

The Search for Durable Solutions

Armed Conflict and Forced Displacement in Mindanao, Philippines

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Cover photo: International Displacement Monitoring Center IDMC- Norwegian Refugee Council (Fresh arrivals. Three newly displaced families who just arrived in the camp the same day. After initially seeking shelter in a camp close to their homes in Datu Pian but where they didn't feel safe, these IDPs decided to flee further away from the combat zone and traveled to Datu Odin Sinsuat municipality.)

Content

Foreword ii

I. Introduction 1

II. The Context 2

III. Proposed Knowledge Production Activities (Analytical Work) 11

IV. Policy and Operational Activities 16

V. Potential Partners and Financing 20

VI. Risk Analysis 23

Foreword

This study on the nexus between conflict, displacement and development was commissioned by the World Bank office in the Philippines, with support from the Global Program on Forced Displacement (GPDFD) located in the SDV anchor. The report on the study entitled: “The search for durable solutions: Armed conflict and forced displacement in Mindanao, Philippines” was completed in March 2010 and is presented in this publication.

The study is an example of how we as a development partner can tackle issues under the heading of Conflict, Security and Development. It is also an example of how to move from analysis to policy refinement to operational development action on a complex issue.

Since the study was completed, a number of follow up actions have been taken:

(i) The study has helped to refine and consolidate thinking on our conflict program to build on the strong platform of community-driven development programming and expand the focus on issues such as urban displacement, regional economic integration, and access to justice.

(ii) The study has been shared with government and also informed a briefing note on Mindanao as part of the Bank’s analytical input into the upcoming Medium-Term Philippines Development Plan (MTPDP).

(iii) Existing partnerships were essential for taking this work forward and AusAID and the World Bank are working together to take forward some of the recommendations, including an economic integration political economy assessment.

(iv) A new partnership was established with World Food Program to initiate one of the key recommendations of the study, a comprehensive assessment of the IDP situation. That study will provide critical information and analysis through a survey covering 3,500 respondents to support strategies for durable solutions to the long-term recovery needs of IDPs and other households affected by a continuing cycle of displacement in Mindanao. Data collection is completed and data entry and analysis is in progress and the report is expected in June 2011.

Bert Hofman

Country director for the Philippines
The World Bank

I. Introduction

1. The purpose of this strategy note is to: (i) understand the underlying structural causes, cyclical nature, scale, and impact of involuntary internal displacement due to armed conflict and; (ii) identify development options and actions to enable durable solutions for internally displaced persons (IDPs) resulting from the armed conflict in Mindanao. The note will move from an understanding of the context to recommended strategic knowledge building and operational program components including suggestions for partnering, financing, and an analysis of risks and attendant mitigating actions.

2. The note's strategic focus of durable solutions will be on: (a) social and economic *integration* of IDPs into existing localities; (b) return and *reintegration* into places of origin; and/or (c) *resettlement* into other (new) areas. The note will not recount the many detailed reports on internal displacement in the Philippines, but seeks to capture the historical background, current context, and key issues surrounding armed conflict and internal displacement in Mindanao.¹

3. The issue of internal displacement due to violent conflict is not a novel challenge to development institutions. In the late 1990s a related global initiative was launched by a number of humanitarian relief and development agencies (UNHCR, UNDP, and the World Bank, in particular) called the "Brookings Initiative on Bridging Relief and Development". For whatever reasons, the initiative never really took root. Within the World Bank, displacement has recently gained increased momentum through its initiative on forced displacement.² The timing is, thus, now ripe to look at forced displacement as being at the center and not the periphery of the peace, security and development challenge in Mindanao.

4. With the above introduction in mind, this strategic note will first look at the contextual factors (political economy) shaping the development alternative for sustainable or enduring solutions; then proceed to: (a) discuss, prioritize and sequence analytical and operational actions (short- and medium- to long-term); (b) identify potential partners and resources for risk and burden sharing; and finally (c) discuss the risks particularly in implementation and reputation, and how they might be mitigated. It is not the intent of this document to be all encompassing, but rather select and strategic in nature. References throughout the note will be made to key documents for more detailed information and analysis on any given theme.

¹ Numerous situational analyses, studies and reports have been undertaken on IDPs in Mindanao. It is not the intent of this note to recount their findings and recommendations, but to highlight the key pertinent messages informing the development challenge for IDPs. For a more detailed account especially from a humanitarian and protection or human rights perspective please consult: "[Cycle of conflict and neglect: Mindanao's displacement and protection crisis](#)", May 2009, by the Internal Displacement Monitoring Centre (IDMC) and the Norwegian Refugee Council (NRC). Also see, "Unveiling what is behind the conflict-IDP component of the study on growth and lagging areas in Mindanao." December 2008. Mindanao Land Foundation, Inc., World Bank: Manila. Note that the IDP challenge was raised in the December 2005 "Joint Needs Assessment for Reconstruction and Development of Conflict-Affected Areas in Mindanao", and more recently in the April 2009 [World Bank Country Assistance Strategy](#), as well as in the report: "Moving Toward Economic Integration for Sustained Development and Peace in Mindanao" of May 2009. These documents have all informed the preparation of this strategy note.

² See "[Forced Displacement: Overview of the World Bank Portfolio](#)", Social Development Notes: Conflict, Crime and Violence. No. 122, November, 2009, the World Bank: Washington, D.C. Also see, "[Forced Displacement: The Development Challenge](#)" by Asger Christensen and Niels Harild. Crime and Violence Issue Note. December, 2009. Social Development Department, the World Bank: Washington, D.C.; and the Philippines Displacement Country Information Sheet. Draft Mimeo, June 25, 2009, the World Bank: Washington, D.C.

II. The Context

5. ***The underlying structural causes of forced displacement.*** In the conflict-affected areas of Mindanao, forced internal displacement is not only a derivative of armed conflict, but an objective of various interested parties to the conflict in and of itself. It is at the very heart of the political economy of Central Mindanao. It is in essence, a means to control strategic territory (land and natural resources) by influencing the movement and loyalties of the local population. The IDPs or local population are pulled and pushed in multiple directions as the primary means of asserting territorial control and political influence.

6. For example, the Armed Forces of the Philippines (AFP) overtly seeks through its counter-insurgency (COIN) strategy and positional warfare to clear the local population and create a “free fire zone” as such, separating the civilian population from armed combatants and controlling the local population in concentrated camps or evacuation centers.³ While the Moro Islamic Liberation Front (MILF) advocates the immediate return of displaced to communities of origin in order to recapture or hold territory and related popular loyalties to support their armed struggle for self-determination (military and civilians are intermingled, citizen soldiers as such, farmers and fishermen by day and combatants by night).

7. Meanwhile, the local Moro clan oligarchs (typically large land owning Datus or traditional Sultanate nobility), organized around a feudalistic patron-client structure and possessing their own armed militia,⁴ benefit from the forced displacement and indentureship of the local poor through the combined use of money and guns to obtain control over their lands, labor, and/or votes. It has been noted by a number of analysts that these same traditional local elites amass contemporary political power in the form of elected positions such as governors, mayors, etc., by entering into a political economic bargain with the national political elites to barter Internal Revenue Allocations (IRA) from the central state treasury in exchange for delivering votes and security for the competing national and local political actors.⁵ In short, it appears that clan-based local and national leaders

³ This is a classic counter-insurgency strategy enacted in several historical internal conflicts ranging from its use by the British in Malaya, called the “strategic village” approach to the American strategy in Viet Nam, referred to as the “village hamlet” strategy; to the more recent Uganda strategy in the North referred to as the “protected villages”. Indeed, an earlier study on the nature and scale of displacement in the Philippines undertaken by UNICEF (see [“Uncounted Lives: Children, Women and Conflict in the Philippines”](#), October 2006: Manila) drew the important analytical conclusion that the nature of the military or war strategy determines the extent and duration of displacement and the speed and mode of return and reintegration. “Positional warfare”, i.e., fighting in large scale units over vast territory such as in camp Abubakar in Central Mindanao, results in massive, long-term displacements (tens of thousands, remaining in evacuation centers for years) and often necessitates integration in situ or resettlement. Conversely, “counter insurgency”, i.e., small, more mobile units in select village or *barangays*, typically results in smaller, short-term displacement (hundreds or less persons for only days and weeks at most). In fact, as the internal war strategy against the New Peoples Army (NPA) is one of “COIN”, one can see that the displacement in those areas is smaller in size and shorter in duration and more readily addressed through return and reintegration policies and programs. In contrast, the “positional warfare” over larger territorial areas like the Li Marsh and surrounding lowlands to the coastal areas in Central Mindanao generates displacement of a larger and longer duration requiring a different development and policy strategy to enable return and or resettlement.

