

# Land, Foreign Aid and the Rural Poor in Mindanao

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September 2009

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## Abstract

Public policy questions and problems such as land reform and foreign aid allocation, are complex and fluid. Most bilateral donor countries no longer consider the Philippines a program country. However, most are looking at Mindanao (southern Philippines) as a challenge that demands special attention. While the strategic intentions would be framed along the lines of conflict and poverty, these two variables cannot be dissociated from the issue of land. The land questions in Mindanao are not so simple and reducible to how far the Comprehensive Agrarian Reform Program (CARP) is able to reconstruct agrarian institutions or rearrange land ownership and user rights regimes. The land issue should not even be confined to the CARP domain given the fluid boundaries of agricultural areas and their expansion beyond official classification. Neither is it an issue of how far foreign aid is able to support agrarian reform intentions. This paper seeks to provide an exposition and understanding of the relation of land and foreign aid in the context of Mindanao. It also seeks to raise questions for further inquiry into the issue. The questions are urgent and compelling due to the explosive mix of poverty and armed conflict, along with the Moro and indigenous peoples' historical land claims and demand for adequate space for political participation and expression of their cultural and ethnic identity.

## Introduction

It is argued by most development economists that for most rural people, land is the way out of poverty. Conversely, poverty can be reproduced or aggravated when land is misallocated under monopoly conditions, unclear property regimes and user-rights arrangements. A land-oriented poverty reduction approach is based on the rationale that barriers to land access and control create disincentives to investments and production, thus broadening the ranks of the rural poor. Ideally, the anti-poverty and social justice functions of the Comprehensive Agrarian Reform Program, (CARP) should have led to the spurring of economic growth, diminution of poverty and inequality, and de-escalation of violent conflicts.

Began and created during the Aquino administration in 1988, after the passage of the Comprehensive Agrarian Reform Law (RA 6657) and extended by RA 8532 – the CARP is, by far, the most comprehensive agrarian reform initiative of government that seeks to remove inequity in access to land and combines the principle of social justice and economic growth objectives. Its main distinction is coverage of all agricultural lands compared to Marcos' 1972 Presidential Decree No. 27 that covered only rice and corn lands.

The CARP embodies the intent of formalizing land ownership and user rights through the issuance of land titles. The same program also induced broad foreign donor support to the Philippines, a former pariah nation because of the Marcos dictatorship, thus enhancing the role of official development assistance (ODA) towards a major social sector initiative. Together with foreign aid allocation for agriculture and natural resources, aid allocation for agrarian reform for 1994 to 2000 totalled US \$2.9 billion or 22 percent of total foreign assistance allocation. By 2002, agrarian reform (together with agriculture and natural resources) rose second to infrastructure in aid allocation with running loans amounting to US \$ 2.2 billion during the year. In 2006, the same sectors accounted for 18% (US \$1.7 billion) in running foreign aid loans from a total loan portfolio of US \$ 9.5 billion.

The CARP is now at the end of its second 10th year mandate. The Medium Term Philippine Development Plan (MTPDP) 2004-2010 reiterated the government's commitment to CARP as a flagship program in addressing rural poverty and agricultural underdevelopment with a commitment to complete the remaining land acquisition and distribution targets by 2008. This commitment comes with a requisite, to augment the Agrarian Reform Fund (ARF) with foreign aid grants.

The possibility of CARP termination has raised uncertainties among beneficiaries and those still seeking recognition and inclusion as beneficiaries especially in Mindanao where, as Gutierrez and Borras (2004) argue, the real land distribution accomplishment is 43% from the original CARP scope. RA 8532 will remain in effect until abolished by the national legislature but without CARP the bureaucratic means for agrarian reform implementation would have lesser leverage for budget allocation. Earlier on, most aid-funded programs supporting CARP had been tailored to adapt to the tail-end scenario, emphasizing sustainability and transfer of accountability to the Department of Agrarian Reform (DAR) and local government units (LGUs) and agencies. Local governments, though, are likely to meet fiscal constraints in maintaining program management facilities and physical infrastructure.

