

# National and International Development Efforts for Mindanao

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*Neglect of the Mindanao economy has resulted in enormous difficulties to its inhabitants. While the Estrada administration declared that it would promote the development of Mindanao, its all-out war policy against the Muslim rebels has palpably decreased government resources earmarked for rehabilitation and reconstruction. Increasing military expenditures and the flawed institutional mechanisms that the administration established to address the socioeconomic and political problems of Mindanao will only ensure the attainment of the very opposite of the government's goal.*

## Introduction

Mindanao has preoccupied the limelight in our national consciousness primarily due to the raging conflict between government forces and Muslim rebels. This is probably a perverse way of giving attention to an island with vast potentials for development. But in a way, it reflects the very reason why Mindanaoans perennially complain about our policymakers who seem to find time for Mindanao only whenever there are armed hostilities or calamities occurring in the place. To be fair though, there was an attempt to correct this situation during the Ramos administration. The incumbent government of President Estrada is continuing this thrust and intends to intensify this effort in order to rehabilitate the Mindanao economy.

The essay is divided into three sections. Section 2 contextualizes the area's development problems through selected poverty and related indicators. This is an attempt to show that more than a political stability concern, the problem of Mindanao is deeply rooted in socioeconomic factors. Section 3 discusses national government funds allocated for Mindanao during the Estrada incumbency and the various foreign-funded projects lined up during the same period. And Section 4 forwards several observations and recommendations on how these local and foreign resources should be deployed to boost the Mindanao economy.

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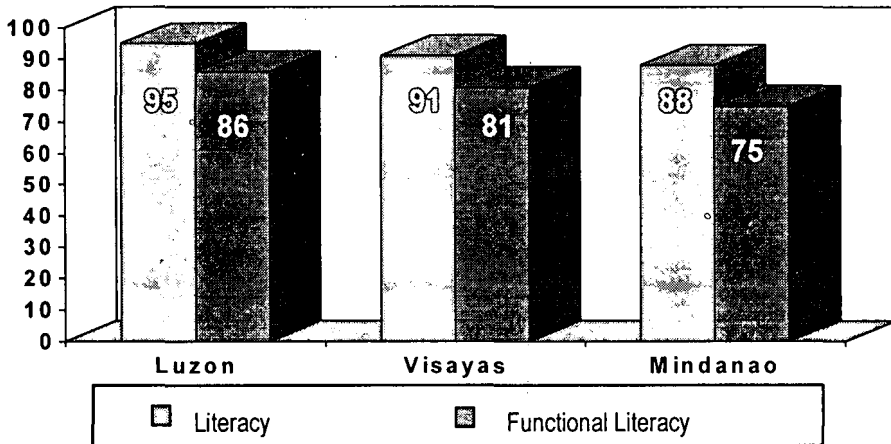
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### Magnitude of Poverty in Mindanao

#### Basic Services

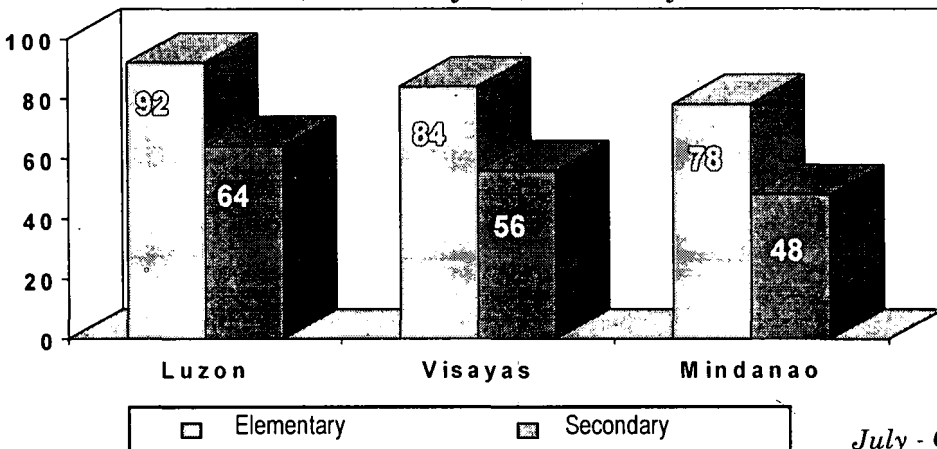
The neglect of Mindanao has its human costs. The following selected figures indicate its adverse impact on education and health of its people. Figure 1 shows that among the island groups, Mindanao has the lowest literacy rate.