⁴ The local militia are often armed and supplied with ammunition by the AFP and paid a small stipend by the clan leaders as civilian volunteer organizations (CVOs) and civilian armed forces geographical units (CAFGUs) paid by the AFP as force multipliers in the larger COIN strategy. Both CVOs and CAFGUs are legally enshrined. There is a move afoot following the recent “Maguindanao Massacre” and the temporary declaration of Martial Law in the province to change their legal status and even disband some of these forces.

⁵ See Asia Foundation study: [“Rido: Clan Feuding and Conflict Management in Mindanao.”](#) by Wilfredo Magno Torres III, Eds., October, 23, 2007: Asia Foundation: Manila.

conspire to manipulate displacement as an instrument to manage the devolved national budget (especially in the form of the IRA to the provinces) and control the local electoral processes in the form of vote buying.⁶ Armed struggle is only the outer manifestation of the deeper political economic interests and factors at work in center-periphery relationships in Mindanao.

8. Finally, the donors and NGOs are not without interest (albeit unintentional) and subject to the manipulation and cooptation of their relief and development resources as such, especially the humanitarian agencies whose very *raison d'être* is dependent upon a steady flow of displacement in need of food, shelter, and protection. Of course, the development agencies are also not without fault by providing either mis-targeted, insufficiently small, poorly focused/thinly spread, and/or weakly governed financial aid to have any real enduring impact on either the IDPs' growing marginalization and dependence or the broader peace, security and development situation in conflict-affected areas of Mindanao.

9. Social stigmatization, discrimination, and economic marginalization soon ensue to seal the fate of IDPs, limiting their options and prospects for return and or resettlement and ensuring their deepening dependence and poverty in their current location be it in an evacuation center, a temporary relocation site (sometimes a formally declared closed old evacuation site), or simply an urban or peri-urban squatter settlement.⁷

10. In sum, historical policies, inequality, marginalization, weak governance, and entrenched poverty have conspired to ensure underdevelopment and dependency among the Muslims and Lumads of Mindanao. The confluence of armed conflict, corrupt politics, and the destruction/confiscation of rural IDP productive assets, especially land, (i.e., guns, mis-governance, and arrested development) are at the very heart of the political economy of conflict-affected Mindanao. The impact of the perpetual cycles of violence discussed below has not only led to chronic displacement but also continuous impoverishment and arrested development in these communities.

11. A better understanding of the underlying structural causes of displacement to inform development design and implementation is a necessary first step to addressing the needs and aspirations of IDPs, but can also serve as a window into the success and/or failure of broader donor development policy and programming throughout Mindanao.

12. ***The cyclical nature and scale of forced displacement in Mindanao.*** Displacement has historically been cyclical, uneven in scale, highly mobile, and difficult to measure. Earlier conflict related displacement and resettlement goes as far back as the 1960s with resettlement of the former combatants from the "Hukbalahap" communist insurgency in Luzon to the Buliok area of Central Maguindanao. Of course this was even pre-dated by planned population resettlement from Luzon and the Visayas to Mindanao during the American Colonial administration, followed by a conscious legally framed resettlement and land titling program of the newly

⁶ To quote, "The Ampatuans' (read local Moro clan elite) exercise of absolute authority was made possible not only by political patronage from Manila, but also by laws and regulations permitting the arming and private funding of civilian auxiliaries to the army and police; lack of oversight over or audits of central government allocations to local government budgets; the ease with which weapons can be imported, purchased and circulated; and a thoroughly dysfunctional legal system." Pg. 1, "The Philippines: After the Maguindanao Massacre", December 21, 2009, International Crisis Group: Jakarta and The Hague.

⁷ This pattern is not unique to Mindanao or the Philippines as such. One can see the same pattern in other countries with high forced displacement levels due to conflict. For example, read "Paramilitary Groups and National Security: A Comparison between Colombia and Sudan", Issue 4, 2009, [Conflict Trends: Conflict in the Developing World](#), ACCORD, South Africa.

independent Philippine Government. The shift in the overall population balance between Christians and Muslims, northerners and southerners has been enormous over the past century, accelerating with organized resettlement since independence. From 1903 to 1990 alone, the Moro population in Mindanao declined from 77 to 19 percent.⁸

13. Remnants of the earlier displacement due to armed conflict between the MNLF-GOP in the 1970s are still evident today with many Moros from that period being displaced and eventually settling in urban and peri-urban centers from Cotabato, Davao City, and Zamboanga in Mindanao, to as far north as Baguio and Manila in Luzon.

14. The cycle of conflict and displacement has continued and peaked over the past decade following President Estrada's "All Out War" strategy in 2000 leading to an estimated 900,000 displaced persons. Most of these returned to communities of origin only to be displaced again in 2003 with renewed AFP operations in the Buliok complex (an MILF stronghold) during the early years of President Macapagal-Arroyo's first administration transitioning to national elections. This resulted in a net displacement figure of about 400,000 IDPs.

15. The IDP level began to decline again in 2003-04 immediately after the elections. It then began to rise slowly to about 160-200,000 in 2005-07 due to the AFP pursuit of bandits and Al Qaeda linked terrorists in the form of the so called "Abu Sayyaf" and the "Pentagon Gang."

16. In 2008, displacement rose again when the MILF-GOP peace negotiations broke down over the failure to sign the Ancestral Domain agreement. This led to rogue MILF elements and AFP engaging in armed conflict resulting in over 100,000 more persons being displaced in Central Mindanao. Thus, there was an increase in the aggregate displacement to an estimated 700,000 persons across Central Mindanao in 2008. This figure later decreased to about 250,000 persons by 2009 with the return, relocation and resettlement of many IDPs due to the ceasefire agreement and the halt of military operations by both MILF and AFP.

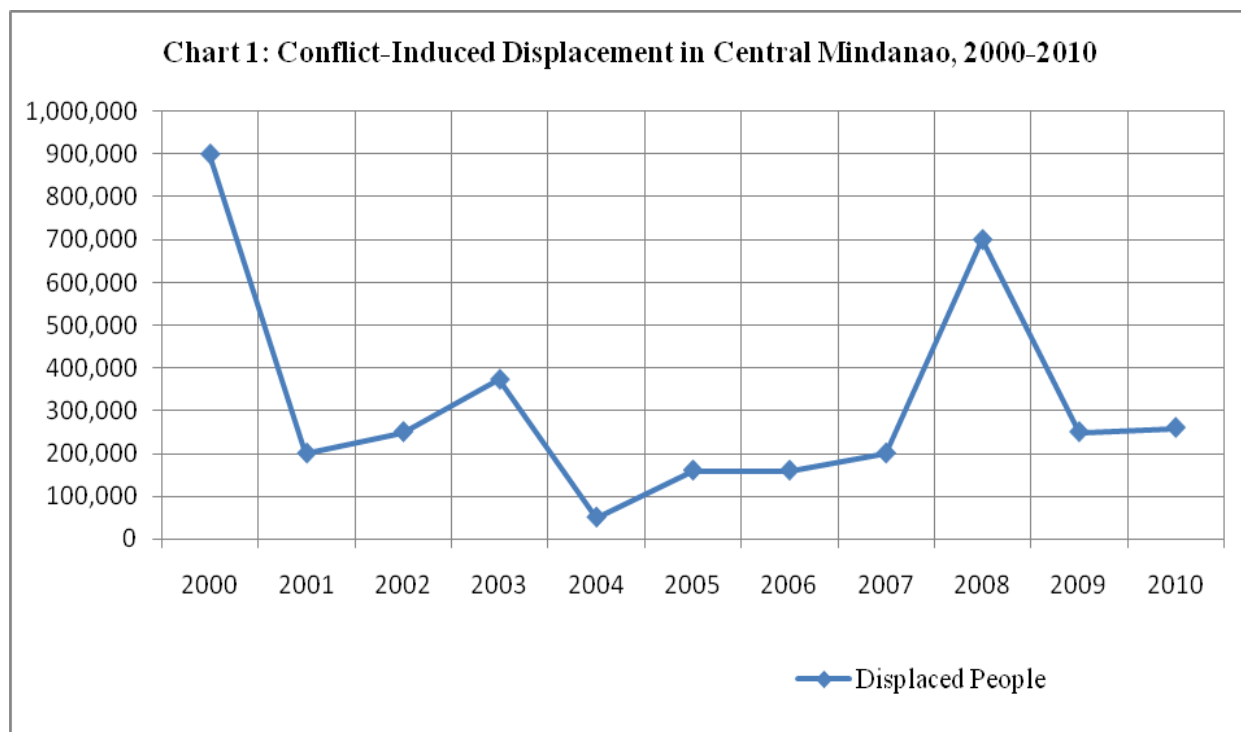
17. More recently, in January 2010, following a major, politically motivated clan or "rido" conflict in Maguindanao on November 23, 2009 (the so-called "Maguindanao Massacre") about another 11,000 persons were displaced, bringing the current estimated number of displaced to about 260,000 persons.