While the CARP is facing uncertainty in the national legislature and while the completion gap in land redistribution and support services is larger than official data suggests, Mindanao has gained special attention from the foreign donor community. At least five major donor countries and aid agencies in the Philippine Development Forum (PDF) have pledged continuing support for peace and development in Mindanao: Australia, Japan, Canada, New Zealand and Spain as well as the World Bank (which co-chairs the PDF). The United States also gives special attention to Mindanao. In fact, as a matter of policy, all strategic objectives of the United States Agency for International Development (USAID) emphasizes assistance for Mindanao with funding allocation currently amounting to almost 60 percent of total aid for the country.

Public policy questions and problems such as land reform and foreign aid allocation are complex and fluid. Most bilateral donor countries no longer consider the Philippines a program country. However, most are looking at Mindanao as a challenge that demands special attention. While the strategic intentions would be framed along the lines of conflict and poverty, these two variables cannot be dissociated from the issue of land.

The land questions in Mindanao are not so simple and reducible to how far the CARP is able to reconstruct agrarian institutions or rearrange land ownership and user rights regimes. The land issue should not even be confined to the CARP domain given the fluid boundaries of agricultural areas and their expansion beyond official classification. Neither is it an issue of how far foreign aid is able to support agrarian reform intentions. Philippine society, the state and the donor community have to come to terms with oft-evaded historical questions of land in broader physical and cultural terms rather than pretend that the mere issuance of land titles and certificates of ownership can formalize land market transactions and lay the ground for the triumphal march towards economic growth.

This paper seeks to provide an exposition and understanding of the relation of land and foreign aid in the context of Mindanao. It also seeks to raise questions for further inquiry into the issue. The questions are urgent and compelling due to the explosive mix of poverty and armed conflict, along with the Moro and indigenous peoples' historical land claims and demand for adequate space for political participation and expression of their cultural and ethnic identity.

What are the land questions prevailing in Mindanao? How has CARP, being the flagship program for agricultural land reform, addressed these questions? How much of the positive and negative results have been influenced by overseas programs supporting CARP? What have been the pitfalls and omissions? What are the most compelling challenges at present?

## CARP and the Mindanao Land Questions

After two decades, the Comprehensive Agrarian Reform Program (CARP) is still miles away from its ultimate objective – the transfer of farm lands to the landless farmers and farm workers and spurring of economic growth. Around this scenario is a larger picture of growing poverty where 33 out of every 100 Filipinos live below the poverty line. The national poverty incidence (of families) in 2006 stood at 26.9%— only 1.1 percent lower than in 1997 and almost at the same level as it was in 2000. With poverty

rising side by side with the 2.1 percent population growth rate, the magnitude of the poor population has grown to 27.6 million or 3.8 million more than in 2003. Philippine poverty and inequality levels remain one of the highest in Asia. This is indicated by the .456 Gini Coefficient in 2006 that is still higher than what was registered two decades ago.

The association of Philippine poverty to land can be gleaned from the profile of those living below the poverty line. In a recent study, Albert and Collado (2007) cite that the highest level of poverty incidence (up to 50%) can be found among families where the heads rely mainly on agriculture for income and that 61% of the poor consist of households that are dependent on agriculture. Balisacan (2006) cites similar findings.

While the causal relationships of poverty, land and violent conflict in the Philippines still need to be examined closely, they are closely associated, especially if the definition of violence is broadened to include structural and cultural violence. Related studies infer that agricultural sector development can contribute to peace by denying political entrepreneurs any cause for violence. Violence and poverty can be mutually reinforcing where the vicious cycle relationship can lead to escalation of one or the other or both. Edward Azar's (1990,1991) theory of protracted social conflict is an apt reminder of how structural inequities such as ownership and access to land become deep predictors of violent conflict. Redistributive reform – in agricultural and ancestral domain areas – is argued to be a crucial element without which lasting peace cannot be achieved in Mindanao (Gutierrez and Borrás 2004).

The phenomenon of poverty and violent conflict in the Philippines is not associated with mass starvation, anarchy, pandemic and genocide like the violent conflicts in African countries like the Democratic Republic of Congo, Rwanda, Sudan or Somalia. Still the country ranks high in the second half of the 20th century list of countries (second to Colombia) in terms of deaths caused by violent internal conflicts. It is estimated that the protracted conflict in the Philippines since 1969 has taken at least 120,000 lives, US \$ 17.5 billion in lost GDP and US \$ 6 billion in military spending (Oquist and Evangelista 2007). This is why 35% of Filipinos rank peace as an urgent national concern, next to inflation (45%) and graft and corruption (36%).

