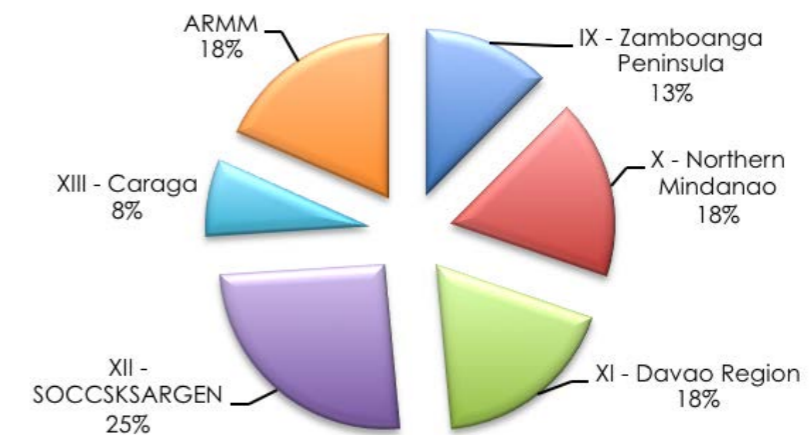
- Provide SMEs (a) access to and training on advanced, efficient and environment-friendly technologies and processes; (b) common service facilities for various parts of the business cycle (e.g., processing, packaging, storage, waste management) where required; and (c) capability to access and apply ICT tools for running their enterprises.

Figure 9-14 Overseas Filipino Workers from Mindanao (2009, In Thousand)



Source: National Statistical Coordination Board

Figure 9-15 Overseas Filipino Workers, by Regional Share (2009, In percent)



Source: National Statistical Coordination Board

Figure 9-16 Mindanao Remittance Value and Share to Total Philippine Remittance (2004-2009, In Million Pesos)



Source: Bangko Sentral ng Pilipinas

CHAPTER 10

The Way Forward: Making Mindanao 2020 A Reality

- Develop context-appropriate technologies especially those that can produce new or improved products from indigenous resources such as (a) medicines; (b) renewable energy, (c) metallic products; and (d) organic farming methods to improve yields and shelf lives of produce.
- Establish and equip laboratories for general research support activities and for providing extraordinary services to the public (e.g., DNA testing, otherwise available only in Manila). This may be pursued by (a) providing incentives for private laboratories to locate in Mindanao, and (b) promoting partnerships with private business or foreign research institutions to equip and improve research laboratories in the public and private sectors.

Financing

Strengthen fiscal decentralization towards improved local revenue generation and expenditure management, asserting local fiscal responsibility and accountability. This will entail the following initiatives:

- Upgrade capability and provide incentives for generating higher local revenues and employing innovative financing schemes such as payments for ecological services and municipal bonds flotation. This should be combined with appropriate sanctions for inability to generate a minimum of local revenues and excessive reliance on national government grants via the IRA.
- Improve efficiency and communication across LGU operational systems, particularly among the financial and fiscal systems through computerization, streamlining and integration, including use of suitable technology tools such as the e-NGAS⁶¹ being promoted by the Commission on Audit.
- Motivate citizens to pay proper taxes through, among others, improved services (performance), simplified procedures (efficiency), and regular information on collected taxes and how these are expended (transparency).
- Improve LGU management of expenditures by clearly spelling out priorities in CDPs; building capacities in program and project development, implementation and M&E; and streamlining budgeting, budget allocation and releasing, and expenditure accounting and liquidation processes.

Address bottlenecks and issues confronting access and utilization of ODA funds in the medium-term. Together with building capacity for better revenue generation, plan for the eventual downplaying if not phase-out of ODA as a necessary source of development financing.

Provide LGUs and their communities greater leeway in determining the uses and in managing funds for local programs of national government agencies. The comprehensive local plans must be the guiding bases for allocation and utilization of all such program funds.

Establish a multi-stakeholder monitoring and evaluation mechanism to ensure that funds are optimally utilized and graft and corruption curtailed.

Build capacities of LGUs for entrepreneurial governance so that they may manage their offices like a business enterprise that balances and optimizes the triple bottom line comprised of people (social responsibility), profit (economic development) and planet (environmental integrity).

In conclusion, while the preceding chapters have dealt on Mindanao 2020's *body*, this chapter has examined the roles of the equally important *bones* (basic framework), represented by the infrastructure base; *brain* (knowledge support) in the form of science and technology and research and development; and *blood* (lifeline) which financing represents in the economic system. Without them, Mindanao 2020 will largely remain to be an aspiration.



61 Electronic New Government Accounting System

A plan is nothing more than a blueprint, and a long-term plan is necessarily a blueprint that is broad and largely directional in nature. Mindanao 2020, which covers a 20-year time horizon, somewhat deviates from this characterization and includes specific strategies since it seeks to be faithful to or reflect the sentiments of the true authors, the Mindanawons. In view of this, Mindanao 2020 may be seen to be unique, even unusual, as it is not merely a blueprint but a stronger expression of most Mindanawons of their aspiration for autonomy and self-determination.

Translating Mindanao 2020 into appropriate action and ensuring that what was set out to be accomplished will be done so in a faithful and timely manner will entail a number of key activities that form part of the complete planning cycle (Figure 10-1). These include (a) policy reforms that could be achieved through administrative action or via legislation, (b) a public investment program that embodies program and project interventions that will help achieve identified development objectives, (c) implementation mechanisms that will define needed inter-agency coordination, responsibilities and accountabilities, and timeframes of accomplishment and (d) a monitoring and evaluation (M&E) system.

While the above primarily refer to the needed action from concerned government entities, there are actions for Mindanao 2020 required of other stakeholders as well. It will thus be useful if various groups and entities in and out of government can be encouraged to prepare respective Action Agenda that define their own actions and measures to contribute to the attainment of Mindanao 2020. This would further assert wider buy-in and concrete support for the framework plan on a continuing basis, and give it more tangible meaning for various groups and organizations.

Policy Reforms

From among the numerous imperatives discussed in the preceding chapters could be gleaned a number of key strategic Executive and Legislative policy reforms or actions, summarized in Table 10-1. Many of these policy reforms are not specific to Mindanao and have nationwide applicability but they are included in the list since these are critical in the pursuit of Mindanao 2020.

At the core of these policies is the fulfillment of the vision and goals of the people of Mindanao (articulated in Chapter 4). The general idea is to have Mindanao take charge of its own sustainable growth and development in peace and harmony, while enhancing the overall well-being of its people and the environment. These reforms are imperative inasmuch as a number of current policies impede the attainment of these aspirations.

These reforms will need no less than the concerted and coordinated efforts of the three branches of government (Judiciary, Legislature and Executive), the LGUs and the Mindanawons themselves. Responsible coordinating Mindanao authorities such as the Mindanao Development

Authority, Regional Development Councils and ARMM Regional Government, and the Mindanao bloc in the legislature and LGU Leagues, must push forth in refining, promoting and making these reforms happen.

Public-Private Investment Program

Mindanao 2020 will most tangibly be seen through the investments that the public and private sectors will make “on the ground” (including on the rivers and seas) in terms of sector programs and projects. These may take the form of various types of hard infrastructure (e.g., power plants, highways and bridges, a railway system, postharvest equipment) or of “soft” programmatic interventions that are institutional or service-oriented in nature (e.g., a health financing system, teacher training program, conditional cash transfer mechanisms). NGAs regularly prepare a sectoral regional Public Investment Program (PIP) as accompanying document to the Regional Development Plans. For purposes of Mindanao 2020, a long-term Mindanao-wide public-private investment program (P-PIP) must similarly be formulated based on the long-term sector and thematic plans prescribed in the preceding chapters, while building on the consolidated PIPs of all Mindanao regions.

Table 10-2 lists some major projects (i.e. the largest within the sector in terms of cost) identified in past regional investment programming exercises. Firming up of a Mindanao-wide P-PIP will have to take into account inter-regional linkages, complementarities, and disparities in arriving at a Mindanao-wide priority listing of such projects.

In drawing up the P-PIP, it is important to achieve coherence and coordination, maximize synergy between public and private sectors, and identify clear financing sources and schemes in the preparation of the long-term Mindanao-wide PIP. Through a participatory process, the P-PIP would identify projects that are most responsive to prevailing needs, most suitable under particular contexts and circumstances of the areas/localities of the project interventions, or would lend themselves to implementation through PPP or LGU alliances. It will thus guide long-term investments especially by the private sector.

In program design and project identification, several tools are available to help identify and design programs and projects that satisfy the above attributes. The first category consists of tools that help facilitate the identification and prioritization of types of policy interventions, programs and projects. Examples of these are Project Portfolio Management, Prioritization Matrix, Project Gap Analysis, and a number of others. A tool spearheaded by the Australian Agency for International Development (AusAID) specifically tailored for Mindanao is the Strategic Framework for Engagement. Developed primarily for use by donors in determining appropriate types of interventions for various parts of Mindanao, it has wider applicability and is useful for government’s own program design and project identification work. The value of the framework lies in its explicit consideration of key attributes (pertaining to conflict and stability) that

Box 10-1

Strategic Framework for Engagement: Guiding Interventions for Peace and Development in the Southern Philippines

The provinces and cities of Mindanao can be located along a continuum ranging from unstable/fragile to stable/functioning governance. Areas falling under the unstable/fragile end have limited and short-term options for peace and development because the various dimensions of development (e.g. governance, economic, social, etc.) have collapsed and chaos and lawlessness prevail. As cities and provinces move towards the stable/functioning end of the continuum, the situation improves and new and better options become readily available.

Based on the position along this “conflict and fragility continuum” or “stability spectrum,” the framework identifies the most appropriate and strategic programme interventions for donors and stakeholders to consider. These recommendations are presented as broad sectoral areas of engagement: economic, socio-cultural, human security, governance and political stability. Within each sector, specific interventions are prioritized according to suitability based on the level of conflict and fragility.

