



# THE CONTESTED CORNERS OF ASIA

Subnational Conflict and  
International Development Assistance

**The Case of Mindanao, Philippines**  
Executive Summary

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# The Case of Mindanao, Philippines

## Executive Summary

The conflict in Mindanao is complex, multi-layered and defies simple explanation. The region includes at least six major non-state armed groups, with dozens of militia units. The protracted nature of conflict and instability has led to the emergence of other types of conflict, particularly between local elites competing for power.

At first glance, all the right conditions appear to be in place for aid to make a significant contribution to peace and development—the Government of the Philippines has been remarkably open to international assistance; there has been a formal political transition underway since 1996; the region has a special autonomy arrangement in place; and senior government officials, including some military officials, have provided relatively strong and consistent support for the peace settlement. Yet, despite large amounts of aid for more than a decade, Mindanao's conflict environment has not improved.

The conditions in Mindanao make it extremely challenging for aid to positively influence the conflict. As a result, there is a need to dramatically reassess expectations for aid impact on the conflict. However, the lack of progress on peace and stability in Mindanao is not necessarily a product of poorly designed aid programs. Instead, the findings of this study indicate that conflict is so entrenched that the successful restoration of peace and stability will require a significant period—possibly decades—which is much longer than aid project cycles. Moreover, the absence of robust monitoring and evaluation systems makes it difficult to determine how programs should be improved to effectively address drivers of conflict.

This report looks at development assistance to the conflict-affected areas of Mindanao, and asks whether, and in what ways, it has supported a transition from instability to peace. The study set out to answer four sets of questions:

- a. *Levels and types of contestation and needs.* What types of conflict are the primary drivers of violence and instability in the region? What are the political and security issues that have sustained the conflict?
- b. *The make-up of aid.* How have aid programs attempted to support peace and development?
- c. *Aid and local power dynamics.* How has the political economy in conflict-affected areas of Mindanao—and between Manila and Mindanao—shaped conflict and aid? And, conversely, how has aid transformed the political economy?
- d. *The impacts of aid on Mindanao's ongoing, fragile transition to peace.* To what extent and how has aid addressed key transformational needs at different times?

This report draws on new primary field research on sensitive issues from areas and sources that are often inaccessible to researchers and aid practitioners. The research included extensive efforts to understand the ground-level realities of people living in protracted conflict areas through a household perceptions survey, in-depth case studies at the municipal level, and extensive key informant interviews. The report also utilizes official statistics, violence data, and recent studies of aid and conflict in Mindanao. The research team focused on specific communities rather than specific aid projects, allowing the researchers to look at the experiences, perceptions and behavior of



individual communities in the conflict area, and gain people's perspectives on a range of aid projects.

### Understanding the Mindanao Conflict

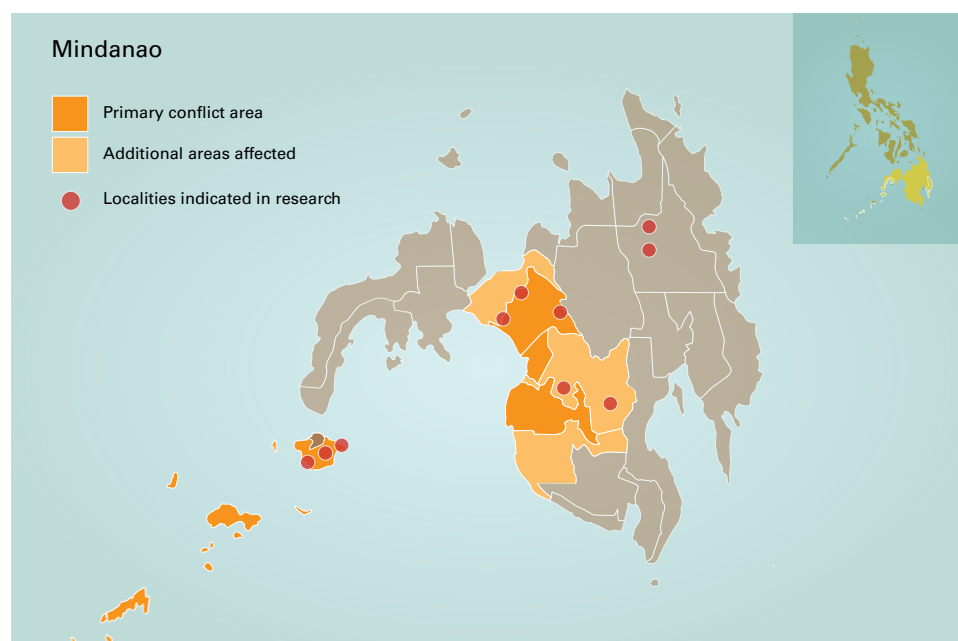
The origins of the Mindanao conflict can be traced back to the 16<sup>th</sup> century when the native Moro population of the island resisted invading Spanish forces. This conflict between the capital in Manila and Moro Mindanao has continued for over 400 years, albeit in intermittent fashion. At present, the Mindanao subnational conflict area covers about 10% of Philippine territory, and is home to about 6% of the national population. The conflict is concentrated in the Muslim-dominated regions of Mindanao, which is the southernmost island of the Philippine archipelago, and has a population of 5.5 million, a third of whom have been affected by violence.