**Figure 1. Mindanao: Lowest Literacy Rates**



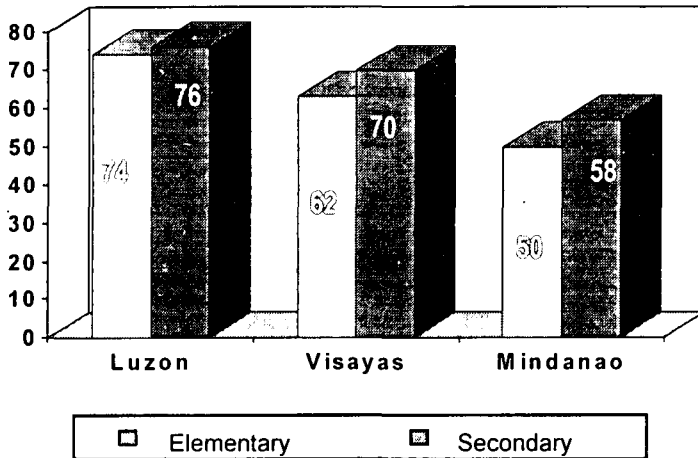
This finding is not surprising considering the data indicated by Figures 2 to 4. Figure 2 reveals that students in Mindanao have the lowest participation rate at both the elementary and secondary levels. While the average educational attainment is fourth year high school in Luzon, Mindanaoan students have barely six years of schooling.

**Figure 2. Mindanao: Lowest Participation Rate (Elementary and Secondary)**

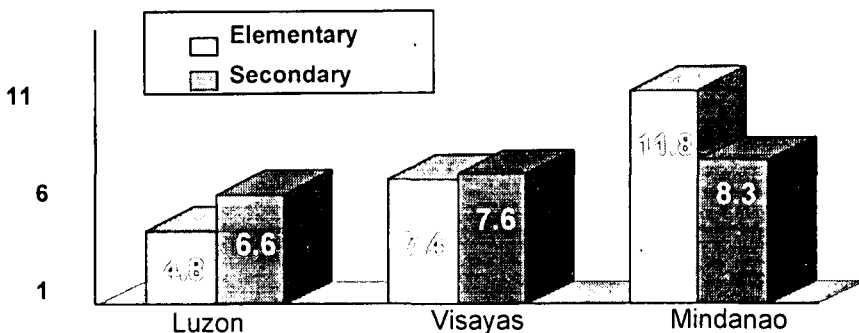


Thus, cohort survival rate in both elementary and high school is again lowest in Mindanao (Figure 3) and consequently, this island group has the highest dropout rate (Figure 4).

**Figure 3. Lowest Cohort Survival Rate (Elementary, 1995 and Secondary, 1996)**



**Figure 4. Mindanao: Highest Dropout Rate (Elementary and Secondary)**

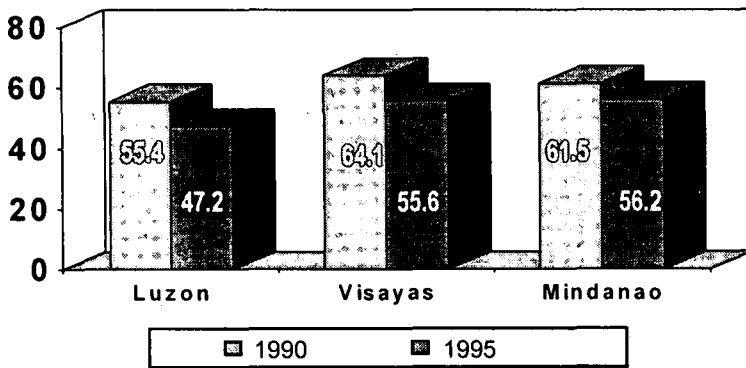


With the advent of information technology (IT) which places heavy emphasis on the education and skills of available manpower in the country, Mindanao is therefore severely disadvantaged in relation to its northern island counterparts. Necessarily, it will be difficult for Mindanao to take advantage of the many opportunities offered

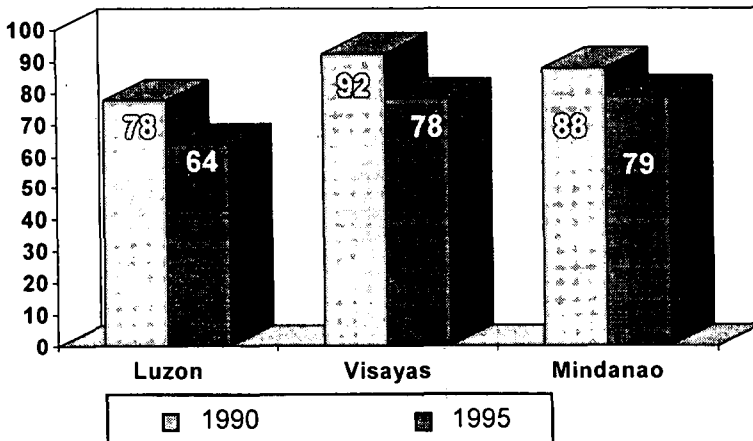
by IT, including e-commerce, given the relatively unskilled labor force that it possesses.

Health indicators for Mindanao reveal a similar trend. It has the highest infant mortality rate (Figure 5), the highest child mortality rate (Figure 6), and the highest maternal mortality rate (Figure 7) among the three major island groups in the country.