The framework also helps donors find the right balance of programs that meet urgent conflict-related problems, while investing in longer-term movement towards stabilization and development. Based on conflict and fragility conditions, the framework recommends a system for prioritizing between these types of programmes.

Source: AusAID (2008)

determine the efficacy of types and hierarchies of interventions that may be applied to different areas in Mindanao, depending on where they lie on the “stability spectrum” or “conflict and stability continuum” (Box 10-1).

Tools are also available for guiding program and project design, especially to ensure responsiveness of interventions to multiple dimensions of objectives. This is especially important because the multidimensionality of poverty has become well accepted, implying that interventions to uplift human and community welfare must seek to simultaneously address its social, economic, environmental, political and cultural dimensions. The Action-Impact Matrix (AIM) tool developed at the World Bank Institute by Mohan Munasinghe (2007) was designed to explicitly integrate environmental considerations in designing economic development interventions. The Multistakeholder Integrative Sustainability Planning (MISP) tool promoted by the Earth Council⁶² expanded the AIM concept to include the other dimensions beyond the economic and environmental in the assessment and design of policies, programs and projects.

The selection of the most appropriate tool depends on, among others, the objectives of the exercise, context of planning area, and uses of outputs. For instance, AusAid’s Strategic Framework was primarily designed for planning and prioritization of peace-building and development interventions in Mindanao.⁶³ The AIM tool shows the linkages within the whole planning process, from data gathering to policy application and feedback. It determines interactions among policies and identifies which of these would yield positive or negative results.

A participatory investment programming process that undertakes project identification could easily yield a lengthy “wish list” of projects. Thus, a crucial step in the process is prioritization. There are many approaches to this but a combination of employing a set of criteria and undertaking a participatory exercise to elicit priorities from stakeholders would be well advised, towards achieving a coherent and reasonable P-PIP. In this, the use of tools such as those described above would be helpful.

Once the P-PIP is formulated, its resource requirements must be determined so that financing schemes and programs may be drawn up as guide for eventual budgeting by the government, private sector, and other entities involved. It would be useful to proactively promote the P-PIP especially those projects that are open to PPP arrangements.

Monitoring and Evaluation

In the pursuit of Mindanao 2020’s implementation, it is important to know whether the development path is being taken as set forth, and how well the goals and objectives are being achieved. Given the long-term horizon of Mindanao 2020, it is important to take stock of progress along the way so that appropriate adjustments and mid-course corrections may be made whenever necessary without having to wait for the completion of the plan period.

This highlights the need for a monitoring and evaluation (M&E) framework and approach that would (1) assess progress toward meeting plan objectives; (2) determine when significant deviations are being made from the directions set in the plan, (3) inform mid-course adjustments in order to get back on course toward the goals set forth in the plan, and (4) input into short- and medium-term planning and review of P-PIP.

M&E may be undertaken at two levels: (1) plan implementation level, which involves tracking the achievement of set targets and implementation of key policies and strategies; and (2) investment program and specific project level, which assesses physical and financial progress. For both levels, reasons for progress of implementation or lack of it are important to consider and analyze so that upscaling (for adequate implementation) or remedial measures (for delays or lack of implementation) may be given due course.

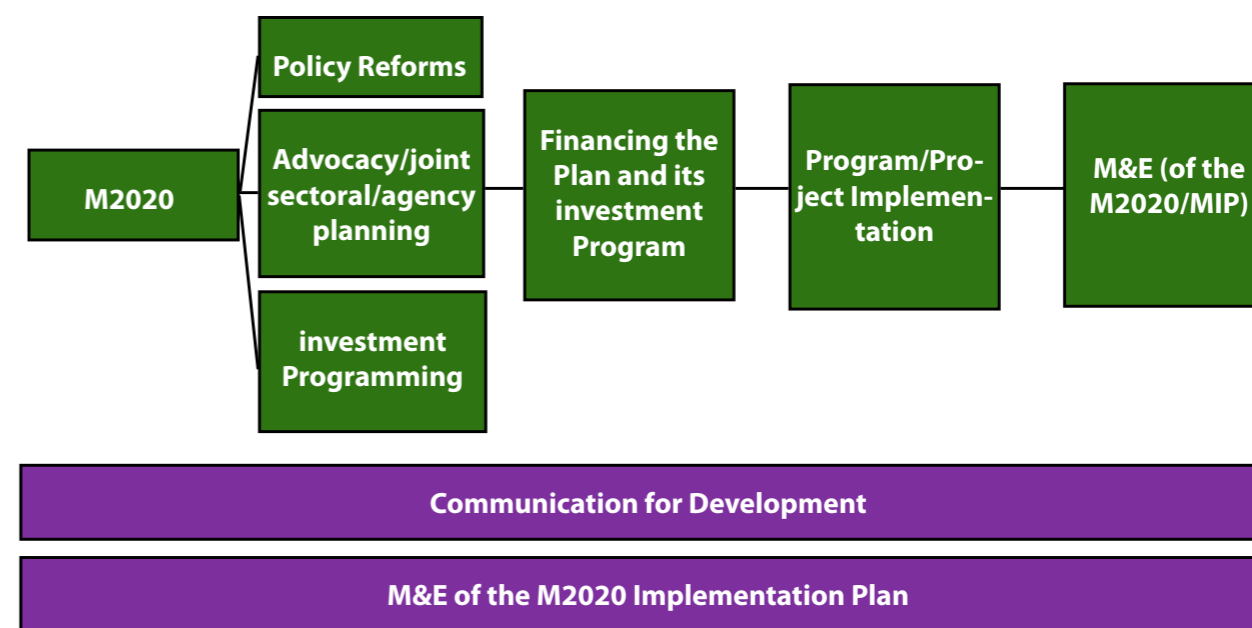
As in planning and programming, M&E requires the participation of implementors especially in government, along with stakeholders. The M&E for Mindanao 2020 is the prime responsibility of MinDA as over-all coordinator for Mindanao development. It should thus take the lead and solicit the cooperation of all concerned.

Concluding Remarks

The long-standing challenge for Mindanao and the Mindanawons is to unite and rally behind a widely-shared vision, and collectively and collaboratively work across cultural, political, economic and social divides that have fragmented the island group since time immemorial.

It is hoped that the participatory and consultative exercise that led to the articulated vision, goals, thrusts, strategies, and initiatives embodied in this Mindanao 2020 document will impel Mindanawons to bridge those divides, and with 20/20 vision, set their sights on the common goal 20 years hence that they have herein articulated: That of a peaceful, developed and integrated Mindanao that makes a sustainably uplifted quality of life a reality for all Mindanawons.

Figure 10-1. Process Diagram of Mindanao 2020 Next Steps



62 Habito and Antonio (1999)

63 Ibid.

Table 10-1. Key Legislative and Executive Policy Reforms

No.	Legislative/Policy Reform	Focal Point
To secure lasting peace in Mindanao		
1	Consistent policy in addressing autonomy and self-governance; ancestral domain; and cultural and religious identity of IPs and Bangsamoro peoples	NG; LGU
2	Security sector reforms to change mindsets and orientation toward peace and development	NG
3	Legal pluralism that accommodates and integrates legal systems based on Islam, indigenous and traditional practices and other religious-legal systems	NG/DOJ
4	Integrate peace education in the education curricula at all levels	NG/DepEd
5	"Mini-Marshall Plan," or an affirmative action for a public/private investment program for reconstruction and rehabilitation of conflict areas	NG
6	Professionalize, equip and empower POCs at all levels	OPAPP
To enhance human development and social cohesion		
7	Prioritize the most depressed areas in the provision of school buildings and teachers, and in the pursuit of universal PhilHealth coverage.	DepEd, DOH, LGU
8	Subject a prescribed percentage of government department and agency program budgets to community-driven mechanism that permits direct downloading of funds to communities for interventions they themselves identify and design.	NGAs; DBM
9	Budgetary support for academic exchange programs for students and faculty	DBM; SUCs
10	Adopt a pocket open skies policy in Mindanao's international airports	CAAP; LGUs
11	Local Ordinances that provide for the application of Mindanao's distinct cultures to architectural designs of public and private structures and facilities	LGU Leagues; Local Sangunians
To foster a dynamic, inclusive and sustainable economic development		
12	Establish Mindanao-specific and competitive investment and incentives package that supplements that of the national investment package especially in lagging conflicted areas.	NGAs; RDCs; LGUs
13	Reconcile and harmonize conflicting laws and regulations governing natural resource and agricultural areas, indigenous lands and protected areas	Legislature; NGAs
14	Institutionalize mechanisms and provide incentives for voluntary arrangements for Payments for Ecosystem Services	LGUs; Civil Society; Legislature;
15	Repeal the Cabotage Law	Legislature
16	Adopt a pocket open skies policy in Mindanao's international airports	CAAP; LGUs
17	Priority, incentives and guidelines for sanitation and sewerage systems	LGUs
18	Make climate change adaptation a conscious element of every development initiative at the policy, program and project levels	RDCs; LGUs
19	Policy reforms and incentives for small to medium scale food processors for high value crops	NG/DTI; LGUs
To achieve an autonomous and responsive Mindanao governance		
20	Amend the Local Government Code to address long-standing issues, e.g.: (a) distortive distribution and allocation formulas for IRA; (b) situs of taxation especially for extractive industries; (c) limited taxing authority of LGUs; and (d) inequitable national-local distribution of the tax base; (e) prohibition of political dynasty; etc.	Legislature; NG; LGUs
21	Legal framework for expanded Private-Public Partnerships beyond the BOT Law, especially for human development, local infrastructure development and environmental management (e.g. relax financial rules that constrain access to public funds by NGOs)	Legislature; NG
22	Clarify, expand and strengthen the framework for governing and facilitating private-public partnerships beyond the BOT Law	Legislature NG
23	Reform sector budgets to promote subsidiarity and primary role of LGUs in development initiatives	NGAs; DBM
24	Institute an incentives and rewards system for collaborative LGU initiatives, and provide the legal framework for possible evolution of LGU collaboration into higher forms of integration (e.g. federation or mergers).	DILG; Legislature
25	Undertake relevant legislative and executive actions, to ensure that elections are held in an environment that is free from intimidation, fear, undue influence and fraud	NG; COMELEC; Legislature
To provide ample enabling conditions for dynamic development		
26	Widen the role and prioritize inland, coastal and inter-island water-based transport in the Mindanao transport and logistics system.	DOTC; RDCs; LGUs
27	Expand RO-RO coverage and build RO-RO facilities in strategic areas (e.g. Tawi-Tawi and Jolo to General Santos and Davao City)	DOTC; RDCs; LGUs
28	Prioritize the expansion and modernization of local airports located inland, to realize a state-of-the-art airport in the Mindanao heartland	DOTC/CAAP
29	Prioritize the building of small hydroelectric plants over large ones	NG/NPC; RDCs; LGUs
30	Reform policies that render support systems inefficient and costly especially to the public in transport and logistics along with industries linked to them (e.g. cabotage law); power generation and energy pricing especially for renewable energy	Legislature; NG; PSALM; ERC
31	Review the policies and adopt formula for charging reasonable water user fees (e.g. mineral water and soft drinks industries; hydropower generation) and equitably share the benefits and care of watersheds with upland communities	NG/NWRB; RDCs; LGUs; communities
32	Deliberately reduce losses in power generation, transmission and distribution systems; impose penalties for excessive losses; put a cap on own-use electricity	PSALM; ERC; producers and distributors
33	Capability building and incentives for generating higher local revenues and employing innovative financing schemes; combine this with a mechanism that sanctions inability to generate a minimum of local revenues and perennially incurring excessive surpluses	NG; LGUs