After more than 10 years of negotiations, the Philippine Government and the Moro Islamic Liberation Front (MILF) signed a

breakthrough agreement—the Framework Agreement on the Bangsamoro (FAB)—on 15 October 2012. Negotiations continued into 2013 as joint technical working groups developed detailed agreements on difficult issues such as power and wealth sharing, 'normalization' (i.e., security, development, and cultural changes to allow citizens of all communities to move on and live a normal life), and the drafting of legislation that will govern the new autonomous Bangsamoro region. However, observers of the negotiations remain optimistic that the two parties can overcome their differences.

The conflict in the Moro areas has evolved over the past 44 years—from an ethno-nationalist struggle between an aggrieved minority and the central government, to a highly fragmented conflict with multiple overlapping causes of violence. While 'state-minority' contestation has traditionally been viewed as the dominant form of contestation in Moro areas, inter-elite competition is the major source of contestation and violence across Mindanao. Local-level conflict can escalate into state-

minority conflict. In a number of cases, clan conflicts (or *rido*) have instigated state-insurgent violence. Conflict dynamics vary considerably from one community to another, and even within the same province, depending on the configuration of local elite political networks, and the presence or absence of insurgent groups.





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Mindanao has also shown highly uneven development, with the conflict areas having the lowest levels of growth. Conflict-affected areas of Mindanao have the highest poverty levels and the lowest levels of human development in the Philippines. The human and financial costs of the conflict have been enormous. Conservative official estimates indicate that more than 120,000 lives have been lost in the Moro conflict, with an economic cost estimated at US\$2-3 billion.

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#### Transforming the Conflict

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While the transition in Mindanao from conflict to peace has accelerated since the signing of the FAB in October 2012, the roadmap to a lasting peace is anything but clear, and reaching a durable peace may take a generation.

One of the fundamental challenges in Mindanao is the widespread lack of confidence in the transition from conflict to stability. Most people believe that violence will continue for years, though the FAB is widely seen as a key component in 'jumpstarting' the process of attaining durable solutions to the conflict. Furthermore, there must be changes in political dynamics between national and local elites. These have long been viewed as an effort to divide the Moro population, and have frequently undermined the credibility of government peace efforts.

Although it is recognized that *rido* is the primary cause of instability in many conflict localities, most conflict prevention measures are geared toward addressing state-minority contestation. In order to make the best use of international aid, a deep understanding of

the drivers of inter-elite and inter-communal competition is needed as it varies greatly across Mindanao's regions, provinces and municipalities.

The FAB provides a critically-needed mandate to reform several key institutions and government structures. The Transition Commission (TC) has been designed to support reforms that will be driven primarily by Moro leaders, and should help to strengthen the legitimacy of institutions that come out of this process. It is particularly important to show quick progress in reforming security and justice institutions in conflict areas.

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#### Aid and Development Programs

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International development actors have been extremely active in the Moro regions of Mindanao. With an open invitation from the government to fund programs in the sub-national conflict area and work directly on peace and conflict issues, the environment for aid programs is remarkably different from Aceh and southern Thailand. Mindanao has seen consistently high levels of funding, with a proliferation of projects and aid organizations working in the conflict area.

The significant build-up of aid programs has led to fragmentation and duplication. In conflict-affected barangays, multiple projects are often concentrated in very small areas, often with similar objectives but entirely different donor requirements and procedures. Despite the presence of government agencies and established processes for coordinating aid programs, overall aid delivery continues to be



characterized by competition and poor coordination among international actors, especially in relation to support for peacemaking. While the current Aquino government has been more assertive than past governments in setting the direction for international cooperation, the legacy of aid fragmentation will take some time to improve. With large amounts of aid going to highly conflict-affected regions, often with limited direct oversight, there are signals that aid programs suffer from widespread capture by local elites.

A growing number of major donors have projects specifically dedicated to the subnational conflict area. Based on OECD DAC data, the vast majority of aid projects working in the conflict area claimed to address the conflict. However, project statements that link project outputs with reduced armed conflict (i.e., theory of change) are mostly vague and aspirational. Most of the theories of change regarding impact on peace and conflict include an assertion that improved economic outcomes or improved service delivery will contribute to peace building, but lack any explanation of causality for this claim. Furthermore, very few projects actually monitor transformative outcomes or conflict, making it extremely difficult to verify these claims of transformative impact.

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### Aid and Politics in Mindanao's Conflict-affected Areas

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In many conflict-affected barangays, people are closely linked to their family or clan network, and most people depend on local elites for their safety and security. However, the relationship between local people and elites in conflict areas may be more complicated

than expected. Local elites may be a critical source of protection, but they are also a source of violence. There are some indications that community members may fear local political and armed actors more than outside actors.

Community members are also much more aware of the threat and behavior of local powerful actors, which may further complicate their relations with these actors. Results from this study's perception survey show that local residents often trust national officials more than regional, provincial and municipal officials. Local residents see the former as potential mediators of local elite conflict and/or as protection from local elites.