18. The Department of Social Welfare and Development (DSWD) officially reports the total displacement in Central Mindanao alone as of January 19, 2010 to be 20,343 families (approximately 101,000 persons). However, this number only accounts for those IDPs in 80 evacuation centers, while it is estimated that an equivalent number are living with friends and family, remaining in "officially" closed evacuation centers, and/or in temporary relocation sites.⁹ It is, thus, safe to say that today, one is working with a number of about a quarter of a million internally displaced persons due to armed conflict in Central Mindanao.

⁸ See "Cycles of Conflict and Neglect: Mindanao's Displacement and Protection Crisis", May 2009, IDMC/NRC, pg. 8. Also, as noted in "[Land tenure stories in Central Mindanao](#)", 2009, KFI and MedNet, from 1918 to 1970, the census reports for Cotabato recorded that the number of Moro majority towns decreased from 20 to 10 and the number of settler (Christian) majority towns increased from 0 to 38.

⁹ These data were provided by the Department of Social Welfare and Development. It notes that officially 80 evacuation centers still exist. In November, 2009 there were 43,447 families in such centers and by January 19, 2010 there were 20,343 families with the difference having "returned to their respective places of origin". It is said that the GOP plans to close all evacuation centers by March 2010. The most recent OCHA data from the Philippines Mindanao Response, Humanitarian Situation Update, January 19, 2010, reports some 110,000 displaced in about 98 evacuation centers, noting that this figure does not reflect the displacement caused by the Maguindanao massacre, nor does it include those displaced living outside of evacuation centers with families and friends or in relocation centers and former evacuation centers which have been officially closed by the GOP.

19. The following chart balancing multiple sources depicts the estimated ebb and flow of conflict-induced displacement in Central Mindanao.



Sources: World Bank (2005), *Joint Needs Assessment for Reconstruction and Development of Conflict-Affected Areas in Mindanao*; Mindanao Land Foundation, Inc. (2008), *Unveiling What is Behind the Conflict: IDP Component of the Study on Growth and Lagging Areas in Mindanao.*; IDMC (2009), *Cycle of Conflict and Neglect: Mindanao’s displacement and Protection Crisis*.

20. **Knowledge gaps: gauging IDP decision making.** There have been continual efforts from the government (DSWD), NGOs (Community and Family Services International-CFSI and Oxfam, among others), the International Committee of the Red Cross (ICRC), and donors and UN agencies (particularly humanitarian agencies such as the World Food Programme (WFP), the Office for the Coordination of Humanitarian Affairs (OCHA), United Nations Children’s Fund (UNICEF), the EC funded study Liguasan Marsh Vulnerability Survey undertaken by Accion Contra el Hombre, and others to profile and assess the number, condition, and needs of IDPs.¹⁰ The International Organization for Migration (IOM) has recently designed and transferred a Humanitarian Monitoring and Tracking System to the DSWD for the purpose of improving the monitoring and tracking of IDPs.

21. However, the profiling and needs assessment efforts to date, although in similar geographical areas covering the same target population, have been uneven and deficient in scope and quality (focusing primarily on

¹⁰ See WFP, [“Joint Emergency Nutrition and Food Security Assessment of the Conflict-Affected Persons in Central Mindanao, Philippines”](#), January-March 2009, for the most recent, extensive and systematic assessment. WFP is in the process of completing an updated survey undertaken in January 2010 which goes beyond nutrition and food access to assess other more general conditions and needs such as water, sanitation, health and education access). However, this work still does not sufficiently cover the assessment of social capital/cohesion, access to productive assets and livelihood related data required for social and economic recovery planning and programming.

humanitarian protection and situational analysis and not on reintegration, resettlement and development needs). They have not sufficiently included social and economic development requirements of IDPs and related productive asset driven opportunities within communities where they are integrating, resettling, or returning/reintegrating (origin). Nor have the studies been methodologically sufficiently robust to inform policy by capturing the multiple factors (security, shelter, food, livelihood opportunity, land or property rights, access to basic services, degree/strength of social support, among other variables) which shape the decision making processes of IDPs especially regarding the trade-offs around the options of integration, relocation, resettlement, and return to places of origin.¹¹

22. Although more recently, OCHA coordinated an "IDP Intentions" survey with inputs from a number of agencies, eliciting a number of interesting trends concerning IDP preferences (e.g., with regard to security, shelter, food, and livelihood), the sampling framework lacked rigor and the final data analysis and write-up have yet to materialize as of this writing.

23. The above knowledge base suggests a need for a more comprehensive empirical survey to help inform development policy and programming design particularly as it relates to the formulation of durable solutions concerning the integration, reintegration and resettlement of IDPs.

24. ***Land tenure and property rights: the critical ingredient.*** Despite numerous attempts at agrarian reform over the years, land remains at the heart of conflict throughout the country but especially in Mindanao with its vast tracks of fertile agricultural lands. Historically there has been an array of land laws dispossessing the Moros of their culturally identified property rights. This began with the Land Registration Act 496 of November 6, 1902 under the American Colonial Administration which required registration and titling of all lands occupied by private individuals and corporations. It fundamentally declared null and void past existing Moro and Lumad indigenous land tenure arrangements. This was followed by the April 4, 1903 Act 718 nullifying all land grants from Moro Sultans or Datus and chiefs of non-Christian tribes without prior government authority and consent. The Philippine Commission subsequently passed Public Land Act 926 on October 7, 1903 permitting each person to acquire a homestead land of 16 hectares and every corporation to claim titled land of 1,024 hectares. Two decades later, this Act was amended by Act 2878 expanding homesteaders to 24 hectares and specifying for non-Christians the right to acquire land not exceeding 10 hectares. On November 7, 1936, the Land Act was again amended through Commonwealth Act 41 reverting from 24 to 16 hectares for Christians and further reducing homestead rights from 10 to 4 hectares for non-Christians.¹²

¹¹ For a comprehensive and methodologically sound research model for understanding IDPs and communities of return/resettlement, linking the findings to development policy choices, see the survey work of the Human Rights Center (HRC) at the University of California, Berkeley and the Payson Center for International Development, Tulane University on IDPs in Northern Uganda: "[Peace building and Displacement in Northern Uganda: A Cross-Sectional Study of Intentions to Move and Attitudes Towards Former Combatants](#)", Refugee Survey Quarterly, Vol. 28. No. 1, UNHCR, Geneva. To quote: "The findings support the proposition that return and/or resettlement is, at its core, a development program. Regardless of the policy options advanced, a sustainable solution to displacement is central to achieving peace and has long term implications in shaping the post conflict society." Page 71.

¹² For a detailed accounting of the shifting policies and land tenure patterns over the years before and after independence can be found in a number of documents. For example, see: "[The Bakwit: the power of the displaced](#)", 2009, by Jose Jowel Canuday, Ateneo de Manila University Press. Also see, "The minoritization of the indigenous communities of Mindanao and the Sulu archipelago." 2004, revised edition, Alternative Forum for Research in Mindanao, Inc. Davao City; and, "[Land Tenure Stories in Central Mindanao](#)", a reader by the Kaduntaya Foundation, Inc. (KFI) in partnership with the Mediators Network for Sustainable Peace, Inc. (MedNet) and the Local Governance Support Program in ARRM (LGSPAP).

25. These discriminatory land policies and legal statutes favoring Christians and large scale agriculture and mining corporations combined with previous American colonial and Philippine Government policies of resettlement of Christians to Mindanao were accompanied by large scale government infrastructure development projects (hydroelectric, roads, and ports) and private corporate investments, particularly in the plantation sector. These earlier actions resulted in a slow but sure abrogation of traditional Moro property rights and their eventual marginalization from mainstream economic growth and development.

26. Today's displacement is largely a historical outgrowth and most visible sign of the cumulative effect of a long process of discriminatory laws, policies and programs, including development programs. In large part when "livelihood opportunities" emerge as a felt need of the displaced in the many surveys, the underlying issue is that of "access to productive assets", principle among which is clear property rights to land. It is no wonder that many displaced persons with unclear property rights prefer to stay in secure, slum-like peri-urban settlements of cities like Cotabato, or even in evacuation centers and relocation sites with minimum access to basic services and tenuous livelihood prospects. This is especially the case given the uncertain prospects of returning to insecure, landless tenant agriculture, or at best subsistence agriculture in their ravaged communities of origin, compounded by the absence of basic social services (e.g., education and health). In fact, one could make the assumption that the predominance of women, children and elderly men in the rural evacuation centers suggests that many of the young displaced males have either migrated to urban centers or joined the insurrection. In this case displacement, especially when poorly governed, is a breeding ground for instability.