Table 10-2. List of Proposed Major⁶⁴ Priority Projects

Project Name and Location	Estimated Cost (PM)	Intended Source of Financing
PPA		
Improvement/Development of Sasa Port, Davao City	770	Corporate Funds
Improvement of General Santos Makar Wharf	140	Corporate Funds
Polloc Port Improvement	200	ODA
Improvement of Masao Port	160	Corporate Funds
Expansion of Cantilan Port, SDS	225	Corporate Funds
DOTC		
New Zamboanga International Airport	2,964	
Dipolog Airport Development Project	834	
Ozamis Airport Development Project	523	
Mindanao Railway Project, Phase I; Cagayan-Iligan Corridor	57,733	PPP
DPWH		
Molave-Dipolog Road	1,764	Saudi Fund for Development
Zamboanga del Norte & Zamboanga del Sur		
Mindanao East-West Lateral (Sta. Filomena-Ticalaan Road)	2,523	ODA
Kalamansig-Palimbang-Maitum Road	4,137	Qatar
North Cotabato		
Lake Mainit Circumferential	2,273	ODA
Butuan City, Agusan del Norte-Misamis Oriental Road	4,614	ODA
Surigao (Lipata)-Davao Road	2,354	ODA
Zamboanga City Bypass Road, Culianan-Patalon Section	4,900	PPP
Liloy-Labason-Gutalac (Zamboanga del Norte)	1,880	KFAED – 3 rd MIRP
DA- NIA		
Kabulnan 2 Multi-Purpose Irrigation and Power Project	14,373	ODA
Malitubog –Libungan Transbasin Irrigation Project	1,351	ODA
Land Reclamation & Resettlement Project; Liguasan Marsh	3,548	ODA
National Agricultural Value-Chain Development Programme (Multi regional: Region IX & XII)	900	IFAD
DOE		
2009-2030 Capacity Addition Project- Total of 2000MW	165,600	PPP
2009-2030 Capacity Addition Project – Total of 500 MW Peaking	46,000	PPP
Agus 6 HEP's Units 1&2 Uprating	2,296	Local
17.50 MW Taguman Hydropower Project	2,750	
Mindanao 3 Geothermal Project	11,449	PPP
DOT		
Port of Sasa – World Class Passenger Terminal	330	
Concentrating asphaltting of Access road to Tinuy-an Falls	285	
Concentrating asphaltting of Access road to Enchanted River	240	

⁶⁴ Major Projects are those have the biggest costs in the sector.

Table 10-2. List of Proposed Major Priority Projects (cont.)

DTI		
Rural Micro Enterprise Promotion Program Streamlining	1,100	
National Industry Cluster Capacity Enhancement Project	541	ODA,GOP
Davao Food Exchange Complex	386	PPP,GOP
Lake Mainit Ecotourism Development Project	220	GOP/ODA
Surigao del Sur Ecotourism Development Project	220	GOP/ODA
Agusan Marsh Ecotourism Development Project	220	GOP/ODA
Siargao Tourism Ecozone Development Project	220	GOP/ODA
DOH		
Establishment of Water System (District I: Iligan City)	341	DOH

Source: National Government Agencies Regional Offices
MIRP - Mindanao Road Improvement Project

CHAPTER ANNEXES

Annex 2-A Scenarios on Mindanao's Future

To define alternative trajectories that Mindanao can conceivably follow in the next 20 years, a two-day scenario-building (SB) workshop was held in Davao City under the facilitation of a trained European expert. SB has found increased use in the last decade in the face of great instability in the world arena, particularly with the advent of global terrorism and natural catastrophic events, many of which are now understood as closely linked to climate change. There has been a deepening sense that long-term planning cannot count on invariables, and that the long-term future is profoundly unpredictable. Thus it requires tools or techniques, such as SB, that analyzes present givens to bring many trajectories to the surface.

Key to the success of an SB workshop is the profile of the participants in the exercise, who must be visionaries, possess good grasp of the situation in the whole of Mindanao and how each of its parts and stakeholders would fit and interact in concert for a better or desired future for all. The Mindanao 2020 SB Workshop tapped the energies, knowledge and strategic visions of Mindanao of about 40 leaders from a broad range of sectors, including education, academe, indigenous people, business, military, government, and so forth.

Scenario 1 (Centralized Governance/NR Mismanagement) is characterized by greater fear and greater centralization, with the concomitant dynamics encompassing a largely marginalized Mindanao. It is also marked by greater intolerance, with an endangered natural environment and displaced indigenous communities. Power structures will be characterized as a situation where Mindanao is in effect "sold to the highest bidder." The first obvious outcome is the spilling over of violence and other forms of insecurity into the Mindanao areas that have thus far kept these conditions at bay.

The spill-over situation — marked by the interaction of greater proliferation of weapons, increased levels of security personnel in developed parts of Mindanao, internal displacement of communities, and so on — would produce heightened instability where education will be impossible to sustain, lifespans will be curtailed, and violent death will become commonplace.

Scenario 1 anticipates permanent stalling of the peace process. With no agreement signed, all-out armed conflict would resume and continue indefinitely. Internally-displaced Mindanawons increase, with out-migration as the norm. The war waged by the Armed Forces of the Philippines (AFP) will be directed from Manila, as will most of the development planning and allocation of resources. This scenario will thus be a throw back to the long-lamented conditions that prevailed in the 20th century, when "imperial Manila" was seen to have dictated the plunder of Mindanao. Also, Lake Lanao and other waterways will run dry and potable water will be rendered scarce. This scarcity will extend to other basic requirements like medicine, teachers, food, and other vital lines to well-being, mainly because Manila will be unable to cope with the enormous burdens of centralization itself.

Local government will be synonymous with warlord reigns, in which situation the intricate social arrangements that assure equilibrium within communities would be severely compromised and impact on the already marginalized indigenous communities, substantial numbers of Mindanao women, and settler families who have not managed a foothold in economics of scale.

Dialogue would be fractured, as group interests are communicated in shrill terms and it would be increasingly difficult to distinguish armed groups formed around legitimate historical grievances, from the bandit and extortionist groups. In this situation, there will be no peace process, and human development and social cohesion cannot gain headway.

The resources of the Philippine areas of the Coral Triangle will be co-opted by Chinese and other foreign interests. This would mean lack of access to marine life necessary for life, to tourism and livelihood opportunities that could sustain coastal communities. The outcome would be a situation where Mindanao and the Philippines remain a small and inconsequential player in negotiating tables as the substantial value of this Triangle is usurped by the big players.

With the loss of future wealth in this scenario, poverty in Mindanao cannot be substantially alleviated, with new generations learning the violence of competition for resources. It will not be possible to build the necessary infrastructure for growth, nor will it be realistic to count on adequate social infrastructure.

Scenario 2 (Autonomy/NR Mismanagement) is marked by greater fear but also greater autonomy, with the concomitant dynamics yielding bad local governance. The situation would further be characterized by diversification of communities, warlordism and an open season on killings, general apathy, negative reportage, and disempowered women.

Scenario 2 is a grim scenario representing systemic collapse. This negative trajectory foresees rampant warlordism, the total breakdown of governance structures, the collapse of educational standards, and pervasive boundary disputes throughout Mindanao. Guns, hijackings, piracy, and petty criminality would be pervasive. Local government will be synonymous to dynasties, predicated on greater local autonomy combined with greater fear. Mindanao would be controlled by "the highest bidders," and its resources will be ground down. This scenario somewhat resembles current conditions, exemplified most graphically within ARMM — except that

the scenario is even more prominently driven by centralized control. In this scenario, violence is an instrument for central control to diffuse uncontrolled local fronts. Civil society is expected to be dysfunctional, and the youth caught up in the violence generated by the sheer proliferation of arms. Elite families will comprise a fractured social class prone to unmitigated clan rivalries.

Scenario 3 (Autonomy/Good NR Management) is a positive scenario characterized by greater general safety of the population and greater and wider autonomy. The concomitant dynamics would bring about local stewardship of resources, harmonized relationships among locals, greater empowerment, internally driven growth, and pluralistic education, among others.