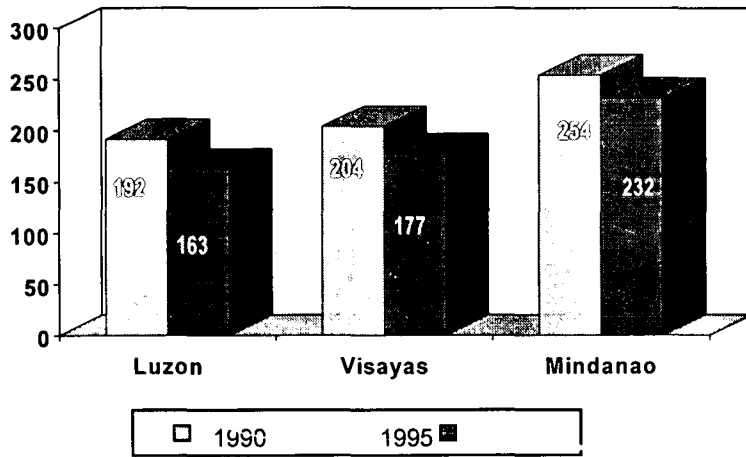
**Figure 5. Highest Infant Mortality Rate in Mindanao**



**Figure 6. Highest Child Mortality Rate in Mindanao**

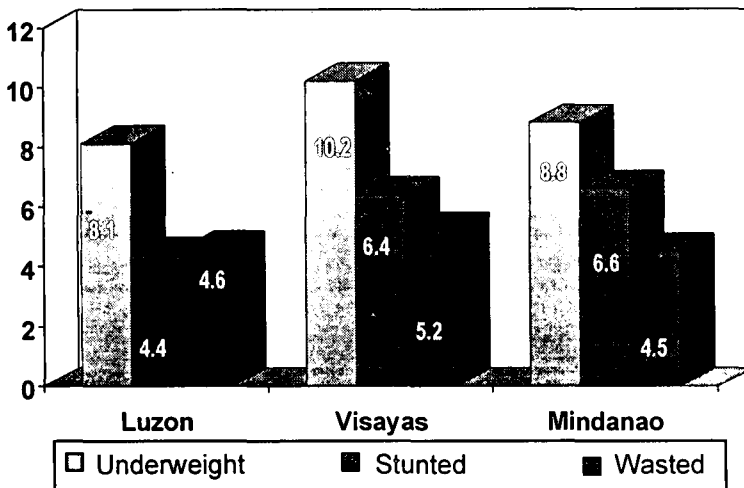


**Figure 7. Highest Maternal Mortality Rate in Mindanao**



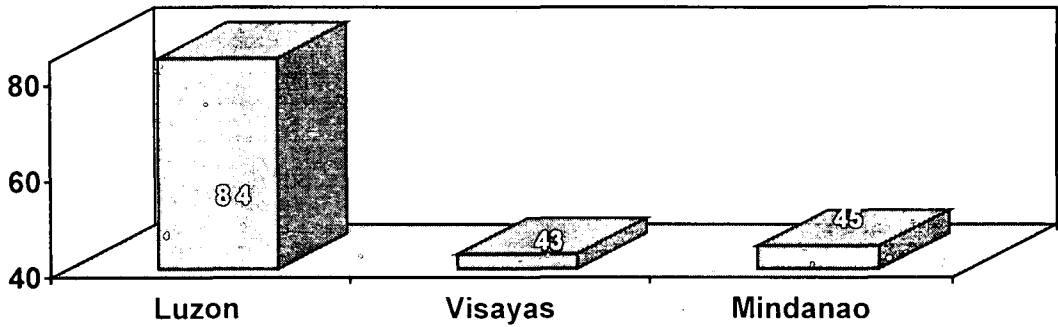
Just like in other parts of the Philippines, malnutrition is prevalent in Mindanao (Figure 8). Moreover, Mindanao, like the Visayas, has very low access to safe drinking water (Figure 9), which explains the high incidence of water-borne diseases.

**Figure 8. Malnutrition Status for Ages 0-5 Years**

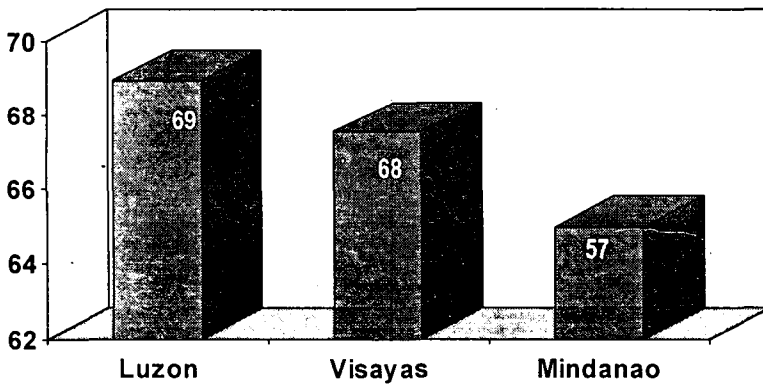


Given these poor health indicators, life expectancy in Mindanao is lowest at 57 years old, compared to Visayas' 68 and Luzon's 69 (Figure 10).