The centuries-old Moro conflict in Mindanao has been elevated into the geopolitical map in the aftermath of 9/11. But what has been highlighted in Mindanao-focused donor programs is the issue of violence linked to terrorism and Muslim separatism. Very little association has been attributed to the land question. The foreign donor community operating in Mindanao has been tempted to reorient its assistance towards geopolitical concern for security and stability. The United States, for example, treats Mindanao as a staging ground for terrorist acts of the Jemaah Islamiyah and a center of separatist conflict and terrorist violence.

One other very significant Mindanao and conflict-focused donor assistance program that forms part of the PDF Action Agenda is the Mindanao Trust Fund-Rehabilitation and Development Program (MTF-RDP) currently funded by Australia, Canada, New Zealand, Sweden and the World Bank (which also manages the program). The US 2.7 million Phase I of the program is focused on capacity building for the Bangsamoro Development Agency (BDA), the development arm of the Moro Islamic Liberation Front (MILF). The US \$ 50 million main chunk of program funding is conditioned on the signing of the GRP-MILF Peace Agreement. This design is almost similar to the post-conflict oriented donor support for the GRP-MILF Peace Agreement where foreign aid is used as a cookie in exchange for peace.

But this reorientation may yet fall into the trap of reductionism, if not, what Oquist and Evangelista (2006) describe as a utopian trap where donors focus on the technical and technocratic requirements of socio-economic and governance projects, while choosing to stay on the margins of political processes. Poverty, land and conflict in Mindanao are issues of politics that cannot be boxed in the menus of priorities and time frames of donors. Besides, such approach conspires against the development and ability of social movements to demand meaningful institutional reforms. The transformation of conflicts and attainment of peace are political processes that require centrality, and not marginal approaches, in donor and civil society engagements with government and other stakeholders. In a recent study, Gutierrez and Borrás (2004) suggest that state policy on peace and development should take into account not only the political elites but also various other stakeholders that matter. And they are voluntary poor settlers,

enterprising middle classes and bureaucrats, land-hungry economic elites and multinational companies and entrepreneurs of violence that are being used by powerful interests for vested ends.

## Property Rights: Competing Claims

Mindanao has always been a distinct sub-society within the larger Philippine society because it emerged from a different historical context. The population's ethnic configuration is diverse, with 19 non-Muslim and 13 Muslim indigenous tribes and a larger population of settlers from various regions of Luzon and the Visayas. It is also endowed with the richest pre-colonial experience in state building and governance structures of communal and feudal agrarian institutions. In the course of history, these were diluted with two colonial legacies in property regimes: the so-called Regalian Doctrine imposed by the Spanish colonizers and the Torrens concept introduced by the American colonizers. The former strengthened non-Islamic feudalism while the latter built on the foundations of feudalism while introducing capitalism.

A major feature of the American colonial land laws is the segregation of public and private land ownership. The latter combined private land allocation with resettlement programs such as the Public Lands Act No. 718 of 1902 (promoting settlements by issuing 16-hectare homesteads), Public Lands Act No. 2254 of 1913 (mandating the creation of agricultural colonies in Muslim areas of Mindanao) and Public Lands Act No. 2874 of 1919 (increasing the size of private and corporate ownership of lands).

Private allocation of land was limited by the ability of the population to gain access to information and the bureaucratic means for law enforcement. All unclaimed lands were deemed public lands and its magnitude was enhanced by the nullification of land grants issued by Muslim Sultans, Datus and chiefs of non-Christian tribes (as mandated by Public Lands Act No. 718 of 1902) and the nullification of all ancestral rights and ancestral domains by Commonwealth Act No. 141 of 1936. State utilization of public lands, on the other hand, saw the introduction of mining (Mining Law of 1905, which opened all public lands for mining exploration, occupation and purchase), agribusiness plantations and commercial forestry.