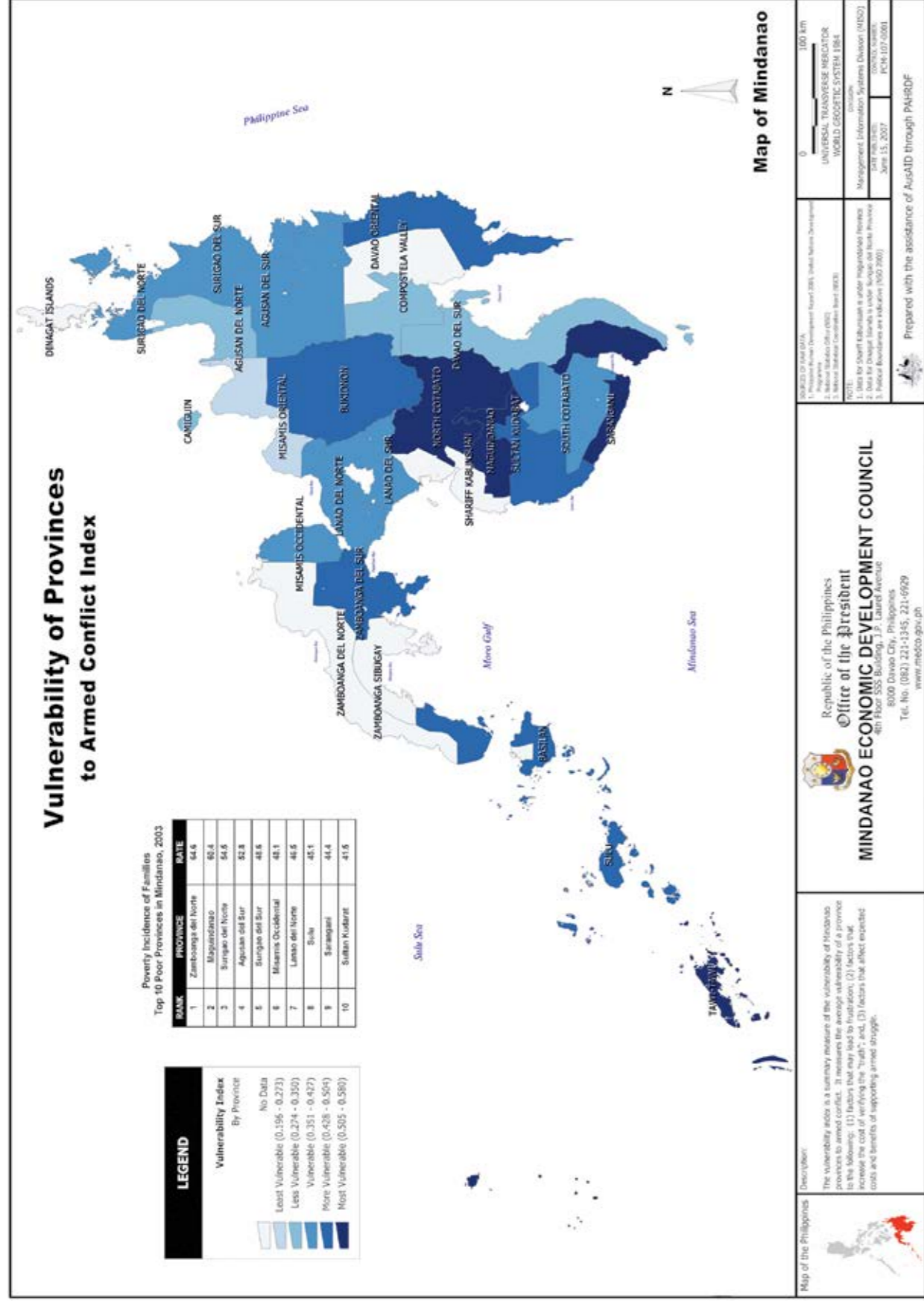
This scenario envisions a peaceful Mindanao emerging from greater autonomy strengthened by working structures for community-based security. Unlike the second scenario, where autonomy leads to total social breakdown, the very strength of communities can result in efficient infrastructure development (e.g., a Mindanao railway system), multi-ethnic cultural interaction, and at least two if not more federal states. Natural resources are no longer infringed upon by international or Manila-based interests, but effectively managed by the communities. Overseas workers are attracted back by the wide opportunities offered by the Mindanao economy. While foreign remittances can be expected to dip because of this, self-esteem among Mindanawons would have risen. In such conditions, local executives will be a nurturing presence among their constituents and with wealth generated and distributed equitably, media representation in the national and international fronts would be positive. International donors can incrementally lessen support with the rise of local cooperatives as leading investors. Finally, massive, comprehensive rehabilitation of conflict-affected areas would be completed.

Scenario 4 (Centralized Governance/Good NR Management) is marked by greater human security, greater decentralization, with the concomitant dynamics fostering holistic planning and a representative government. However, the situation would also be marked by a rigid and non-pluralistic educational system, externally driven development, and external exploitation of natural resources.

The scenario visualizes the combined effects of greater autonomy and greater human security. Indigenous peoples' rights will be respected, as, indeed, the rights of all marginalized sectors including internally displaced persons, women, and the elderly. Tradition-based, indigenous political-social structures will be successfully integrated with modern systems. National leadership will work to strengthen local leadership instead of appropriating power and resources. The peace agreement would have been finalized, with the greatest possible autonomy assured for all Mindanao sub-regions. Local leadership would improve vastly, as dynastic arrangements are eroded and clan rivalries diminished by, precisely, the rise of new leaders who are not beholden to the old power elites. Infrastructure development will flourish. Improvement in human development will be measurable in relation to access to opportunities for advancement.

This scenario will however be marked by strong external interests dominating control over Mindanao's natural resource base, spanning agriculture, fisheries and mining. While a semblance of economic progress and dynamism will be apparent, the benefits thereof will not be widespread, and income inequities will remain distinct. While the general welfare would have been uplifted by stronger autonomy and more responsible governance, much scope would remain for improvement. Profit income will continue to be siphoned out of Mindanao, thereby constraining the region's full growth potentials.

Annex 5-A



Annex 5-B SUMMARY OF VIOLENT CONFLICTS IN MINDANAO & CAUSES/FACTORS¹

NUC Consultation Report (GRP) ² 1993	Philippines Conflict Assessment (USAID) ³ 2003	Human Development Report (UNDP) ⁴ 2005	Joint Needs Analysis (WB) ⁵ 2005	PCDA (AusAID) ⁶ 2008
<p>Root Causes</p> <ul style="list-style-type: none"> Massive & abject poverty & economic inequity, particularly in the distribution of wealth & control over the resources base for livelihood Poor governance including lack of basic social services, absenteeism of elected local officials, corruption & inefficiency in government bureaucracy & poor implementation of laws, injustice, abuse of those in authority & power, violation of human rights & administration of justice characterized by inequity, corruption & delays Structural inequities in the political system, including control by elite minority, & enforcement of control through private armies Exploitation & marginalization of indigenous cultural communities including lack of respect & recognition of ancestral domain & indigenous legal & political systems <p>Special Concerns:</p> <ul style="list-style-type: none"> Environment protection Counter-insurgency 	<p>Types of Conflict</p> <ul style="list-style-type: none"> Armed conflict between the government and Muslim Filipinos seeking greater autonomy or a separate state A long standing communist insurgency nationwide A variety of usually localized conflicts caused by elite political & economic rivalries Local, often community-based, conflicts over the control & use of land and natural resources Conflicts related to militarized criminal activities (e.g., drug trafficking, kidnapping-for-ransom, illegal logging, smuggling, gambling) Fundamental Causes of Conflict Persistent poverty, inequality & limited economic opportunity Scarcity & inequitable use of land & natural resources The failure of the Philippine state to provide essential public goods and services The continuing efficacy of the use of force as opposed to peaceful, legal means to achieve key objectives Conflict Triggers In Muslim Mindanao: Christian immigration, formation of Christian paramilitary groups, attempt to disarm Muslims following the declaration of martial law, and emergence of a new and more radical generation of Muslim leaders 	<p>Roots of the Moro Problem</p> <ol style="list-style-type: none"> Economic marginalization and destitution Political domination and inferiorization Physical insecurity Threatened Moro and Islamic identity Perception that government is the principal party to blame Perception of hopelessness under the present set-up <p>Roots of the Communist Insurgency</p> <ul style="list-style-type: none"> Nominally part of what was formerly a worldwide ideology that in its most advanced form rejects capitalism as a social and economic system Seeks to steer the country's political & economic development away from a capitalist & towards a socialist future by nurturing a revolution based on the failures of a "semi-colonial, semi-feudal" system (expressed as the 5 root causes identified in the NUC Report) Demand for agrarian reform <p>Preliminary Indicators of Human Insecurity</p> <p>Frustration due to: (a) disparity in access to water supply; (b) minorization: Low education due to lack of access to electricity</p>	<p>Root of Conflict: Injustice</p> <p>Forms of Injustice & marginalization of the Bangsamoro People & Lumads</p> <ul style="list-style-type: none"> Loss of access to land & other key resources & economic opportunities Perceived suppression of Moro & Lumad traditions, customs and institutions Extreme poverty Deprivation of basic amenities for a decent human existence; & ineffective or imposed institutions and governance <p>Triggers of Conflict</p> <ul style="list-style-type: none"> Presence of armed groups or militarization of the communities Declaration of "all-out war" against the MILF by the Estrada administration Inter-tribal or inter-ethnic conflict "Rido" (clan warfare and revenge killing) Crimes (e.g., cattle rustling, kidnapping) Land disputes Competition for scarce natural & mineral resources; & Local election disputes 	<p>Violent conflicts in Mindanao</p> <ul style="list-style-type: none"> Armed conflict between Moro military forces seeking autonomy or separate state & the AFP that defends the state sovereignty & integrity A long-standing communist insurgency An assortment of typically localized conflicts caused by elite political & economic rivalries Local, often community-based conflicts, over access, control & use of land & natural resources Conflicts related to militarized criminal <p>Origins of Conflict & Underdevelopment</p> <ul style="list-style-type: none"> Injustice & conflict Competition for resources <p>Crosscutting Issues</p> <ul style="list-style-type: none"> Gender & conflict Youth & conflict <p>Current Conditions</p> <ul style="list-style-type: none"> Complexity, Volatility & Variability of Conflict Comparing Security Challenges in Sulu & Central Mindanao The GRP-MILF Peace Process: An Update Ceasefire Monitoring <p>Approaches to Peacebuilding</p> <ul style="list-style-type: none"> Local mechanisms for resolving disputes & creating partnerships Formal peace negotiations Peace processes with revolutionary groups Options for further support by donors Conflict-sensitive development