**Figure 9. Low Access to Safe Drinking Water in Mindanao**



**Figure 10. Lowest Life Expectancy in Mindanao**



### *Physical Infrastructure*

The other cost of the neglect of Mindanao's economy is shown in terms of the poor and inadequate infrastructure in the island. A World Bank report (1994) noted the importance of the existence of adequate infrastructure in ensuring the development of a particular area because they bring down the transaction costs of doing business. In the highly competitive trading regime today as a result of globalization, an advantage that the presence of good infrastructure offers can mean the survival or closure of a firm. Unfortunately, Mindanao lags behind Visayas and Luzon in terms of infrastructure facilities, making it less attractive to potential investors.

Table 1 indicates the road density and pavement ratio in the various major island groupings of the country as of the year 1999. As can be gleaned from the table, Mindanao has the least road density with only .57 km. per square kilometer of its land enjoying road infrastructure and just 10.53 percent of its road categorized as national road. In particular, only 9.28 percent of its provincial roads are paved, 16.75 percent of municipal roads paved and 2.28 percent of barangay roads paved. This explains the difficulty in travelling between and among regions, provinces and municipalities in the island, thereby making trading more costly due to the exorbitant transportation costs (not to mention spoilage of perishable agricultural products). Among the regions in Mindanao, the least paved are Region 13 or the Caraga region, Region 9 (the Zamboanga peninsula), Region 12 (Central Mindanao) and ARMM. These are where the majority of the Muslims and Lumads are concentrated.

As a predominantly agricultural economy, the existence of good farm-to-market roads is a boon to Mindanao farmers as they facilitate transport of their produce from the production site to the market. Table 2 shows the status of farm-to-market roads provision in Mindanao as of June 1998. Between 1995 and 1998, the government programmed the construction of 2,606 kilometers of farm-to-market roads in preparing the agricultural sector for stiffer competition caused by our membership to the GATT-WTO. As of June 1998, 415 road projects were endorsed for the island, constituting about 526 kms. of farm-to-market roads. Assuming that these proposed 526 kms. of farm-to-market roads were all constructed, there would still be a backlog of 2,082 kms. of farm-to-market roads for Mindanao.

Table 1. Road Density and Pavement Ratio, 1999

Region	Total Area (sq. km.)	Total Road Density (km/sq km)	National Road (% to Total)	National Road Density (km/sq km)	Paved Road Percentage				
					National	Provincial	City	Municipal	Barangay
Philippines	300000.3	0.63	15.53	0.10	57.62	34.10	70.19	34.10	6.59
Luzon	141395.2	0.63	16.45	0.17	75.92	32.36	79.14	40.74	11.39
Visayas	56616.2	0.76	16.48	0.13	59.68	13.03	55.17	34.31	3.64
Mindanao	101998.7	0.57	10.53	0.07	61.20	9.28	76.93	16.75	2.28
IX	15997.2	0.69	9.06	0.07	46.32	4.14	89.87	20.48	4.44
X	14032.9	1.07	10.84	0.10	54.53	6.02	43.91	21.73	2.41
XI	27140.7	0.66	10.18	0.07	53.83	17.69	50.14	14.56	1.20
XII	14538.8	0.68	16.82	0.07	48.56	3.45	59.10	10.36	1.91
XIII	18847.0	0.41	2.84	0.07	41.15	6.33	50.15	25.59	2.50
ARMM	11442.2	0.70	10.05	0.02	100.00	5.69	100.00	3.88	1.57

Source of Basic Data: DPWH Central Office



**Table 2. Farm-to-Market Roads in Mindanao**

Year	No. of Projects Endorsed	Estimated Length (in km)	Programmed Length (in km)	% of RP GATT-UR Program	Backlog (in km)
1995	152	409	652	62.7	243
1996	29	17	652	2.6	635
1997	200	44	652	6.8	608
1998	34	56	652	8.6	596
Total	415	526	2608	20.2	2082

Source: Department of Agriculture Central Office, Status of Projects as of June 1998

Given this low priority for Mindanao roads, it is not surprising to see that the most productive areas in terms of grains output in the country has the least paved roads (refer to Table 3). More specifically, Regions 11, 12 and 10, which ranked third, fourth and fifth, respectively, in terms of highest grains volumes produced in the country garnered extremely low pavement ratio of less than 5 percent ratings. Undoubtedly, this has implications on the government's desire to achieve its national food security objective and in particular, of making Mindanao the country's food basket.

**Table 3. Grains Output by Pavement Ratio, 1996**

Region	Total Grains Output (000 mt)	Pavement Ratio (%)
I	996	9.8
CAR	226	5.5
II	1855	5.6
III	1784	15.8
IV-A*	1124	20.6
IV-B**		4.2
V	720	17.9
VI	1364	8.9
VII	402	8.6
VIII	507	13.9
IX	542	4.7
X	1381	4.3
XI	1650	1.6
XII	1559	3.6
ARMM	946	3.5
Philippines	15056	8.6

\* Calabarzon      \*\* Non-Calabarzon, South Luzon

Source: Table 13, Costales (1996).