27. Less this history be viewed solely through a religious lens (Christians versus Muslims), the recent events in Maguindanao reveal the Muslim landed oligarchs' penchant for working with the government in both electoral politics (vote buying) and security (providing force multiplying militia in the form of CVOs and CAFGUs) to displace fellow Muslims from their lands by acquiring land at the barrel of a gun (better known as "land grabbing").

28. As noted by many, the current situation following the Maguindanao massacre, incarceration of key clan leaders, and declaration of Martial Law (beginning the removal of guns and replacement of local police and military with conflicting loyalties) also presents a unique opportunity to break the chains of aged feudalistic structures and get real land reform, security sector reform, and good governance (justice and rule of law) in that area.¹³

29. The prominence of property rights also plays out with regard to urban IDPs as well as rural IDPs. The quality and ownership of shelter in the urban and peri-urban environment for IDPs in Cotabato city is a case in point.¹⁴ Most IDPs do not own the property on which their squatter makeshift shelter sits. Furthermore, the property which the newly erected elevated cement pathway built by development project funds sits on is leased to the local *barangay* committee from a private owner for 15 years with land and elevated walkway reverting to

¹³ See latest International Crisis Group (ICG) report: "[The Philippines: After the Maguindanao Massacre](#)", Asia Briefing no. 98. December 21, 2009. Also Fr. Eliseo R. Mercado, Jr., OMI. "[The Maguindanao Massacre and the Making of the Warlords](#)", Policy Forum, November 2009, Institute for Autonomy and Governance, Catboat.

¹⁴ To accent the scale of the urban IDP problem Mindanao Land Inc. (MinLand) notes that "in an uncompleted assessment by the Cotabato City government, a rough estimate of about 7,000 IDP households may be found in the city alone." Apparently there is scarce data on urban IDPs apart from recent EC reports on Marawi city and Iligan and the 2005 Joint Needs Assessment report covering eight Mindanao cities. See "Unveiling What is Behind the Conflict", MinLand Foundation Inc. December, 2009.

the owner at the termination of the lease. In comparison, in a second peri-urban IDP project assisting with shelter in Mydsayap, many individual homes were made of sturdy material (concrete blocks) as the land was donated to the LGU and the LGU in turn gave community mortgages to IDPs to purchase the property granting a certificate of ownership. This example alone illustrates the role that clear property rights can have on the quality of shelter and life in general. The strategic question it raises with regard to the urban IDP challenge is whether or not the current development approach of assisting IDPs with small micro projects such as paved walkways and community centers in their current situation is merely palliative and not transformative in terms of moving them out of poverty?

30. ***Rule of law, state legitimacy, and market connectivity.*** Depleted, destroyed and confiscated economic resources and undermined community support networks are significant development challenges in and of themselves. However, when compounded with insecurity, weak state legitimacy, and limited market access, one has a prescription that no amount of humanitarian and development assistance alone can overcome. Such are the conditions of relative deprivation in war-torn Mindanao.

31. These conditions engender a climate of despair, fear and injustice which discourages a return to everyday work and social patterns, thus prolonging return and recovery efforts. Any social and economic development strategy which purports to address the plight of IDPs in specific areas, and broader conflict-affected Mindanao in general, will have to be comprehensive and inter-sectoral, addressing issues of justice and police-military reform as well as social and economic reconstruction. With the recent events in Maguindano, the window of opportunity is now there to enact a genuine police, military, and justice reform. The only question will be whether government has the political will and donors can act fast enough to take advantage of this space.³⁵ Not addressing these areas ensures their becoming risks to broader economic recovery, peace and sustainable development.

32. The Japanese financed Socio-Economic Development Plan (SEDP) for conflict-affected areas in Mindanao comes closest to an integrated area focused approach seeking to enhance and connect potential growth poles of Marawi City, Pagadian City, and Cotabato City. It envisages a triangle of development centers connected by development corridors (infrastructure). However, this may be too broadly extended to cover all of ARMM, and ill-defined in terms of a detailed investment program to be successfully implemented especially given the lack of leadership, managerial, and institutional skills in these areas.³⁶

33. In many ways given the local capacity limitations, it begs the need for an area concentrated and manageable development approach (less than all of ARMM) and perhaps the creation of a special Reconstruction and Development Agency with a clear set of goals/results and defined investment plan, fast disbursing procedures for procurement and financial management, and a legally defined sunset clause for termination within a specific time frame (3- years) of accelerated reconstruction and development (a kind of "peace and reconstruction surge"). Such a special agency might report directly to the President's office (with Congressional oversight) to give it the high visibility and political clout (and transparency) required for accelerated reconstruction and development.

³⁵ See "[The Maguindanao Massacre and the Making of the Warlords.](#)" Fr. Eliseo R. Mercado, Jr., OMI in Policy Forum, November 2009. And, "[The Philippines: After the Maguindanao Massacre](#)", update Asia Briefing no. 98, International Crisis Group (ICG), December 21, 2009: Jakarta and Brussels.

³⁶ For details, see J-BIRD-the Japan-Bangsamoro Initiatives for Reconstruction and Development Plan, December 2002. The strategy "recognizes existing urban centers with high growth potentials while matching this with districts with high development needs. It aims to integrate policies, revive depressed areas, encourage regional de-concentration, modify its urban systems and pursue a balanced inter-regional development."

34. **Beyond survival: the IDP need for information.** Existing assessments show that most IDPs indicate a lack of access to basic information, be it employment opportunities, security arrangements or even their human rights-legal advice. With employment and under-employment a key issue for IDPs, especially relocated urban IDPs, it is surprising that they seemingly have so little access to urban labor market information, nor counseling and referral services that focus on job and training search and employment. It raises a fundamental strategic question as to whether small project funds in urban areas are best placed on building community centers and walkways (felt needs) or the undertaking of labor market surveys and the subsequent connection of the un- and underemployed IDPs to training and employment opportunities (real needs) through information, counseling and referral services (ICRSs). The latter might better serve their long-term prospects for income growth and eventual escape from poverty. Of course, this presents a false dichotomy in that one would want to meet felt needs as well as real needs if possible. However, the key point is that one must look beyond community centers and walkways to broader transformative growth and income generating livelihood investments.

35. **Development strategy reconsidered: the limits of CDD.** The looking glass into the IDP challenge can conceivably shed light onto the peace and development strategy of the World Bank and other development agencies in Mindanao. While resources have been poured into CDD approaches across the ARMM and other conflict-affected areas of Mindanao, it is difficult to see the larger economic impact on peace, security and development. Although one cannot deny the importance of community empowerment and the promotion of local governance through community driven development approaches across a range of development interventions, the CDD approach is not sufficient to transform the local and sub-regional economic and social structural barriers and power dynamics to move IDPs out of poverty.

36. In effect, while necessary, it appears that CDD approaches are not sufficiently robust in scope and funding, diverse in development project options, or integrated into regional markets to have the desired transformative development impact. Nor do they address such issues as property rights, center-periphery collusion (electoral and related internal revenue allocations), and access to labor market information, not to mention justice and security reform issues. However, it may be necessary to address such fundamental issues in order to make a significant difference in achieving durable solutions for IDPs as well as transforming the broader development landscape in Mindanao. In short, ownership of a community decision making process within a fairly standard menu of project options and a limited ceiling on funding levels may be more palliative than transformative, providing the illusion of control within a narrowly defined set of options. It is more likely that the ownership of productive assets (e.g., land, capital and technology) will lead to an escape from the grip of conflict and poverty.

37. A rising critique is emerging questioning even the validity of needs assessments as a basis for informing policy and programming without linking them to broader political economic analysis of natural resource control (i.e., land), patron-client relationships, and structural change.¹⁷ Good governance cannot be limited to holding local *barangay* captains accountable to the community when there is widespread concern that the national government may be colluding with local governors and municipal mayors to buy votes, misgovern national budget allocations (e.g., the IRA), and grab land. Empowering community members to control decision making is one thing, providing them with real ownership of productive assets from land to capital is another. To quote Jose Jowel Canuday in his recent study on the “Bakwit” or evacuees (2009), “The displaced have themselves framed their story (their narrative) as an act of human agency rather than a display of passivity and victim hood in the

¹⁷ See Jose Jowel Canuday, [“Bakwit: the Power of the Displaced”](#), 2009, Ateneo de Manila University Press for a discussion of the need to go from treating the displaced as “beneficiaries” with “needs” to “survivors” with “capacities”.

seemingly endless cycle of war and peace.” Agency is not merely intention, but the capacity of people to act on intention. Agency implies power.

38. Given the preceding contextual analysis, let us now turn to identify an alternative set of strategic options and priorities for addressing the IDP challenge in Mindanao with an eye toward reconsidering a larger Mindanao peace and development strategy.