1 Root Causes of the Armed Conflicts & Social Unrest (Mindanao as part of country-wide analysis) from the National Unification Commission Report 1993.
 2 An extract from a report prepared by David G. Timberman Democracy and Governance Adviser USAID/ANE/TJS, July 2003
 3 5th Philippine Human Development Report (2005) Peace, Human Security & Human Development in the Philippines published by Human Development Network in cooperation with UNDP & NZAID
 4 Joint Needs Analysis for Reconstruction & Development of Conflict-Affected Areas in Mindanao 2005
 5 Southern Philippines Peace, Conflict & Development Analysis, 2008 (draft)

Annex 6-A

The UN Millennium Development Goals

Goal 1: Eradicate extreme poverty and hunger

- Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than the poverty threshold
- Target 1B: Achieve full and productive employment and decent work for all, including women and young people
- Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Goal 2: Achieve universal primary education

- Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3: Promote gender equality and empower women

- Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Goal 4: Reduce child mortality

- Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

- Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
- Target 5.B: Achieve, by 2015, universal access to reproductive health

Goal 6: Combat HIV/AIDS, malaria and other diseases

- Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS
- Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Goal 7: Ensure environmental sustainability

- Target 7C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Goal 8: A global partnership for development

- Target 8e: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
- Target 8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

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ACRONYMS

ACT for Peace	- Action for Conflict Transformation for Peace	DFA	- Department of Foreign Affairs
ADB	- Asian Development Bank	DGMC	- Davao Gulf Management Council
ADZs	- Area Development Zones	DILG	- Department Of Interior and Local Government
AFMP	- Agriculture and Fisheries Modernization Program	DIPO	- Directorate for Police Operation
AFP	- Armed Forces of the Philippines	DNA	- Deoxyribonucleic Acid
AFRIM	- Alternative Forum for Research in Mindanao	DOE	- Department of Energy
AFTA	- ASEAN Free Trade Area	DOF	- Department of Finance
AIM	- Action-Impact Matrix	DOH	- Department of Health
AO	- Administrative Order	DOJ	- Department of Justice
ARMM	- Autonomous Region of Muslim Mindanao	DOLE	- Department of Labor and Employment
ASEAN	- Association of South East Asian Nations	DOST	- Department of Science and Technology
ASG	- Abu Sayyaf Groups	DOT	- Department of Tourism
AusAID	- Australian Agency for International Development	DOTC	- Department of Transportation and Communications
AUTO-Mindanao	- Association of Unified Tourism Officers – Mindanao	DPWH	- Department of Public Works and Highway
AVLDA	- Allah Valley Landscaped Development Alliance	DSWD	- Department of Social Welfare and Development
BAS	- Bureau of Agricultural Statistics	DTI	- Department of Trade and Industry
BAWASA	- Barangay Water and Sanitation Associations	DUs	- Distribution Utilities
BDA	- Bangsamoro Development Authority	EGCs	- Economic Growth Clusters
BIMP-EAGA	- Brunei-Indonesia-Malaysia-Philippines - East ASEAN Growth Area	ENR	- Environment and Natural Resources
BLGF	- Bureau of Local Government Finance	EO	- Executive Order
BOT	- Build-Operate-Transfer	EPIRA	- Electric Power Industry Reform Act
BOI	- Board of Investments	ERIA	- Economic Research Institute for Asia
BOSS	- Business One-Stop Shop	ERC	- Energy Regulatory Commission
BPO	- Business Process Outsourcing	ESSC	- Environmental Science for Social Change
BRIC	- Brazil, Russia, India and China	EU	- European Union
BSP	- Bangko Sentral ng Pilipinas	e-NGAS	- Electronic New Government Accounting System
BUC	- Bishop-Ulama Conference	FELCRA	- Federal Land Consolidation and Rehabilitation Authority
CAAP	- Civil Aviation Authority of the Philippines	FELDA	- Federal Land Development Authority
CAAT	- Certificate of Ancestral Domain Title	FGD	- Focus Group Discussion
CAHRIHL	- Comprehensive Agreement on Human Rights Law and the International Humanitarian Law	FIES	- Family Income and Expenditure Survey
CALT	- Certificate of Ancestral Land Title	FPA	- Final Peace Agreement
CASER	- Comprehensive Agreement on Socio-Economic Reforms	FPIC	- Free, Prior and Informed Consent
CBET	- Community-Based Ecotourism	FTAAs	- Financial and Technical Assistance Agreements
CBRM	- Community-Based Resource Management	GAA	- General Appropriations Act
CCPD	- Caraga Council for Peace and Development	GDF	- Global Development Finance
CCT	- Conditional Cash Transfers	GDI	- Gender-related Development Index
CDA	- Community Development Approach	GDP	- Gross Domestic Product
CDD	- Community-Driven Development	GEM	- Growth with Equity in Mindanao
CDPs	- Comprehensive Development Plans	GIS	- Geographic Information Systems
CEC	- Community e-Center	GOP	- Government of the Philippines
CEPALCO	- Cagayan Electric Power and Light Company	GRAM	- Generation Rate Adjustment Mechanism
CHED	- Commission on Higher Education	GRDP	- Gross Region Domestic Product
CHS	- Commission on Human Security	GRP	- Government of the Republic of the Philippines
CICT	- Commission on Information and Communication Technology	GVA	- Gross Value Added
CLIC	- Computer Literacy and Internet Connection	GWH	- Gigawatt-Hour
CLUPs	- Comprehensive Land Use Plans	HDI	- Human Development Index
CMEP	- Comprehensive Mindanao Education Program	HDR	- Human Development Report
CMT	- Cellular Mobile Telephones	HEIs	- Higher Education Institutions
CO ₂	- Carbon Dioxide	HIV/AIDS	- Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
COA	- Commission on Audit	IAG	- Institute for Autonomy and Governance
COMELEC	- Commission on Elections	IBRA	- Ilana Bay Regional Alliance
CPP	- Communist Party of the Philippines	ICERA	- Incremental Currency Exchange Rate Adjustment
CSO	- Civil Society Organization	ICT	- Information and Communication Technology
CTI	- Coral Triangle Initiative	IDP	- Internally Displaced Person
DA	- Department of Agriculture	IEC	- Information, Education and Communication
DAR	- Department of Agrarian Reform	IFAD	- International Fund for Agricultural Development
DDR	- Disarmament, Demobilization and Re-integration	IFC	- International Finance Corporation
DENR	- Department of Environment and Natural Resources	IHL	- International Humanitarian Law
DepEd	- Department of Education	IMR	- Infant Mortality Rate
		IPs	- Indigenous Peoples
		IPRA	- Indigenous Peoples Rights Act
		IRA	- Internal Revenue Allotment
		ITH	- Income Tax Holiday
		IUCN	- International Union for Conservation of Nature

JBIC	- Japan Bank for International Cooperation
JICA	- Japan International Cooperation Agency
KALAHI-CIDSS	- Kapit Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
KFAED	- Kuwait Fund for Arab and Economic Development
LBDA	- Lanuza Bay Development Alliance
LGC	- Local Government Code
LGU	- Local Government Unit
LTO	- Land Transportation Office
MCT	- Mindanao Container Terminal
MDGs	- Millennium Development Goals
MDP	- Multi-Donor Assistance Program
MEDCo	- Mindanao Economic Development Council
MFO	- Major Final Output
MGB	- Mines and Geosciences Bureau
MICE	- Meetings, Incentives, Conferences, Exhibitions
MILF	- Moro Islamic Liberation Front
MinBC	- Mindanao Business Council
MinDA	- Mindanao Development Authority
MinTC	- Mindanao Tourism Council
MinTVET	- Mindanao Technical-Vocational Education and Training Association
MISP	- Multistakeholder Integrative Sustainability Planning
MNLF	- Moro National Liberation Front
MOA-AD	- Memorandum of Agreement on Ancestral Domain
MPSAs	- Mineral Production Sharing Agreements
MSMEs	- Micro, Small and Medium Enterprises
MW	- Megawatt
MWH	- Mega Watt Hour
M&E	- Monitoring and Evaluation
NAP	- National Action Plan
NCIP	- National Commission on Indigenous Peoples
NCMF	- National Commission on Muslim Filipinos
NCR	- National Capital Region
NDCC	- National Disaster Coordinating Council
NDF	- National Democratic Front
NEDA	- National Economic Development Authority
NG	- National Government
NGA	- National Government Agency
NGCP	- National Grid Corporation of the Philippines
NGOs	- Non-Government Organizations
NIA	- National Irrigation Administration
NorminVeggies	- Northern Mindanao Vegetable Producers' Association, Inc.
NPA	- National People's Army
NPC	- National Power Corporation
NREB	- National Renewable Energy Board
NSCB	- National Statistical Coordination Board
NSO	- National Statistics Office
NTC	- National Telecommunications Commission
NTDP	- National Tourism Development Plan
NUC	- National Unification Commission
NWRB	- National Water Resources Board
NZAid	- New Zealand Aid Program
ODA	- Official Development Assistance
OFW	- Overseas Filipino Workers
OMA	- Office of Muslim Affairs
OPAPP	- Office of the Presidential Adviser on the Peace Process
PALMA	- Pigcawayan, Alamada, Libungan, Midsayap and Aleosan
PCCI	- Philippine Chamber of Commerce and Industry
PCID	- Philippine Council for Islam and Democracy
PCDA	- Peace, Conflict and Development Analysis