The selected indicators presented above already imply a poverty-stricken Mindanao constituency. Table 4 corroborates this. In both magnitude of poor families per number of family households and poverty incidence, Mindanao ranked highest among the three island groupings. Although incidence of poverty improved from nearly half in 1994 to 46.5 in 1997, it is expected that the poverty figures worsened due to the combined effect of the regional financial crisis, the El Niño and La Niña phenomena, and the ongoing armed conflict in some parts of the island.

**Table 4. Magnitude of Poor Families and Poverty Incidence**

AREA	Magnitude of Poor Families		Poverty Incidence	
	1994	1997	1994	1997
Philippines	4,531,170	4,511,151	35.5	31.8
Luzon	2,108,341	1,924,741	36.1	30.0
Visayas	1,062,542	1,167,352	37.9	38.4
Mindanao	1,360,287	1,421,060	49.8	46.5
Region 9	227,259	223,219	44.7	40.1
Region 10	361,057	386,420	49.2	47.0
Region 11	357,615	382,668	40.3	38.2
Region 12	216,275	224,558	54.7	50.0
ARMM	198,081	204,195	60.0	57.3

Source: National Statistics Office (NSO), Family Income and Expenditure Survey, 1994 & 1997.

The picture is more dismal when viewed from the provincial living standard. Table 5 shows that the provinces comprising ARMM and Central Mindanao (where the Muslims are concentrated) ranked among the areas with the least purchasing power. In particular, the incidence and depth of poverty in Sulu, Tawi-tawi, and North Cotabato are staggering. No wonder then that the most intense clashes between government troops and the Muslim rebels are occurring in Sulu and North Cotabato.

**Table 5. Provincial Living Standard and Poverty Indicators (1997)**

Province	Ave. living standard* (Pesos, 1997)	Poverty	
		Incidence	Depth
Metro Manila	42,367	3.5	0.6
Central Mindanao			
Lanao del Norte	22,346	32.9	9.4
North Cotabato	17,130	42.7	13.4
Sultan Kudarat	19,302	21.6	3.2
ARMM			
Lanao del Sur	12,520	40.8	10.4
Maguindanao	17,043	24.0	4.0
Sulu	7,755	87.5	33.1
Tawi-Tawi	13,121	52.1	13.4

\*Mean per capita household expenditure adjusted for provincial cost-of-living differences

Note: Cities are incorporated in provinces in which they are located

Source: Balisacan, A. (1999), Poverty Profile in the Philippines: An Update and Reexamination of Evidence in the Wake of the Asian Crisis.

## **National and International Support**

### *Funding Resources*

In many of his pronouncements, President Estrada emphasized that his administration is serious in lifting the Mindanao economy from backwardness. Thus, he declared that he would transform the island into the country's "food basket", recognizing Mindanao's strength in agricultural production. With the war raging between government troops and the Muslim rebels, he announced that he intended to rehabilitate the Mindanao economy and be known as the President that finally made the island as the "Promise fulfilled", referring to the island's monicker as "The Land of Promise". Along this line he created the "Mindanao Coordinating Council", a superbody he chairs, to supervise and coordinate all development efforts in the area. But whether he can deliver on his promises can be largely gauged by the amount of resources that his government will pour to the development of Mindanao compared to the other islands in the country.

Table 6 is a summary presentation of the budget allocation of national agencies for Mindanao by region for the period 1998-2000. At the outset, it should be emphasized that the above figures do not fully reflect the amount devoted for Mindanao. A large portion of a national agency budget is lodged in the "Office of the Secretary". For instance, in the Department of Agriculture, more than 40 percent of

its budget is under the Office of the Secretary. The large discretionary authority of the Secretary allows him to channel resources of the agency in favor of the Department's priority projects or that of the President. Thus, it is expected that given the signals from the President and the priority accorded by the DA to Mindanao, a large chunk of the fund from the Office of the Secretary might have gone to the development of Mindanao's farmland.

**Table 6. Budget Allocation of National Agencies for Mindanao by Region, 1998-2000**

	Number	% to total of Mindanao
<b>1998</b>		
Region IX	6,461,740,000	16.69
X	6,371,331,000	16.46
XI	9,238,986,000	23.87
XII	6,442,890,000	16.64
CARAGA	4,575,352,000	11.82
ARMM	5,617,393,000	14.51
<b>Mindanao</b>	<b>38,707,692,000</b>	<b>16.16</b>
<b>Philippines</b>	<b>546,743,816,000</b>	
<b>1999</b>		
Region IX	6,226,120,000	17.25
X	5,966,343,000	16.53
XI	9,342,896,000	25.89
XII	5,765,336,000	15.98
CARAGA	4,278,194,000	11.86
ARMM	4,504,271,000	12.48
<b>Mindanao</b>	<b>221,540,480,000</b>	<b>16.29</b>
<b>Philippines</b>	<b>585,097,506,000</b>	
<b>2000</b>		
Region IX	6,705,018,000	19.35
X	6,956,869,000	20.07
XI	9,250,820,000	26.69
XII	6,580,736,000	13.58
CARAGA	4,706,890,000	13.58
ARMM	478,782,000	1.38
<b>Mindanao</b>	<b>233,171,976,000</b>	<b>14.86</b>
<b>Philippines</b>	<b>731,070,141,000</b>	