While there is weak evidence that aid can change local power dynamics, evidence is mixed on whether aid projects can mitigate the negative impact of local politics. Locality case study findings show that aid rarely changes key dynamics at the local level. Villagers surveyed in the sample sites usually agreed that development assistance did not directly influence local power dynamics.

There is relatively strong evidence that aid projects are effectively reaching most people in the barangays, even in localities that reported high levels of corruption and elite manipulation. When asked about the overall distribution of benefits from all aid projects in their barangay, respondents across a majority of municipalities said that aid benefits some or most people in the community. Beneficiaries generally recognized the political agendas behind aid, but this rarely affected their willingness to participate.

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The configuration and intensity of local elite rivalries is a critical determinant of the impact of aid projects on local conflict dynamics. Community-level research for this study shows that the political capture of aid varies significantly from one community to another, and is based on the political dynamics in the community. Communities with dueling local elites see higher patterns of political manipulation of aid as incumbent leaders use aid to strengthen their position.

Villagers in the sample sites widely agreed that development assistance did not directly address the primary causes of conflict in their community. Development assistance is primarily focused on expanding infrastructure and improving delivery of basic services. In some instances, development projects caused friction within the municipality because of flaws in the selection of sites and beneficiaries or because the local leader appropriated a sub-project after losing an election. With activities geared towards improving social welfare for the poor, there is little direct effort to address justice and security, which communities in the conflict area consider a major deficiency.

Partly because beneficiaries perceive assistance as coming from outside the community, they did not appear to have strong ownership of the sub-projects. This allowed some local leaders who lost their elected posts to appropriate project-developed facilities. This may also partly explain why beneficiaries were not too concerned about the quality of sub-projects or the rent-seeking that went with providing infrastructure facilities.

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## Recommendations

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As aid projects will be working in a high conflict environment for the foreseeable future, new approaches must be identified to cope with the challenges posed by different types of conflict in the same area. Donors have to accept the reality of working with the current local political structures. This means they cannot operate with the assumption that limiting the influence of local elites and empowering the community is always the best approach.

*Aid needs to be more explicitly focused on conflict by restoring confidence and transforming institutions.* Very few projects have explicit political and/or peacebuilding objectives, as the vast majority of aid programs are entirely focused on developmental impact. Expectedly, key results indicators target the delivery of physical outputs (i.e., infrastructure) rather than reducing tension and the incidence of conflict in the community. There is little appreciation of the importance of conflict dynamics and the role played by local elites in the perpetuation of conflict.

*Monitoring of local conditions and transformative outcomes is a critical gap.* More than 15 years of donor assistance to the conflict areas has not led to donors' use of rigorous M&E mechanisms that systematically track progress in supporting the peace process. The absence of a rigorous M&E system makes it difficult for aid projects to determine what is transformational at the local level and what is not. For this understanding to be achieved, monitoring



mechanisms will have to be implemented at the following two levels:

- *Project level monitoring* - There is relatively little systematic data on which approaches work and do not work, and in what circumstances. Monitoring of conflict dynamics and conditions at the local level is extremely weak, greatly raising the risk of aid causing harm.
- *Monitoring and evaluation for higher-level peace concerns* - There is a major gap in monitoring of results for higher-level transformational outcomes, including changes in political dynamics between elites. In the case of the ARMM (Autonomous Region of Muslim Mindanao), the absence of such a monitoring mechanism has partly contributed to lack of comprehensive knowledge and understanding of how donor assistance to the peace process has resulted in positive as well as negative outcomes—crucial findings that could inform and improve future rounds of assistance programs.
- *Need for better targeting* - Donors should avoid communities where aid tends to fuel violence and contestation. Studies have shown clear evidence that the most high-risk situations are in communities where there is active, violent contestation between two local factions, or a heavy New People's Army/ Communist Party of the Philippines (NPA/CPP) presence. Current aid targeting does not take these factors into account. However, if communities with such conflicts must be provided with aid for humanitarian reasons, then appropriate steps must be taken to adjust project designs to respond to specific local conditions. This means gaining better understanding of local conflict dynamics. A one-size-fits-all type of project design will not respond to the needs of individual communities.
- *Indications of good governance* - Evidence shows that aid projects work best in communities where there is a functional local government. For example, successful implementation of CDD (community-driven development) sub-projects partly depends on the participation and support of the local government unit. In conflict areas where a functional local government is absent, due largely to absentee local officials, participatory processes are often ignored and/or violated. This may partly explain why evaluation studies of CDD projects show that they have not reduced violence, despite CDD's potential for strengthening community cohesion. Other project designs might be appropriate for such communities but rigorous monitoring and evaluation at the community level is necessary in order to consider alternatives to CDD.
- *Need for flexibility* - The complex and multi-layered types of contestation in Mindanao conflict areas require flexibility in responding to ever-changing challenges. The allocation of funds should be flexible in order to target specific areas and groups, and adapting program activities to differing local conflict and political dynamics, and changes over time, will enable the project to contribute to restoring confidence and transforming institutions.



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