PDA	- Peace and Development Advocates
PDAF	- Philippine Development Assistance Fund
PDCs	- Peace and Development Communities
PEACE	- Partnerships Enabling Active Community Empowerment
PES	- Payments for Ecological Services
PHDR	- Philippine Human Development Report
PhP	- Philippine Peso
PIP	- Public Investment Program
PMO	- Philippine Management Offices
PNP	- Philippine National Police
PNVSCA	- Philippine National Volunteer Service Coordination Agency
POs	- People's Organization
POC	- Peace and Order Council
PPA	- Philippine Ports Authority
PPP	- Public-Private partnership
P-PIP	- Public-Private Investment Program
PRIMED	- Peace and Reconstruction Imperatives for Mindanao's Enhanced Development
PSALM	- Power Sector Assets & Liabilities Management Corp
RAM	- Rebolusyonaryong Alyansang Makabansa
RA	- Republic Act
RD	- Regional Director
RDC	- Regional Development Council
RDIP	- Regional Development Investment Program
RDP	- Regional Development Plan
RORO	- Roll-on Roll-Off
RPM-M	- Rebolusyonaryong Partido ng Manggagawa – Mindanao
RPOC	- Regional Peace and Order Council
R&D	- Research and Development
S&T	- Science and Technology
SB	- Scenario Building
SFP	- Soldiers of the Filipino People
SLAM	- Southwestern Ligawasan Alliance of Municipalities
SME	- Small and Medium-sized Enterprises
SMI	- Sagittarius Mines, Inc.
SPCPD	- Southern Philippines Council for Peace and Development
SPDA	- Southern Philippines Development Authority
SPF	- Special Purposes Funds
SPTC	- Southern Philippines Tourism Council
SRA	- Social Reform Agenda
SRNH	- Strong Republic Nautical Highway
SRI	- System of Rice Intensification
SSR	- Security Sector Reform
StRiDe	- Strengthening Response to Internal Displacement
SUCs	- State Universities and Colleges
SZOPAD	- Special Zone of Peace and Development
TESDA	- Technical Education and Skills Development Authority
TEZs	- Tourism Enterprise Zones
TIEZA	- Tourism Infrastructure and Enterprise Authority
TMC	- Taganito Mining Corporation
TVET	- Technical-Vocational Education and Training
UN	- United Nations
UNESCAP	- United Nations Economic and Social Commission for Asia and the Pacific
UNDP	- United Nations Development Programme
US	- United States
USAID	- United States Agency for International Development
VAWC	- Violence against Women and Children
VC	- Value Chain
VECO	- Visayan Electric Company
VFA	- Visiting Forces Agreement
VIDA	- Volunteer for Information and Development Assistance
WB	- World Bank
WESM	- Mindanao Wholesale Electricity Spot Market
WTO	- World Trade Organization
YOU	- Young Officers Union

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CONFERENCE

Kusog Mindanaw Conference 2010 – July 08-10, 2010

Don Mustapha Arbison Loong, Drieza Abato Lininding, Christine Vertucci, Danilo Bustamante, Concepcion Asis, Ibarra "Bong" Malonzo, Paul Paraguay, Saipona Zaman, Col. Diosdado Carreon, Ltc Pat Amata, Ltc Alexei Musñgi, Eileen Ipulan Bautista, Atty. Naguib Sinarimbo, Efren Sissay, Col. Leopoldo Galon Jr., Samira Gutoc-Tomawis, Ben Aspera, Kaloy Manlupig, Benjamin Bagadion, Ismael Abubakar Jr., Irene Santiago, Jolly Lais, MGen Anthony Alcantara, Lito Lorenzana, Maj Ruben Guinolbay, Migdenio "Dondon" Clamor Jr., Grace Rebollos, Jose Manuel Mamauag, Atty. Camilo "Bong" Montesa, Fr. Jad Calumpang, Cris Cayon, Steve Arquiza, Vice Mayor Alexander Tomawis, Atty. Camar Tago, Edtami Mansayagan, Fairudz Ebus, Arthur Tangara Jr., Deng Giguinto, Myla Leguro, Leah Bugtay, Jo Quianzon, Rafael Nabre, Patricia Sarrenas, Karlos Manlupig, Cong. Maximo Rodriguez Jr., Cong. Maria Isabelle Climaco, Col. Casiano Monilla, Maria Theresa Pia Zamora, April Jhim dela Cruz, Gov. Lala Talinio Mendoza, Alberto Sipaco Jr., Gus Miclat, Efren Elbanbuena, LtGen Raymundo G. Ferrer, Fr. Eliseo R. Mercado Jr., Mary Jacqueline C. Fernandez, Joel D. Dizon, Omar Tadeja, Margo Mercado

FOCUS GROUP DISCUSSIONS

Philippine Chamber of Commerce and Industry – November 03, 2009

Alan Silor, Bronx Hebrona, Lemuel R. Podadas, Cherrilyn Espina, Erlinda P. Suario, Esmelda Yap Quizo, Bernard Haw, Elena Haw, Mario P. Cacabeus, Irene Ang

FGD with the Peace and Development Advocates League (South Central Mindanao) – November 04, 2009

Arsad Landasan, Juvie J. Apit, Marcos N. Gubat, Leah L. Natividad, Danny Salisidan, Baily Guimba, Marani P. Samiana, Wahida Abtahi, Abdullah Blanco Tempolok, Lily Mocles, Johnny P. Akbar, Leopoldo U. Lalang, Cutin Idtug

Indigenous Peoples in Mindanao – November 09, 2009

Dan Mesor Adap, Joe C. Macarial, Datu Rodino Ansabo, Noel C. Maningula, Datu Francisco Havana, Datu Payad Sangkuan, Datu Peter S. Insam, Ruben Byawan, Narcos Alexander Oabaro, Herminda B. Mines, Odoy Salahay, Roding B. Awe, Rebecca Dumacan, Eladio A. Lilawan, Susan U. Perong, Datu Danilo B. Apanag, Datu Thomas Corpuz, Datu Lito Omor – MIPCPD, Daniel L. Pagantupan, Jobaisa A. Pandian, Joy C. Segundo,

FGD with the Members of the Mindanao Working Group, 12 November 2009

Howard Cafugauan, Mags Maglana, Alghassim Wurie, PSI Verna Cabuhat, Marlyn Muncada, Dir. Mlang Madal, Manolette Mercado, Peter Bartu, Lt. Gen. Raymundo Ferrer, Col. Caesar Ronnie Ordoyo, Louie Pacana, Willy Nuqui, Aileen Toohey, Diamadel Dumagay, Patrice Tan, Dr. Sharon Valdez, Patricia Domingo, Emily Mercado, Nick Taylor, Gil Dy-Liaco, Lynette Corcino, Alma Evangelista, Renaud Meyer, Joel Mangahas, Alexander Umpar, Kazuyuki Tsurumi, Nazrullah Manzur, Augusto Rodriguez

Communicator's Forum – November 27, 2009

Marcy Ballesteros, Ma. Theresa Reyes-Castillo, Carlos Conde, Lala Rimando, Albert E. Alejo, SJ, Dax Cañedo, Blogie Robillo, Samira Gutoc-Tomawis, Jenny Grace M. Mendoza, Eden L. David, Perlie Ray Bernasori, Evelyn Deligero, Ma. Cecilia Rodriguez, Emmanuel Garcia, Clarice L. Bautista, Charina Sanz, Heike Staff, Dionisio T. Alave Jr., Zen Darlene Lucero, Mary Bernadette P. Suarez, Monette Parado, Mark Guillermo, Rudolph Alama, Geejay Arriola, Amalia Cabusao, Maya Vandenbroeck, Myra G. Julia, May Che B. Capili, Ferdinand S. Esguerra

CARAGA Stakeholders/Caraga Conference for Peace and Development–December 8, 2009

Rene K. Burdeos, Jonjie Asis, Col. Rodrigo Diapana, Roel Pariza, Sammy S. Suico, Lucena Villagonzalo, Bella Gonzales, Fr. Lito Clase, Ruben Isiderio, Moses Villagonzalo, Bong Mohammad, Ricardo Dequina, Virginia Rosales, Elizabeth Borde, Sr. Mely Genoso, Merlyn Oyoc, Martin Gamisa, Bishop Juan de Dios Pueblos

Kidapawan IPs and Stakeholders - January 16, 2010

Nida B. Fernandez, Datu Andong Takinan, Teodora Gaum, Bebot M. Salingan, Judy B. Fernandez, Datu Quiambao Ayag, Harry M. Lusterio, Elencio Tipunar, Romulo C. Gonzales, Ofelia P. Pangako, Cristina Walan, Marivic Pontongan, Mila A. Ipag, Vic Capilitan, Era Dayate Resa Espana, Ervin Juit, Bo-I Era Espana, Eduardo V. Daquipa, Amy P. Takinan, Randy A. Diamse

National Ulama Representatives – January 25, 2010

Daguit Abdulhadi, Taharudin Piang Ampatuan, Dr. Aboulkhair S. Tarason, Sharif Jul Asiri Abirin, Ust. Ping A. Kasim, Ebra Minalang Moxsir

Iligan Stakeholders/Iligan Institute of Peace and Development (IPDM) –February 06, 2010