Similarly, the Office of the President also commands considerable budgetary resources. This means that a large proportion of this fund might have gone to Mindanao's development. The essay is not able to capture these expenditures given limited time and the lack of research assistance to undertake this tedious work of looking for data per agency.

Table 6 shows that instead of increasing the budgetary pie for Mindanao, it has actually decreased. From 16.16 percent in 1998, it went up by a miniscule 16.29 percent in 1999, but went down to 14.86 percent of the total national agencies' allocation for Mindanao. It should be pointed out that the budgets for 1998 and 1999 were still the handiwork of the old Congress under the Ramos administration. It was only the budget for the year 2000 which was directly and fully influenced by the incumbent government. This reveals that a lot of improvements need to be instituted in this area if there is going to be a match between the government's pronouncements and reality in the field.

On the other hand, Table 7 summarizes the official development assistance (ODA), more popularly known as foreign donors' assistance, committed to Mindanao's development for the same period (1998-2000). A total of 46 donor-funded projects are approved for Mindanao. Around 15 are ongoing and the rest are either under the final phase of negotiations or have been signed for implementation. A big portion of these projects will be implemented in the SZOPAD (Special Zone for Peace and Development) areas, which is an indication of the relative success of the previous administration in convincing donor agencies to invest in Mindanao's peace and development. Likewise, it has to be noted that for a project to be approved and funded by a donor, it takes at least two years of negotiation before its approval and implementation. This means that most of the projects listed are products of the efforts of the past administration.

Also, most projects listed are infra-related, particularly in the rural areas of Mindanao, while quite a number are for institutional building purposes. Funding for infrastructure are expectedly big budgeted compared to livelihood or capability-building activities. According to the Presidential Committee on Flagship Programs and Projects and the NEDA staff, there are two major bottlenecks in the speedy implementation of these projects: one is the right of way issue which takes considerable time to settle due to our slow judicial process, and two is the inability of government to come out with its counterpart fund obligations as a result of the budgetary difficulties it is facing.

**Table 7. Official Development Assistance (ODA)  
Commitments for Mindanao by Region**

Project Title	Funding Source	Amount (US\$M)	Status/Remarks
<b>1998</b>			
<b>Region 10 – Northern Mindanao</b>			
Management of Critical Coastal Areas in the Philippines	New Zealand	0.25	TOR completed. FS design to commence 1999-2000
<b>Region 10 total</b>		<b>0.25</b>	
<b>Region 11 – Southern Mindanao</b>			
Upland Development Programme for Southern Mindanao	EC	14.15	NEDA Board approved on 24 March 1998
Integrated Coastal Zone Management Project	GOJ OECF 22 <sup>nd</sup> YLP	28.95	L/A signed 7 September 1998
<b>Region 11 total</b>		<b>43.10</b>	
<b>Region 12 – Central Mindanao</b>			
Management Support for Expanded Project of Assistance for Delivery of Basic Services, Livelihood Development, Skills Training and Capability Building	UN System UNDP	2.45	Ongoing as of 27 February 1998
Cagayan de Oro - Iligan Corridor (Laguindingan) Airport Project	Korea EDCF	26.04	Loan agreement signed February 1998
Metro Iligan Regional Agri-Industrial Center (Miraic) Off-site Infrastructure Development Project	GOJ OECF 22 <sup>nd</sup> YLP	37.50	Loan agreement signed 7 September 1998
<b>Region 12 total</b>		<b>65.99</b>	
<b>Region 13 – CARAGA</b>			
Philippine-Korea Joint Project on the Exploration of Submarine Placer Mineral Deposits of Surigao del Norte and Agusan del Norte	Korea KOICA	0.96	Ongoing since December 1997
<b>Region 13 total</b>		<b>0.96</b>	
<b>Interregional</b>			
Formulation of Trans-boundary Diagnostic Anal & Preliminary Framework for a Strategic Action Program for the Sulu-Celebes Large Marine Ecosystem	UN System GEF-UNDP	0.03	Signed
Philippine-Canada Environmental and Economic Management Project	Canada CIDA	7.04	Committed as of June 1998
Equipment Supply for Road Construction in Western Mindanao	GOJ JICA	9.90	Ongoing