III. Proposed Knowledge Production Activities (Analytical Work)

39. Analytical or knowledge building work is recommended with the following priority.

(a) A comprehensive IDP study in collaboration with WFP

40. As a basis for deepening knowledge of the political economy of conflict-affected Mindanao, it is proposed to undertake a survey research study measuring a range of independent factors (e.g., government legitimacy, security, housing, social services access-education, health, family planning, livelihood opportunities-access to land, work, training and credit, basic needs such as potable water and food, and social capital or relations/support networks-friends, family community) shaping the dependent variable of IDP decisions regarding durable solutions (i.e., to integrate into their current location, relocate to another transitional setting, return to their community of origin, or resettle in a new area). This survey should go beyond past focal group and key informant interviews and more general IDP profiling of needs and characteristics methodologies, to examine aspirations, perceptions, and decision-making, that is, identifying key factors and weighing of trade-offs among them in determining behavior vis-à-vis durable solutions.

41. While individual decisions may lie in the hands of the IDPs, policy plays an important role in influencing these decisions. During the critical transition phase of peace-building, policy makers often choose to promote various programs such as upgrading peri-urban walkways and shelter, strengthening local governance and accountability, enhancing livelihoods, or rehabilitating basic education and health services in existing communities or those of origin and return or resettlement. To the extent possible, knowledge about IDP decision making and the social and economic opportunity structure in locations of return coupled with institutional capacity should inform donor policy and programmatic choices.¹⁸

42. This survey work could be undertaken in collaboration with WFP's next Emergency Nutrition and Food Security Survey building on their basic information, sampling frame, and in place field research capacity to include IDPs in various urban and rural settings and adding a number of livelihood and economic variables.¹⁹ This multi-variate correlational analysis would establish a platform for linking multi-sector social and economic information to development policy and program design to address the medium- to long-term challenges of IDPs regarding sustainable or durable solutions. Return and/or resettlement are fundamentally a development program agenda. Peace and development programs including integration *in situ*, relocation, resettlement, and reintegration into communities of origin should, therefore, be part of a broader economic and social development strategy, taking advantage of the opportunities for reform offered in the transitional state of conflict-affected areas.

¹⁸ For a research model of such a study see the work of the Human Rights Center, University of California and the Payton Center for International Development, Tulane University: "[Peace Building and Displacement in Northern Uganda: a Cross-sectional Study of Intentions to Move and Attitudes Towards Former Combatants.](#)" Refugee Survey Quarterly, vol. 28, No. 1, 2009, UNHCR: Geneva. IDP perceptions toward former combatants are essentially a proxy for security. A significant finding of this study is that IDPs perceive the basic decision-making trade-off to be the "livelihood" potential, especially access to land as the pulling force to return and resettlement; and access to "basic services" as the driving force to stay in situ, be it a peri-urban location or evacuation center.

¹⁹ See Joint Emergency Nutrition and Food Security Assessment of the Conflict-affected Persons in Central Mindanao, Philippines. January-March 2009. WFP: Manila. A more recent survey undertaken in January 2010 is currently being analyzed and prepared.

(b) A study of property rights and land tenure in Central Mindanao conflict-affected areas (linked to the design of a land adjudication and mediation program and a compensation and/or reparation fund)

43. As indicated in the earlier analysis, property rights and land tenure are at the center of both individual IDP decision making and broader political and investor behavior in conflict-affected areas of Mindanao. Of course, there have been numerous outcries in the media, studies, symposia, and other efforts (especially through various historical attempts at agrarian reform) to address this issue. The World Bank's recent study, "Moving Toward Economic Integration for Sustained Development and Peace in Mindanao" (Draft, May 6, 2009) even notes, "Difficult as it has always been, resolving land disputes that prevail in Mindanao without triggering violence will be critical." (Page 55).

44. Understanding, and perhaps even clarifying the ownership and user rights will be one thing, designing a mechanism to legally sort them will be another. The latter will inevitably enter the realm of "restorative justice". However, this combination of careful knowledge building and integrated operational action is exactly what has been missing in the past, despite useful conceptual frameworks, assessments and recommendations²⁰. Clear property rights are basic to any small scale investment as we have seen in our example in Section II on urban shelter provision for IDPs, as well as any larger scale area development which will be proposed in Section IV below.

45. Without setting forth the detailed terms of reference for such a property rights/land tenure study, some of the definitions, history and parameters which could guide the study are discussed below.

46. Land tenure, be it legally or customarily defined, sets out the individual and societal rules of ownership, control, use, and/or transfer of the land as well as associated responsibilities and restraints. It includes the related natural resources like water, trees and mineral wealth. It is complicated in Central Mindanao because it entails a combination of customary or traditional elements dating back to the pre-colonial Sultanate era and legal or modern elements emerging from the American colonial and Philippines post independence eras. Picking up from the contextual discussion and analysis of land tenure issues in Section II, the proposed study would need to review the historical context (traditional and modern) and factors affecting land transfer which out of necessity brings in a justice (legal and moral) dimension.

47. The more contemporary Republic Act No. 8371 (October 21, 1997)—the Indigenous People's Rights Act (IPRA)—goes a long way to balancing the purely legal and moral justice elements in defining land tenure. It

²⁰ See the "Joint Needs Assessment in the Conflict Affected Areas in Mindanao for Reconstruction and Development", final report, December, 2005. It is remarkable to see the disconnect between the estimated financial requirements for immediate to medium-term reconstruction and development totaling an estimated USD 236 million over the five-year period of the JNA, and the actual resource mobilization of the Mindanao Trust Fund for Reconstruction and Development Program (MTF-RDP) of USD 10 million since its inception (see Mindanao Trust Fund –RDP Annual Report, 2008 and Draft Summary of Assessments Undertaken of Phase 1 of the MTF-RDP, Draft MTF-RDP Expanded Program Proposal, February 19, 2010). These figures may be even worse pending comparison of MTF actual disbursements against JNA projected requirements, and not simply resources mobilized. In effect, the MTF funds mobilized for a 3-year period amount to only an estimated 4 percent of the JNA estimated requirements for a five-year period. Of course there are multiple other government and donor investments including those of the World Bank in war-torn Mindanao over the same period. However, the lack of visible impact suggests again an alternative strategy that might be a more area focused and coordinated concentration of resources (a kind of "reconstruction surge") comprising a critical mass of accelerated investments managed by a specially created reconstruction and development agency with existing staff capacity for such a scaling up infrastructure and productive asset oriented program.

formally recognizes the construct of “ancestral domain” by means of granting a native title or “Certificate of Ancestral Domain Title (CADT).”²¹ However, the subsequent Republic Act No. 9054 of March 31, 2001—Strengthening and Expanding the Organic Act for the ARMM—actually excepts “strategic minerals such as uranium, coal, petroleum, and other fossil fuels, minerals, oils, and all sources of potential energy: lakes, rivers and lagoons”, effectively compromising the original IPRA. Needless to say, the Moros have denounced this Act as having been passed without proper and sufficient consultation with the people of ARMM and other stakeholders (Lumads). In the first instance the terms of reference for this study would need to include a legal review as well as assessment of the land tenure situation on the ground.

48. A second component of the land tenure and property rights study would be a related institutional assessment reviewing various local and international institutional mechanisms/arrangements (best practice) for resolving property disputes in the wake of internal conflict.²² There has also been a history of institutional mechanisms set up to resolve land disputes during various efforts at agrarian reform across the Philippines, and more recently in Mindanao, such as the Tri-partite Land Commission comprising the Department of Environment and Natural Resources, the Department of Agriculture, and the Department of Interior and Local Government. However, there is little empirical evidence as to their level of implementation and/or results. Such cases could form part of the review of local (customary and statutory) and international institutional arrangements to resolve land disputes in conflict-affected areas of Mindanao.

49. The findings of the above institutional assessment could result in the design and establishment of a special institutional mechanism along the lines of a “Commission on the Return of Properties to Displaced Persons in Central Mindanao.” Such a Commission could be modeled along the lines of the Uganda “Commission on the Return of Property to Departed Asians” or similar models. Such mechanisms and commissions have been funded in a number of manners ranging from the establishment of land banks as in El Salvador after the civil war, to specific donor supported reparation/restitution funds such as the Rwanda Survivors of Genocide Fund. The review of international experience on the financing element would be an important part of the study. It would clearly be a form of transitional justice combining both reparations and restitution elements in the adjudication of disputed properties.²³ This initiative would address the very core structural cause of the conflict in Central Mindanao, that is, perceived and/or real injustice, laying the foundation for any longer-term reconciliation as well as adherence to the rule of law as a necessary signal to investors.