Mike D. Taratingan, Jayshree Boot, Jun Tenorio, Elizabeth L. Codilla, Bernabe Q. Sanchez, Divina M. Suson, Butch Alcudia, Cora Jarales, Col. Leo Ferrer, Ted Khan Juanite, Arlieto Berlan, Sultan Ibrahim Camona, Felecitas A. Nillas, Muhda Cacusna, Norodin Lucman, Musa M. Sanguila, Vida S. Ventanilla, Lorry V. Gainile, Karen R. Veloso, Norberto Oller, Ustadz Abdulbayaw Regaro, M.J. Ambalong, Mohammad Mon-Em-Abangad, Marilou S. Nanaman, Ph.D., Aileen Chris C. Arellano, Pastor Reu Montecillo, Monalinda E. Doro, Acsani D. Macalawi, Presciosa Derro, Rex Ortega, Regina "Nanette" Antequisa, Gloria Fernando, Alita T. Roxas, Saturnina S. Rodil, Jordan Juanday, Kerslin Proebstlel, Farhaidah Abbas, Sarah Jean Delfin, Rocelyn E. Labalan, Myza Karina P. Guinta, Nimfa L. Bracamonde

Zamboanga Stakeholders – March 09, 2010

Alberto Francisco, Jun Varel, Susan Valerio, Arturo Valero, Joseph Greganh, Renato He, Dante Corteza, Ma. Pilar Dayaganon, Weng Agudera, Aurora Bulalacao, Ma. Nelida Rojas, Anthony Sabas, Manolette Jude Mercado

C4D FGD in Davao City – May 06, 2010

Amalia Cabusao, Antonio M. Ajero, Walter Balane, Adroel Alcober, Dax Cañedo, Oliver Robillo, Leah Bugtay, Noel Provido, Norodin Lumambas

FGD with Media in Pagadian City – June 18, 2010

Noemi B. Edaga, Gidem C. Corgue, Myrna S. Tubat-Lumacad, Leo Santillan, Nestor C. Commendador, Mercy Ytang-Pañares, Zacarias Digman, Ian Samonte, Vanessa E. Cagas, Nellyn Evangelista

FGD with Media in General Santos City – June 22, 2010

Joze Aponesto III, Dodin Delima, Sandino Romero, Jay Dayupay, Alt Tagalogon, Jhun Sucayre, Rejoice Fresco, Cathy Apelacio, Robert Pagadura, Faith Barcelona

FGD with ICT Practitioners – June 28, 2010

Teofilo Pasaway, Chris Bunag, Emmanuel M. Lagare, Fred Nader, Felix Maminta, Capazao Taban, Bert Barriga, Jaime B. Paraliso, Wit Holganza, Luz G. Galda, Nelly Agabin, R. Balondo, Sam Matunog, Olomadin M. Hadjiiazis, Oliver Robillo, Ladislao Tabanao

FGD with Media in Butuan City – July 08, 2010

Loriemae Prudente, Katherine Genn Guerra, Robespierre Tradio, Gerie Soco, Nora Molde, Robert Roperos, Ernie M. Ofanga Jr., Ethel A. Simyunn, Litz Flaviano, Lily Joy Sanchez, Ma. Lourdes Pizarro-Apego, Noel B.

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FGD with Media in Zamboanga City – July 13, 2010

Minsara A. Muarip, Hader A. Glang, R.G. Antonet Go, Allen L. Abastillas, Michael Vincent Cajulao, Jewel M. Reyes, Karen Barba, Bernie Concepcion, Sonny Sakilin, Jowel Canuday, Rondell Rey Q. Savella, Darwin Wee, Letty Militante, Dante Corteza, Manz Haril

FGD with the Youth Sector in Mindanao, 28 August 2010

Josiah F. Tuballa, Nieves L. Forti, Nurhida A. Asaali, Richie Cayanong, Matthew A. Lines, Abdul-Alim Alsad, Dyan Aimee Rodriguez, Nora Tortola, Eugin Pol Rubin, Michel Caseros, Aquilino Flores, Rosalie Beliran, Sheena Mae Onlos, Jun Mark Amban, Joan Basoc, Aristotel Casanova, Genevieve Pamaran, Sheryl Mancha, James Ryan Buenacosa, Jaffy Paul Febreo, Marvin Acanto Toralba, Jonamae Gamueta, Mark Vincent Paciente, Lary Lahing, Ethel Simyunn, Karen Grace V. Lim, Marjun R. Encendencia, Charles Jefferson M. Montes, Mary Grace Narvasa, Philip Alvar, Kash Lauto, Bhadria Khara, Jashmine Pagrangan, Pilot Manan, Saminoden Ampaso, Hashmion Aratuc, Richelin Tolones, Myrna Cestina, Bane Agbon, Prof. Nonoy Tomacruz, Steve Lawrence Arquiza, Atty. Marvic Leonen, Iris Mae Ferraris

MinDA FGD on Mindanao 2020 Agenda – January 15, 2011

Anthony M. Penaso, Ting Ngujo, Joel I Fernandez, Amelyn M. Obial, Iso Montalvan, Gregs G. Villanueva, Rosa Virginia Olaya, Marc P. Olaya, Karlwin C. Montena, Enrique Neminzo, Jr., Oscar V. Paule, Virgilio Balansag, M.L. Solim, Angel S. Jimenez, Moises Faeutes, Alexander Bautista, Jou Galar, Glicerio J. "Tatay Boy" Tan, Dante Cuevas, Samuel S. Te, Zenaida Cuevas, Crispin Doldoloza, Joseph G. Pasilan, E. Mikayabal, Andres Villaro, G.L. "Tatay Boy" Tan, Edmundo Garcia, MD, Toefe, Arcadio S. Lanzon, Edwin Mendoza, Nestor C. Bitar, Randy V. Liwanan, Genaro O. Guipetacio, Ananias, Summuel S. Buyas, Ryan L. Nazareno, Anacleto T. Macias, Jaylourd V. Echavez, Emma P. Asok, Jemil, Emmanuel Alkuino, Reyna Alkuino, Kastner Perey Amores

Meeting with the Tawi-Tawi Mayor and Chamber of Commerce – February 28, 2011

Mayor Jasper Que, Lordneal D. Tiozon, Hania H. Aliakbar, Moh. Nur Bahad, Mary Ann L. Adbulmonap, Ma. Vema L. Gatrieles, Hja. Meng B. Rodglal, Rasil S. Inoro

Ateneo De Zamboanga University - Strategic Planning for Social Development - March 01, 2011

Fr. Tony Moreno, SJ. – Pres. ADZU, Fr. Albert Alejo – BTI-Consultant
*With Administrators and Social Development Units of ADZU

Regional Development Council 12 – November 10, 2009

Gov. Miguel Rene A. Dominguez, Shahrir B. Duldoco, Teresita Socorro C. Ramos, Joy R. Sevilla, Phlorita A. Ridao, Cocoy Sexcim, Karl Vincent M. Queipo, Ladjia M. Sapal, Rolando S. Doria, Maesmen Belisario, Buagas B. Sulaik, Bong A. Butiong, Richard Amparo, Mercy Haw, Tomas M. Rodriguez, Bing Gancharo, Almanzor M. Dataya, Abdulgamal Dipantar, Abdullah B. Dumama Jr., Marfenio Tan, David L. Padlan, Joseph Gecosala, Mae Ester Guimadel, Rene Paraba, Helen L. Vestal

Regional Development Councils 13 Executive Committee – December 8, 2009

Governor Ma. Fe Valentina Plaza, Ricardo N. Varela, Elvira G. Catuburan, Cecil R. Lopez, Dulmar Raagas, Lucille L. Ytac, Nilo P. Demercy, Jr., Emmanuel Z. Gidacan, Amado M. Posas, Jimmy G. Maquilan Hon. Edna M. Oan, Alvino Atacador, Carlito G. Yebes, Jr., Sandy Barcelon, Alicia B. Millana, Dmianon Uanme, Hector G. Quilang, Rejin Ondo, Elvie C. Ato, Felix R. Espeso, Leo Geron, Alejandro S. Otacan, Melanie Maur, Ma. Jazmin M. Sarce, Ruth E. Sanchez, Seldio L. Picongo

Regional Development Councils 10 Executive Committee – February 05, 2010

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Regional Economic and Development Planning Board (REDPB) (Cotabato City) – February 18, 2010

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Regional Development Councils 9 Executive Committee – March 08, 2010

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ROUND TABLE DISCUSSIONS

RTD with the planners and stakeholders in Region 10 (Manolo Fortich, Bukidnon) – June 9, 2010

Gil R. Balondo, Herculano S. Ronolo, Nena B. Vallecera, Vernie Dalogdog, Yolanda T. Egam, Lourdes P. Rudinas, Eduardo Egoy, Rio Yonson, Marlou J. Binyona, Abun Abanil, Lyndian A. Damasco, Leonida Cajarte, Roy S. Magbanua, Andres Ignacio, Rochelle Ysip Mordeno, Pedro Cadulay, Elvie Tan, Paul Ka Paraguya

RTD with the planners and stakeholders in Caraga (Prosperidad, Agusan del Sur) – June 11, 2010

Engr. Julio Carlon, Engr. Antenedo Millorin, Rolando Uyan, Jasmin Berido, Paris Gaballo, Sexto Padua, Raul Orosco, Felisa Laranjo, Leo Gerona, Engr. Samson Hebra, Jean Paul Parajes, Eliseo Tila, Naomilyn Javellana, Dr. Esamel Paluga, Dra. Sandra Yu

RTD with the planners and stakeholders in Region 9 (Pagadian City) – June 18, 2010