Project Title	Funding Source	Amount (US\$M)	Status/Remarks
Entrepreneur Support Project (ESP)	Canada CIDA	3.52	Ongoing
Enterprise Linkage Project (ELP)	Canada CIDA	0.94	Ongoing as of 1 September 1998
LGSP Phase II Local Government Support Project	Canada CIDA	31.00	Ongoing
Support Project for Ex-MNLF Members and Their Families (Phase II)	Spain	0.62	GOS has extended \$.215 M in July 1997 which is over and above the committed amount
Confidence-Building in the SZOPAD through mobile information, referral and community assistance service (MIRCAS)	UN System UNDP	1.20	Ongoing implementation
Human Resource Development Programme on Governance and Livelihood for the SPCPD	UN System UNDP	0.50	Ongoing as of 7 July 1998
Human Resource Development Programme on Governance and Livelihood for the SPCPD	UN System UNDP	0.66	Ongoing since July 1998
Assistance in Reducing Mercury Emission in Highly Contaminated Gold Areas in Mindanao, Phase 1	UN System UNDP	0.19	Signed 15 May 1998
CIDA-Philippine TB Initiative	Canada CIDA	1.50	Ongoing
Secondary Education Development and Improvement ( <i>co-financed by OECD</i> )	ADB	50.00	Negotiated November 1998
Early Childhood Development	WB	40.00	NB approved. Loan agreement signed February 1998
Community-Based Resource Management	WB	50.00	NB approved. Loan agreement signed Feb. 24, 1998
Southern Philippines Airport Development ( <i>formerly Second Airports Development</i> )	ADB	93.00	ICC Cabcom: 14 August 1997; Negotiations, 18- 21 Aug. 1997; NEDA board approval subject to submission
Mindanao Second Roads Improvement Project (MSRIP)	Kuwait	33.20	Loan agreement signed 8 June 1998
Southern Philippines Irrigation Sector	ADB	60.00	Negotiated last

Project Title	Funding Source	Amount (US\$M)	Status/Remarks
			November 1998
<i>Interregional total</i>		<i>383.60</i>	
<b>1998 TOTAL AMOUNT</b>		<b>493.60</b>	
Number of Projects		25	
<b>1999</b>			
<b>Region 10 - Northern Mindanao</b>			
Bukidnon Forest Plantation Project	New Zealand	1.38	New Zealand approved extension but contingent on continued GOP support for the project and request for E/N extension
Philippine-Australia Local Sustainability Program	Australia AusAID	8.44	Ongoing
<i>Region 10 total</i>		<i>9.82</i>	
<b>Region 12 - Central Mindanao</b>			
Cotabato River Basin Integrated Grains Augmentation Support (BIGAS) Program	Spain	0.31	
<i>Region 12 total</i>		<i>0.31</i>	
<b>Interregional</b>			
Integrated Food Security Program for Drought Victims of Mindanao	GOJ	4.13	Exchange of notes signed June 1999 for KR2 Funding
Educational Facilities Improvement Program (EFIP) Phase V (DECS)	GOJ JICA	24.07	Ongoing
Training of English Trainors	New Zealand	0.23	FS completed. In case of under expenditure, the project may absorb some of the funds.
Community-Based Forest Resources Management Project (Sustainable Forestry Management)	ADB	0.60	Approved by the ADB board on 25 October 1999
SZOPAD Rehabilitation Programme	EC	1.90	Financing memorandum already signed; for implementation in 1999
Mindanao Rural Development Project	WB	30.00	Negotiated in August 1999
LGU-Urban Water and Sanitation-APL 1	WB	30.00	Negotiated
Water Districts Development Projects	WB	57.00	Signed
Philippine-Japan Friendship Highway Road Rehabilitation Project in Mindanao, Phase II	GOJ OECF	73.93	E/N signed, 27 December 1999. Loan



Project Title	Funding Source	Amount (US\$M)	Status/Remarks
	23 <sup>rd</sup> YLP		signing in January 2000
Salam Peace Bridges	UK	16.25	Supply contract signed, 5 May 1999; Loan agreement signed, 25 August 1999
<i>Interregional total</i>		<b>238.09</b>	
<b>1999 TOTAL AMOUNT</b>		<b>248.22</b>	
Number of Projects		13	
<b>2000</b>			
<b>Region 10 - Northern Mindanao</b>			
Mindanao Container Terminal Project	GOJ JBIC-SYLP	85.34	Loan agreement signed 3 April 1999
<i>Region 10 total</i>		<b>85.34</b>	
<b>Region 13 - CARAGA</b>			
Second Magsaysay Bridge and Bypass Road Project	GOJ JBIC-SYLP	37.28	Loan agreement signed 31 August 1999
<i>Region 13 total</i>		<b>37.28</b>	
<b>Interregional</b>			
Industrial Waste Management Study in the Philippines	GOJ JICA	3.23	Ongoing
Technical Vocational Education Project	Australia AusAID	1.52	Memorandum of subsidiary arrangement signed February 2000
<i>Interregional total</i>		<b>4.75</b>	
<b>Nationwide</b>			
Irrigators' Association Strengthening Project in National Irrigation Systems	GOJ JICA		Ongoing
Credit Lines for SMEs	FRG KFW	98.04	Approved by the NB on 6 October 1999
Family Planning and HIV Prevention Project (aka Extension/Expansion) of the Contraceptive Social Marketing Project	FRG KFW	39.22	Approved by the NB on 5 February 2000
National Roads Improvement and Management Project	WB	100.00	Ongoing
<i>Nationwide total</i>		<b>237.26</b>	
<b>2000 TOTAL AMOUNT</b>		<b>364.63</b>	
Number of Projects		8	
<b>TOTAL COMMITMENTS, 1998-2000</b>		<b>1,106.45</b>	
Number of Projects, 1998-2000		46	