50. This work would also be extremely useful to feed into peace negotiations (if they pick up steam again after the new administration comes in) as a special technical addendum item on agrarian reform. A side-bar technical session sharing international experience could be offered to the negotiating panels, similar to the World Bank’s technical assistance to the Guatemala peace negotiations in the 1990s on agrarian reform models and lessons learned.

51. As complex a challenge as the land issue may present, the proposed knowledge building activity will eventually have to be done by someone if sustainable peace, justice and development are to take root in Mindanao. The study could be made more manageable by concentrating on the conflict affected area of Central

²¹ See “[Land Tenure Stories in Central Mindanao](#),” 2009, Local Governance Support Program in ARMM, for a thoughtful and informative backgrounder to the land issue and laws in Central Mindanao.

²² A case in point is illustrated in a box on page 55 concerning land issues in the World Bank’s recent report: “Moving Toward Economic Integration for Sustained Development and Peace in Mindanao,” Draft, May 6, 2009.

²³ See Pablo de Greiff’s seminal study on reparations at the International Center for Transitional Justice; www.ictj.org.

Mindanao (or even one or two provinces such as North Cotabato or Maguindanao). Such institutions as the Land Tenure Center at the University of Wisconsin-Madison and international NGOs such as the Norwegian Refugee Council (NRC) have engaged in land tenure work and mediation. The NRC is starting up work in Central Mindanao and is linked to the Internal Displacement Monitoring Center (IDMC), a leading institution in the area with experience in Mindanao.²⁴

(c) An urban labor market survey in Cotabato and linked design of a local information, counseling and referral system (ICRS)

52. Turning to the urban environment, a third recommended study would be a labor market survey in Cotabato. This could conceivably be expanded to an “opportunity structure” survey including an assessment of public and private on-the-job or apprenticeship training providers, access to low interest group-oriented micro credit, and business startup/entrepreneurial training. Such a study would be complemented by the establishment *in situ* (in the IDP squatter areas) of an Information Counseling and Referral Service customized to the needs of individual IDPs and connecting them to the information and placement sources emanating from the opportunity structure assessment to enhance employability, increased income, and an eventual exit from the vicious cycle of poverty they are currently in. Numerous such labor market surveys and opportunity structure assessments have been undertaken in war-torn countries from Mozambique to Cambodia, so there is no dearth of off-the-shelf study methodologies. ICRSs have also been supported in a number of war-torn countries as a standard part of social and economic reintegration programming for war-affected populations. ILO and other such agencies specialize in this work and could readily be consulted to assist in the development of such employment enabling mechanisms.

(d) An assessment of institutional capacity and local leadership especially of local government and the private sector in the areas of planning, budgetary and fiscal management, procurement, monitoring, and implementation for results in Central Mindanao

53. There appear to be sparse data on the actual institutional capacity and local leadership in Central Mindanao. While the Canadian government has had a long-term ARMM capacity building program, the results are uneven as to the actual impact. It may be time for a stock taking on the institutional and leadership capacity front. The Mindanao Trust Fund (MTF) has supported “capacity building” programs and while there is some anecdotal evidence that local community participation has increased, there has not been a systematic empirical evaluation as to what precise institutional and leadership capacity has resulted from these efforts and its related impact on social and economic development.²⁵ Serious questions need to be asked as to: whose capacity has actually been built, at what scale, and what sustainability; what extent parallel structures of community planning and development have been established while the local *barangay* councils stand marginalized (only to later undermine

²⁴ For a thorough account of the displacement challenge in Mindanao see [“Cycle of Conflict and Neglect: Mindanao’s Displacement and Protection Crisis”](#), May 2009. Internal Displacement Monitoring Centre (IDMC): Geneva. Also, for potential modern and traditional mechanisms for mediation, including codifying customary principles, and providing legal assistance in a number of countries ranging from Nepal to Uganda, Afghanistan and the Sudan, see [“NRC Programmes”](#), Norwegian Refugee Council (NRC), August 2008: Geneva.

²⁵ See Mindanao Trust Fund Facility for Reconstruction and Development Program, Annual Report, 2008. The report notes: “The challenges brought about by the re-occurrence of violence in Mindanao in late 2008 provide an important juncture for various groups to review and re-evaluate their program and approach.” Page. 17, 2009, World Bank: Manila. The 2009 Annual Report is still under preparation as of this writing.

such efforts as spoilers); and how precisely local capacity or under capacity have related to electoral politics and governance, especially in the area of budgetary and fiscal management.²⁶

54. Clearly any new strategic project development and implementation in Central Mindanao will require local institutional capacity and leadership to plan, mobilize and manage resources in a transparent and accountable manner, and to implement, monitor and adjust development programs to achieve sustainable results. On this note we turn to the next section on recommended strategic operational interventions.

²⁶ The Asia Foundation is currently providing technical assistance to the Maguindanao provincial government following the recent turmoil there. The acting Governor Ambolodto has requested and is receiving assistance in organizational development and financial management. See In Asia. January 6, 2010. Asia Foundation, Manila.

IV. Policy and Operational Activities

55. The recommended studies in Section II above are envisaged as a knowledge building precursor to the following recommended operational project design and implementation activities. This suggests that the knowledge building activities should begin immediately. The following prioritized operational activities can begin in tandem, with their design being informed by the proposed knowledge building work.

56. The underlying assumption driving the following proposed activities is that the development partners' current Mindanao assistance in general, and to conflict-affected areas in particular, albeit necessary, has been insufficient in scope and scale to have any transformative social and economic impact. While, for instance, the World Bank's local community empowering activities and associated CDD methodology are necessary to enhance local governance, transparency and accountability, they have been too narrowly focused on the *barangay* and municipal levels and need to be "complemented" by larger scale area-based integrated economic development investments at the sub-regional level with built in focus on displacement.

57. Small community development projects such as solar dryers, community centers, and cemented pathways tend to be socially palliative and not economically transformative unless they are complemented by larger livelihood generating and market connective developments such as roads, ports, communications, agri-industry, small and medium enterprise development, and other relevant larger scale projects. Of course, the rehabilitation of social infrastructure such as schools, health centers, and water and sanitation are a critical third element in the reconstruction equation. Finally, functioning transparent institutions, strong leadership, and sustained financing, as well as optimal human resources (often drawn in the near term from outside technical assistance including the returning diaspora), are the finishing components in most reconstruction and development programs that have demonstrated results. The background in Section II captures the challenge especially for IDPs. The proposed program below suggests an alternative but complementary solution to what development partners are currently doing in the conflict-affected areas of Mindanao.

(a) *A sub-regional Integrated Economic Reconstruction and Development Program*

58. To enable a transformative, "development surge" in the conflict-affected areas, a critical mass of donor assisted multi-sector technical skills and financial resources needs to be brought to bear in a concentrated area such as the three provinces of Central Mindanao (North Cotabato, Maguindanao and Sultan Kudarat). Initially, the area might even be more narrowly limited to one province (Maguindanao) and the four municipalities of Barire, Buldon, Matanog, and Parang within that province. The actual scope of such an Integrated Economic Reconstruction and Development Program (IERDP) would need to be defined during program reconnaissance and identification. Of course, the IDPs are at the heart of this situation, and although targeted with assistance, particularly of a transitional safety net nature for those returning to the area, the broader focus on the sub-region would transform their prospects for sustainable livelihoods. Such development assistance would offer a way out of persistent poverty, including restitution of property in areas of origin and access to productive assets (such as capital and technology) and markets.

59. The criteria determining the initial location and scope of the IERDP would include: (i) local leadership capacity and political will; (ii) institutional capacity; (iii) minimum security and stability; and (iv) economic opportunity including clear property rights and potential market linkages. The program would be underpinned by a medium- to longer-term integrated economic reconstruction and development investment plan comprising

larger-scale infrastructure (roads, ports, telecommunications) and productive investments (agri-industry, tourism, etc.) to complement the near-term community driven development program (CDD) accenting local governance and social stabilization. While the former enhances a sub-regional, macro-level area economic resource concentration and regional market connectivity, the latter accents a micro-level social foundation of citizen participation and good governance. While the IERDP would aim at broad reconstruction and development, it's built in focus on IDPs aims to secure just and sustainable solutions to their integration in the areas of choice. This should also contribute to peace and stability while preventing future conflict by removing a potential breeding ground.

60. It may be useful to already think of raising the scale and scope of the ongoing CDD programs to include larger scaling up or meso-level clustering and shared financing of community assisted projects (e.g., connect the roads from one *barangay*/municipality to the next), expand the project menu which appears to now act as a ceiling constraining scaling up, and increase financing or grant levels. In effect, one would simultaneously build from the ground up (community level) to connect with a top down sub-regional investment program.