Loy Canales, Rosevic Ocampo, Crisanta A. Yamba, Atty. Nicerio Napigkit, Engr. Reynati R. Ebal, Rosemarie Miranda, Engr. R. Sicut, Diego T. Suela, Engr. Adrain Bravo, B.M. Regala, Engr. Leo Acenas, Sixtu Atuy, Jr., Adonis Maynard B. Pilingo, Helen S. Singson, Gerardo Parot, Engr. Wilfredo D. Casas, Pablo L. Escuadro, Ma. Socorro Atay, Contancio G. Alama, Ma. Angelica Evasco, Estrella Argaminom, Engr. Alfonso Tan, Arthur De Guzman, Jennifer Alcazar, Dr. Mary Jocelyn V. Battung, Mercedes Lourdes S. Quisumbing, Bennet D. Santander, Rudy Rojas, Roche B. Varquez, Eldie C. Cañas, Jun C. Angu, Kimberly Amor, Roamme, Radem Giang, Puran, Mijorada Hermogenes, Genafior Magsalang

RTD with the planners and stakeholders in Region 12 (Koronadal City) – June 23, 2010

Abner Navarro, Edzea Intoy, Celedinio D. Guancia, Victor Rodriguez, Engr. Nael Cruspero, Rene M. Formacion, Engr. Dominador S. Escucha, Jr., Engr. David L. Dilangalen, Helen L. Vesta, Renante Natano, Engr. David L. Padlan, Armin Hautea, Almazor M. Dataya, Mary Ann R. Transpe, Elaine Nita L. Ferolino,

Rommel M. Lagumen, Bayani Fredeluces, Engr. Arturo Zambrano, Ginalyn Fe C. Cachuela, Allan Du Yaphockun, Jenelyn P. Matondo, Allen Estavilla, Naguib A. Guiamal

RTD with the planners and stakeholders in Region 11 (Davao City) - June 28, 2010

Remeo Celeste, Lt. Gen. Raymundo Ferrer, Dr. Willy Nuqui, Ma. Febe Orbe, Judy Ann Diaz, Yusoph B. Mama, Ester A. Versoza, Gerald Achilles Bravo, Dante Muyco, Jim O. Sampulna, Romeo Castañaga, Naomi So, Maria Lourdes D. Lim, Dr. Susana Teresa B. Estigoy, Monilla Casiano, Mika-Chan Magtulis, Col. Lysander Suerte, Engr. Manuel M. Llana, Tranquilino Oljol, Elsie Mae Solidum, Sr. Superintendent. Allan Guisihan, Eden Josephine David, Sr. Supt. George Corpuz, Engr. Teofila Tan, Dr. Sophremiano B. Antipolo, Engr. Edilberto L. Arreza, Mr. Santiago Enginco, Alma Dela Paz, Alma Villareal, Louis N. Rabat, Engr. Felix M. Razo, Irene Santiago, Naty Amorillo, Romeo L. Lagahit, Oliver Robillo, Jessie N. Pagaran, Adolfo L. Mirasol, Mary Ann Abuda, Atty. Domingo Duerme, Eriberto P. Barriga, Jr., Ma. Assunta David, Dr. Edmundo B. Prantilla, Dr. Gilda C. Rivero

RTD with the Members of SouthCentral Mindanao Peace and Development Advocates - August 5, 2010 (round 2)

Johnny Akbar, Leopoldo Lalang, Wahida Abtahi, Abdullah Tempolok, Arsal Landasan, Cutin Idtug, Bailyn Guimba, Marani Samiana, Lily, Mocles, Insi Omar

RTD with ACT for Peace Partners in Caraga, 23-24 August 2010

WORKSHOPS

Workshop on Min2020 – Mindanao Education Sector – September 21, 2010

Dir. Zenaida D. Gersana, Dir. Ofelia Domingo, Dir. Susan Sautap, Dir. Nilda C. Espiritu Santo, Dr. Carmencita B. Aquino, Marilou Olayan, Abram Abanil, John Simborias, Luzminda O. Onoy, Ariyan B. Paana, Hanar H. Masasayon, Bayani Gofredo, Atty. Morakib Maruhomsalic, Deliciosa Males, Virginia Besana, Rolando M. Palencia, Albert Gutib, Abigail Eupena, Dennis V. Bodilles, Jay Camina, Dr. Perlas Funa, Dir. Irene Floro, Dr. Fedelinda Tawagon, Joel N. Sagadal, Prof. Alma Eleazar, Dr. Sophremiano B. Antipolo, Rachel Navarez, Soverina J. Tagubase, Diosita Andot, Genevieve Arcillas, Hazel Lozada, Gil Dy-Liacco, Bermiditta G. Garzon, Nancy Ebuenga, Deborah Moulton,

Scenario Building Workshop – November 19-20, 2009

Usec. Virgilio Leyretana, ARD Mlang U. Madir, Lt. Gen. Raymundo Ferrer, Asec. Bong Montesa, Sec. Jess Dureza, Edgar Bullecer, Sebastian Angliongto, Roberto W. Ansaldo, Michael Angelo Yambok, Datu Mussolini Lidasan, Ruby Andong, Datu Saliling, Irene Santiago, J. Andres Ignacio, Willy Nuqui, Dr. Grace Rebollos, Aileen Toohey, Mr. Peter Bartu, Gi Domingo

QUICK SURVEY

ELECTRONIC SURVEYS – 374 Respondents

Gen. Santos-15, Marawi-21, Davao-70, Maguindanao-8, Lanao del Sur-6, Cotabato-2, Cagayan de Oro-11, Iligan-12, Malaybalay-4, Butuan-5, Kidapawan-2, Zamboanga-22, Sultan Kudarat-5, Sarangani-9, Misamis Or-3, Tagum-4, Panabo-4, Koronadal-3, Pagadian-1, Tawi-Tawi-9, Davao DN-3, Davao Oriental-4, Surigao-7, N. Cotabato-3, S. Cotabato-4, Sulu-14, Basilan Zamboanga del Sur-11, Bukidnon-12, Agusan-3, Digos-1, Palawan-1, Other than Mindanao-72.

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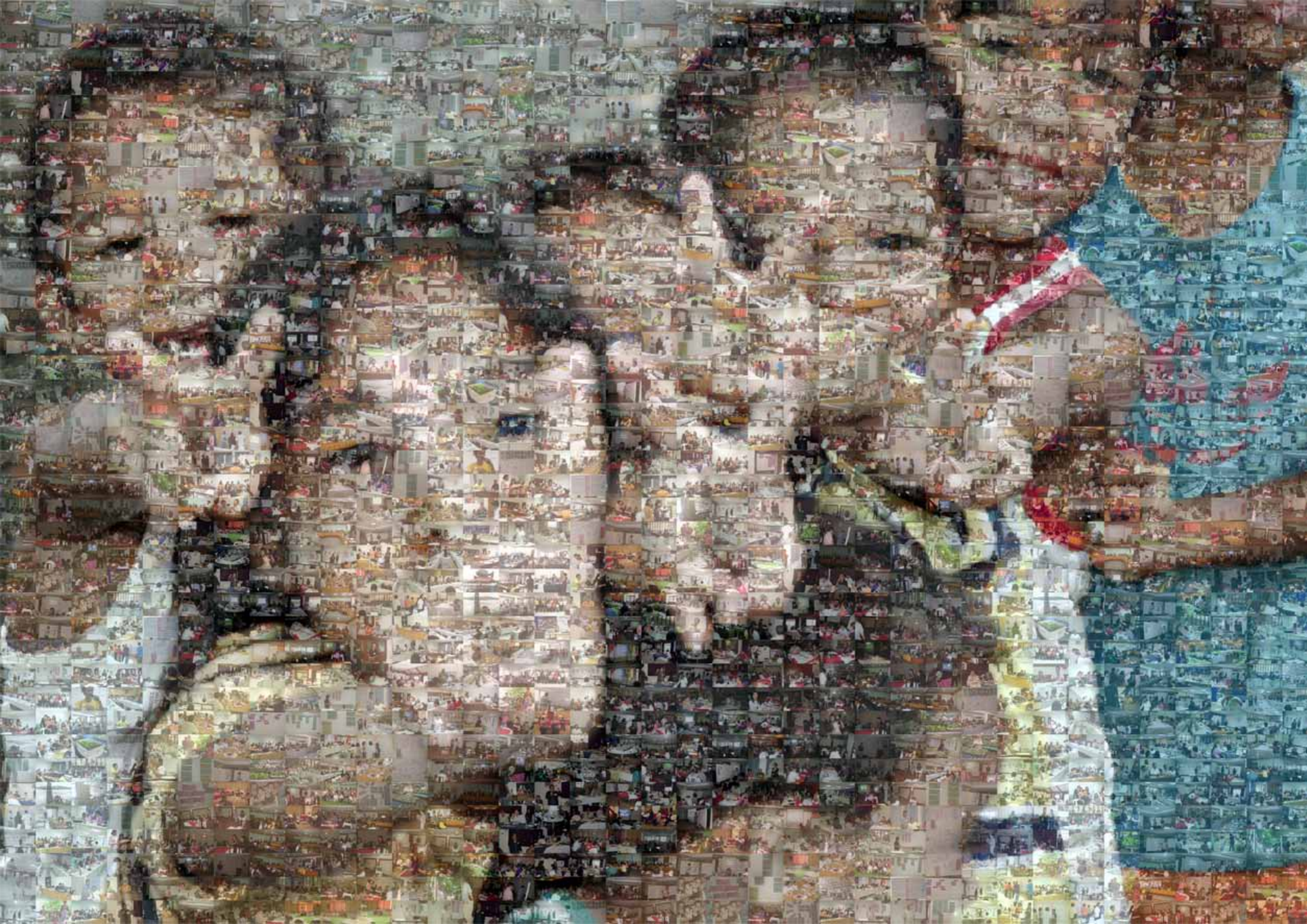
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Mindanao 2020 Peace and Development Framework Plan (2011-2030)

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The Mindanao 2020 Peace and Development and Framework Plan (M2020) shall be the weaver of different peoples, histories, concepts and initiatives. The resulting fabric will represent a transformation of Mindanao's backwater and fragmented economy into an integrated, inclusive and sustainable island-economy.

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