### *Institutional Support Mechanism*

Another way of assessing efforts to rehabilitate the Mindanao economy is to examine the institutional mechanism that will coordinate development efforts in the island. We have an array of them in the previous administrations among which, to name a few, are the Southern Philippines Development Authority (SPDA), the Office of Muslim Affairs (OMA), the Southern Philippines Council for Peace and Development, the Office of the Presidential Assistant for Mindanao (OPAMin), and the Mindanao Economic Development Council (MEDCo). Under the present government, OPAMin was replaced by three Presidential Assistants for Regional Concerns (PARECOs) i.e. Northern, Southern and Western Mindanao, and lately, the Mindanao Coordinating Council (MCC), chaired by the President himself (with the Executive Secretary as Vice-Chair, Cabinet Secretaries, selected senior government officials and private sector representatives as members, and the Presidential Management Staff serving as its Secretariat), was created through Executive Order No. 261 signed last 5 July 2000. As many have pointed out, MCC as a superbody might not be effective in discharging its functions given that its members are extremely busy individuals attending to so many concerns besides Mindanao issues. Moreover, with the delegation of three Presidential Assistants (PAs) instead of one, the unity of command in terms of determining the priority development activities is undermined by this setup. And unlike the previous PA who had direct access to the President, the new PAs are administratively under the Executive Secretary. In turn, this constrains immediate feedback to the President on matters affecting Mindanao's peace and development efforts.

In short, the current institutional mechanism is not up to the task of fostering the development of Mindanao economy because (a) it lacks unity of command; (b) there is inadequate representation from the Mindanaoans themselves because most of those who run the organization are based in Manila; (c) it does not offer immediate feedback to critical policymakers who will decide on the implementation of priority projects; and (d) monitoring and evaluation activities cannot be easily undertaken as responsibilities are not clearly delineated and accountabilities not clearly defined.

### **Recommendations**

The above discussion illustrate that efforts, both national and international are underway to rehabilitate the Mindanao economy. Nevertheless, it was also shown that these efforts are not enough to fully address the problem of severe poverty hounding the Mindanaoans. Undeniably, the current armed conflict in the island is deeply rooted in the socioeconomic deprivation of its inhabitants. Thus, any medium and long term solution to Mindanao's problem will have to confront these socioeconomic issues. The current emphasis therefore on militarily defeating the enemy will not address these real issues. Prolonging the armed struggle will only

result in the further strangling of the already precarious economic situation of the island.

Given this perspective, the following recommendations are forwarded:

1. Pursue a negotiated settlement of the conflict. For this to work out, there must be greater understanding on the part of our national leaders of the nature and causes of the rebellion and a greater appreciation of the cultural diversity among our people. It is by now a truism to say that peace is a precondition for the development of Mindanao. The problem is that despite being so, this fact cannot seem to be fully appreciated.
2. In the pursuit of the peace and development process, there should be wide consultation with and participation of the Mindanaoans. It is indeed ironic that a number of critical institutions intended to help the island's economy do not have local representatives. This results in a lot of confusion in terms of identifying what priority projects should be implemented and the kind of solutions offered to solve its problems.
3. Better monitoring and evaluation of projects intended for Mindanao should be undertaken. Again, the slowness in project implementation can be largely attributed to the fact that the decision making process is concentrated at the central rather than done at the local level.
4. Investments in capability building programs/projects should be increased to improve the skills of Mindanao. The advent of IT has made skills upgrading activities inevitable if Mindanao is to take advantage of the many opportunities presented by this new technology.
5. While IT investment is important, one should not neglect the fact that the Mindanao economy is still a predominantly agricultural economy. The initial spurt for its development must necessarily come from this sector and hence, productivity and cost-reducing infrastructure must be provided to Mindanao's countryside to make its agricultural sector globally competitive. Likewise, investments in agriculture will go a long way in reducing the poverty incidence in the island given that most of the poor are residing in the rural areas and are dependent on their income from agriculture.
6. Finally, a shift in the development paradigm for Western and Central Mindanao (or the conflict-affected regions) must be undertaken, away from the private or market driven development model to one wherein the government or the state is viewed as an active partner in the development process. The virtual lack of a private sector or the existence of market failure in these regions means that the orthodox economic

paradigm when applied to this area is a sure formula for an economic debacle.

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