61. The overall approach recommended herein gives operational teeth to the larger conceptual notions of spatial development outlined in the 2009 World Development Report *Reshaping Economic Geography* which notes that "Lagging and leading places can be brought closer economically by unleashing the market forces of agglomeration, migration and specialization." This theme has also been picked up in the recent World Bank paper, "Moving Toward Economic Integration for Sustained Development and Peace in Mindanao", May 2009. The irony is that while Central Mindanao was initially identified in numerous MEDco and other government plans as a major growth pole to be developed in Mindanao it has never taken shape.²⁷ Arguably the peace and order situation has been a reason for the lagging Moro areas such a Central Mindanao, while other Christian dominated growth poles such as General Santos and Davao City have jumped ahead.

62. At the same time, one could equally argue that the accelerated development of Central Mindanao could create the conditions on the ground to transform the conflict. It is further suggested that unclear property rights found in the conflict areas could also represent a significant obstacle to investment by both natives in their own community and foreign investors. Surely the clarification of disputed property rights and the use of public and private investment and guarantee instruments (such as of IFC and MIGA) can help militate against investor fears in Central Mindanao. Bringing both these World Bank arms is recommended during a sub-regional investment planning and reconstruction effort.

63. The Irinon area of Central Mindanao (one of the most war and violence torn areas) bordering North Cotabato and Maguindanao is suggested as an initial area for development of such a proto-type program. With the presence of a young, forward looking leadership and embryonic cross municipal organization called the Irinon Development Council (IDC), both the leadership and institutional conditions for such a pilot sub-regional area focused Economic Reconstruction and Development Program (ERDP) are in place. The security situation is stable and the economic prospects for agri- industry and tourism are excellent. Even the existing infrastructure, especially the old Spanish deep water port of Polloc and the north-south Ramos highway, as well as designs for a major new international airport are all there. The initial steps following a preliminary identification and reconnaissance could be:

²⁷ See "Mindanao's Economic Turnaround: From a Fragmented to an Integrated Economy" pg. 11 in Mindanao Milestones, MEDco, 2002.

- (i) A sub-regional two-three day *visioning exercise* would be timely, bringing key stakeholders from the coastal area of Central Mindanao (Maguindanao) to the hinterland (around the upstream Liguasan marsh (North Cotabato) together with national and sub-regional maritime bordered international actors (e.g., Malaysia, Singapore, Indonesia, China, Viet Nam) from the private and public sectors to engage in a well planned and facilitated regional economic and social reconstruction and development visioning and knowledge building exercise. There is precedence for such an exercise undertaken by the World Bank in Croatia connecting and planning for the reconstruction of the war torn hinterland of the Krajina to the coastal urban area of Split and environs, to the regional markets of the Adriatic basin, e.g., Italy among others.
- (ii) The visioning exercise could be followed by a technical assistance project to undertake *detailed economic planning* resulting in an *investment plan* for donor, public and private financing. The TA project could include planning for both coastal (downstream) and hinterland (upstream) components, but the actual implementation would be phased starting with the more secure, stable and institutionally ready coastal downstream component.
- (iii) There are several *institutional models* to draw lessons from within the Philippines including the Subic Bay Authority and the Laguna Lake Authority, not to mention the growth poles of Davao and General Santos city in Mindanao. Legally, the Irinon Development Council could be converted to an Authority by the ARMM legislature, avoiding potential spoilers when one goes through the national legislative process. Technical assistance could be provided to the new Authority to strengthen its capacity on-the-job in preparing and leading the visioning exercise, and undertaking detailed investment planning.
- (iv) The sub-regional integrated economic investment plan could be jump-started by an *Area Integrated Economic Reconstruction and Development Program* to be implemented in an accelerated fashion over the next three to five years. A phased series of projects within the IEDRP could ensue, with the second one connecting the hinterland of the Marsh area to an initial coastal project. The prototype first phase when implemented would provide lessons for subsequent related phased projects across the war-torn sub-region.
- (v) *Resource mobilization* for the series of connected area development projects within the IERDP through partner co- and/or parallel financing arrangements (including through a multi-donor trust fund) with like-minded partners such as AUSAID, JICA, the EC and UNDP would follow the investment planning. The IFC and MIGA might be brought in from the visioning exercise through planning to attract the private sector to the investment plan and IERDP.

64. A key *policy change* in addition to the recommended special *Land Reparations and Restitution Commission* emerging from the land tenure study and mediation process suggested in Section III above, would be to amend the Maritime laws enabling the establishment of Buliok as an international port, thus avoiding the disabling transaction costs of shipment through Manila and other ports to regional international markets.

(b) An emphasis on employment generation and a related pilot urban development project in the near term

65. While the area reconstruction and development program recommended above is more geared to the medium- and long-term and can be implemented in parallel with any near-term measures, it would be advisable

to shift the strategic emphasis in ongoing programming in the conflict-affected areas. For example, in addressing the needs of the urban IDPs, it is clear from the analysis that palliative solutions *in situ* are marginal to escaping poverty given the existing property rights. It is recommended that current funding vehicles (such as the MTF) be utilized to *enhance livelihood, employment and income prospects* by undertaking a *labor market survey* and developing a linked *information, counseling and referral service (ICRS)*. One might consider undertaking a broader *opportunity structure assessment* to complement the labor market survey.

66. However, any medium- to longer-term prospects for urban IDPs would depend upon a radical shift in urban development strategy from one of rehabilitation *in situ* to a more Hong Kong style resettlement of urban slum dwellers into newly constructed environments. The latter strategy would have to be within reasonable proximity to livelihood and basic service access. Perhaps some urban knowledge building and project planning work can start along these lines by investigating what Metro Manila and other Asian cities (and other localities in the Philippines) have being/are doing and organizing study visits of key urban planners and policy makers. Of course, pending available financial and staff resources, *a pilot urban reconstruction and development project in Cotabato could be initiated within the IERDP and in parallel with the above proposed rural project.*

67. The table below summarizes the recommended knowledge building and related operational projects presented in short- and medium- to long-term priority and sequencing.

Table 1 Knowledge Building and Operational Recommendations

Time Frame	Knowledge Building	Project Operations
Short-Term	<ul style="list-style-type: none"> – A comprehensive IDP study in collaboration with WFP – A study of property rights and land tenure in Central Mindanao – An urban labor market survey in Cotabato – An assessment of institutional capacity and local leadership 	<ul style="list-style-type: none"> – A sub-regional area-focused Integrated Development and Reconstruction Program (IERDP): <ul style="list-style-type: none"> • Sub-regional two-three day visioning exercise • Identification of institutional framework for design and implementation • Development of detailed economic investment plan • Detailed project preparation: Phase I-Coastal downstream area; Phase II-Hinterland Liguason Marsh upstream area • Resource mobilization
Medium-Long Term	<ul style="list-style-type: none"> – Design of a land adjudication and mediation program and a displaced persons restitution and reparation fund – Design of a local information, counseling and referral system (ICRS) 	<ul style="list-style-type: none"> – Displaced Persons Restitution and Reparation Fund – Local Urban Information, Counseling and Referral Service in Cotabato – A pilot Urban Resettlement and Reconstruction Project (within IERDP) focusing on IDPs in Cotabato

V. Potential Partners and Financing

64. The main guiding principles for partnership, especially in conflict-affected areas, are: comparative technical advantage and burden and risk sharing. Whilst World Bank engagement with development partners (in particular, ADB, AusAID, JICA, the EC, ILO, UNDP, and UNICEF) would span the short- to long-term, humanitarian actors (such as WFP, UNHCR, OCHA, ICRC, NRC and IOM) would be involved mostly in the short-term.

68. Concerning local and national government partners, the main government departments handling IDPs are the DSWD and the Department of Health. The key departments for land and property rights work would be DENR, Interior and Lands, and Agriculture. While there are planning and coordination bodies such as the ARMM regional planning and development office, NEDA regional offices, and MEDA (Mindanao Economic Development Authority), among others, further thought would need to be given as to dialogue and coordination mechanisms for the recommended strategic knowledge building and operational strategic activities. As suggested earlier, serious consideration should be given to setting up a Sub-Regional (Central Mindanao) Reconstruction and Development Authority to undertake the proposed work. Perhaps at the national level, the Philippines Economic Zone Authority could provide guidance on how one might proceed, if not become a leading partner in setting up this initiative.

(a) Partnering and financing the proposed knowledge building activities

69. On the knowledge building front it is recommended to partner with WFP to design and undertake a *comprehensive survey of IDPs* focusing on factors shaping their decision making vis-à-vis return, resettlement and integration (*in situ*). It would build on the scope and methodology of the recent 2010 WFP Joint Emergency and Food Security Assessment. The survey would go beyond profiling and basic needs assessment and include social and economic variables in a comprehensive multi-variate methodology. It would inform the design of program options for various states and stages of IDPs. It would bring in past and ongoing IDP assessment work of OCHA, ICRC, and NGOs (Oxfam, CFSI, among others) to build a more empirical research design as undertaken on IDPs in other parts of the world (see HRC and Payton Center survey work in Northern Uganda and Eastern Congo referred to in Section I above).

70. Regarding the recommended *urban labor market survey and opportunity structure assessment*, the ILO could advise on designing and undertaking the survey as well as, perhaps together with IOM, develop an attendant employment oriented Information, Counseling and Referral Service (ICRS).

71. With regard to financing the ICRS and other scaling up activities of ongoing assistance to IDPs by the World Bank and others, especially those employing the CDD approach, it is recommended that the menu of project options be more open-ended as a standardized set of micro projects seem to emerge in every locality²⁸;

²⁸ The point here is not that the projects supported by the CDD approach have a closed menu “de iure”, but that if one looks at the actual projects across various *barangays* they appear to be mostly the same conventional type “de facto”, e.g., community and livelihood centers, solar dryers, small-scale physical infrastructure, and social infrastructure rehabilitation, among others. During the World Bank’s first ARMM Social Fund project, there were also numerous *madrasahs* on the list. The similarity of projects may be explained by a number of factors. First, the trained community facilitators tend to look to templates from other projects and shape the community dialogue in that direction. Second, the community, while empowered to identify priorities, may not have the information to go beyond their initial “felt needs”, that is, they do not always know what they do not know. To the extent that trained facilitators can lead an open-ended discussion, introducing new ideas,

the current financing ceiling become a floor; and the scale of activities be expanded by clustering *barangays* and working at the municipal and cross-municipality levels. For instance, the MTF and the ARMM Social Fund could continue to serve as key financing mechanisms, providing a response to the growing call to scale up such activities. Clearly, the forthcoming review of CDD approaches should generate a number of additional recommendations in terms of near-term operational adjustments in the World Bank's portfolio in conflict-affected Mindanao.

72. On the *land tenure study* the World Bank could collaborate with a number of experienced local academic research institutions from Ateneo de Manila University to the University of the Philippines at Los Baños, twinning them with an international institution such as the Land Tenure Center at the University of Wisconsin-Madison or a comparably experienced land tenure research institution. A review of property restitution cum reparation programs could be undertaken in collaboration with organizations such as the International Center for Transitional Justice and the Norwegian Refugee Council to name but a couple of leading institutions in this area.

73. The work on institutional and leadership assessment might be undertaken in collaboration with the Asian Institute of Management (AIM) or similar local and/or international organizations. One might consult CIDA as to their past experience in undertaking assessments and programming concerning local governance capacity building.

74. Concerning financing the proposed knowledge building work in general (i.e., the IDP survey, the land tenure study, and the labor market survey), the resources from the World Bank's recently approved State and Peace Building Fund (SPF) grant could be quickly drawn upon in part to support this work. Other bilateral and multilateral partners such as AusAID, the EC, and the WFP have indicated an interest in supporting such work.

(b) Partnering and financing the proposed operational activities

75. Regarding the proposed sub-regional (Central Mindanao) Integrated Economic Reconstruction and Development Program (IERDP), continuing/expanding World Bank collaboration with ADB, AusAID, the EC, JICA and UNDP²⁹ would be the suggested arrangements. USAID might also be interested in the program depending on the status of their existing large scale investments through the Growth with Equity in Mindanao (GEM) and related programs.

76. With respect to the proposed urban development work, UN Habitat and UNICEF, among other agencies, are already undertaking studies on urban shelter and basic services such as water and sanitation.³⁰ There are likely

innovations and models into the dialogue (in effect, extending the thinking and possible options), then one might have a very different set of needs (real) identified. Of course, resource limitations on the funds available and procurement procedures can also be constraining factors on the thinking of what might be admissible for financing from the local grants.

²⁹ On UNDP's activities on early recovery and displacement in Mindanao, see for instance, "Strengthening Responses to Internal Displacement in Mindanao STRIDE-Mindanao) project Annual Report, 2009; and also the Cluster Working Group on Early Recovery in cooperation with the UNDG-ECJA Working group on Transition, "[Guidance Note on Early Recovery](#)," April 2008, UNDP: Manila. The early recovery work builds on the previous ACT for Peace sponsored UN program in conflict-affected areas. See "Peace building in Mindanao: The Act for Peace Experience." October, 2007, UNDP: Manila. UNDP is also leading the inter-agency early recovery cluster which seeks to bridge relief and development.

³⁰ See Father Jun Mercado's recent work at the Institute for Autonomy in Governance, Notre Dame University, Cotabato, "The Urban Safety Situation in the Autonomous Region in Muslim Mindanao with a focus on urban violence, crime and safety for the most vulnerable groups

other UN and bilateral agencies working in the urban areas which may be additional sources of World Bank partnership.

77. Regarding co-financing the IERDP and projects under this programmatic umbrella, AusAID, USAID, the EC, and JICA are the most likely candidates as they are already heavily working in the conflict-affected zones in Mindanao. As mentioned earlier, JICA already is conceptually taking this approach in their Social and Economic Peace and Development Plan (SEPDP) plan for conflict-affected Mindanao. The MTF would need to be scaled up significantly if it were to finance the much larger IERDP. In addition, resource mobilization from the private sector may be warranted. In this regard, IFC and MIGA might be brought into the partnership to enhance investment and provide political risk insurance guarantees to private domestic and international investors, especially in the agribusiness component.

(especially IDPs) through City Profiling.”, UN Habitat, forthcoming, 2010). This study notes the high increases in the urban populations in the cities of Cotabato, Jolo, and Marawi City corresponding with the increased IDPs due to armed conflicts especially in 2000 and 2003. In addition to basic services access and housing and sustainable sources of livelihood, long-term interventions to decongest squatter areas especially along the rivers and creeks of these cities are one of the primary recommendations.

VI. Risk Analysis

78. The major risk to this work is continued *insecurity and instability* in the conflict-affected areas, more specifically a breakdown in the current ceasefire arrangements. This will be somewhat mitigated by the return of the International Monitoring Team as well as the expanded presence of the Non-Violent Peace Force (www.nonviolentpeaceforce.org) inter-positioning in the proposed project areas. Phasing program implementation starting with the more stable areas would also mitigate the risk of insecurity. Of course, a security sector reform program addressing the regulation and even disbanding of now legally sanctioned armed militia (CVOs and CAFGUs) would be of significant help in establishing a professional police force. Police reform may be an area which can be tackled by a bilateral donor in the near term.

79. *Weak local governance* remains a serious concern. Apart from establishing a secure environment, there is no substitute for improving the local governance especially in the area of public finance administration. At least in Maguindanao, the acting governor is receiving technical assistance in organizational development to reorganize, recruit, and train professional government cadre in the wake of the recent massacre and removal of numerous civil servants.

80. Another risk is a political or *electoral breakdown* in voting during the forthcoming May election, either technically (the new machines) or politically (violent politically motivated events such as the recent Maguindanao massacre). International presence in the form of independent electoral monitoring and reporting (naming and blaming in the media) may be the best mitigation available.

81. Internal problems within the Moro leadership resulting in further breakaway commanders from the MILF and a continued *lack of military discipline and political incoherence among the MNLF and the MILF* are an ever present risk and barrier to the implementation of any new peace deal. Efforts from third party mediators ranging from the Organization of the Islamic Conference (OIC), to the Malaysian and Saudi governments, among others, are likely the best bet to bring the parties together. Ultimately, constitutional reform may be the only lasting path to power sharing challenges at the local level between basically Tasugs, Marinao and Maguindanao factions of the Bangsamoro movement.

82. *Worsening economic and social conditions* within the ARMM, as well as national spoilers among the local Christian settlers and related local and national political leadership, and local governing Muslim elites in the form of traditional Datus also need to be identified and managed through, at a minimum, a process of public naming and blaming through the media.

83. *The failure in reform in the Armed Forces of the Philippines* is the last piece in the potential spoiler puzzle. To the extent that officers are bidding for "lucrative" local commands, they become "incidental war profiteers" and a part of the obstacles to peace. Only an open security sector reform can mitigate this potential risk. Perhaps the forthcoming administration will be less dependent on the military for its survival or more willing to face up to the problem.

84. Finally, there are always reputational risks when the World Bank embarks on work in such a politically volatile environment as conflict-affected Mindanao, but the decision to not get involved in effect is a risk in and of itself as its portfolio in Mindanao would become increasingly marginalized and irrelevant to the security and development challenges there. Sharing the risk by partnering with bilateral and other multilateral actors as well as

sharing the burden through co- and parallel financing of such efforts has been the primary mitigation strategy of the World Bank in conflict-affected areas over the past 15 years ranging from Rwanda to Bosnia and Herzegovina and now in Afghanistan and elsewhere.



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