How far the property laws were enforced in Mindanao can be inferred by demographic and economic changes over time despite the centuries-old Muslim rebellion. Some scholars would argue that Muslim ownership of lands had been gradually and significantly reduced to 30 % by 1972 (Che Man 1990) and 17 % by 1982 (Jubair 1984).

Parallel to private land allocations around state-sponsored and voluntary settlements, major changes occurred in what the state considered public lands. The rubber and coconut plantations were introduced in Basilan and Zamboanga in the early 1900s (pioneered by Swiss-Americans like Menzi and Busterly). The first 10,000-hectare pineapple plantation was opened by Philippine Packing Corporation (PPC, a subsidiary of Del Monte Corporation) in Bukidnon in 1938 under lease from the National Development Corporation (NDC). The NDC was established in 1919 and was charged with land acquisition and promotion of corporate investments. During Martial Law, the government expanded NDC's leasing authority to promote plantation agriculture (Ofreneo 1987). By then, the pineapple plantations expanded to 50,000 hectares (PPC in Bukidnon and DOLE Philippines in South Cotabato). As of 1983, the NDC had leased 117,000 hectares to 8 foreign-owned corporations to develop pineapple, banana, rubber and palm oil plantations (Ofreneo 1987).

The Cavendish banana plantations were introduced in the Davao provinces during the post-war period, instigated by Japanese demand for the fresh fruit. As of 1982, there were 23,000 hectares of Cavendish plantations controlled by four transnational corporations (United Brands, Dole, Del Monte and Sumitomo) and Filipino corporate growers (Ofreneo 1987). By 2004, there were 44,000 hectares of Cavendish plantations in Davao del Norte and Compostela Valley (BAS 2004).

## Ethnic Lay of the Ground

Demographic changes accompanied the changes in land allocation. In addition to state-sponsored and voluntary settlements, state-facilitated investments in mining, forestry and agribusiness brought in workers from Luzon and the Visayas. In Bislig (Surigao del Sur), for example, Paper Industries Corporation of the Philippines (PICOP) Inc. attracted more than 20,000 workers during the heyday of the timber industry. So too did the banana plantations in Davao del Norte that, at 23,000 hectares in 1982 and a worker-to-land ratio of 1:1, brought in more than 20,000 workers to the province. In Basilan, the coconut and rubber plantations attracted non-Muslim farm workers, and their presence would ultimately change the ethnic configuration of communities in and around the plantations.

The percentage of the Muslim population was successively reduced from 76 percent in 1903 to 34 percent during the Commonwealth Period, 32 percent during the post-war period, 21 percent during the Moro rebellion and 23 percent by 1980 (Gowing 1977, 1979). Conversely, the percentage of the Christian population grew from 24 percent in 1903 to 77 percent in 1980. In many traditional areas, Moro populations had all disappeared by the 1960s (Majul 1985). The municipality of Kapatagan (Lanao del Norte) was traditionally Muslim-dominated. In 1918, only 24 Christian families lived there but by 1960, 93,000 Christians had moved in through government-sponsored programs while the Maranao Muslim population had been reduced to 7,000.

Conversely, the non-Muslim population in Mindanao increased from 2.0 million in 1948 to 6.3 million in 1970, then to 8.4 million by 1980. As of 1990, the majority of the population consisted of non-Muslims while Muslims constituted 18.9 % and Lumads constituted 5.1% (NSO).

It is difficult to get an accurate statistical count of the ethnic mix of the population although the concentrations of Muslims and non-Muslim indigenous peoples could be gleaned from ocular examination. In a recent study by Durante (2005) at the Western Mindanao State University (WEMSU), she cites that Muslims constitute 28.23 percent of the population while Lumads (or non-Muslim indigenous groups) constitute 5%.

National Statistics Office (NSO) data for 2000 indicate that there were 3.85 million Muslims nationwide, with 3.64 million in Mindanao. The Office of Muslim Affairs (OMA) argues that during the same period, there were 8.34 Muslims nationwide of whom 6.15 million were in Mindanao. The two claims put the proportion of Muslims in Mindanao at between 20 and 34 percent of total. There is no accurate count of the Lumad population in Mindanao. While it is possible to use CADC/CADT applications as proxy, the National Commission on Indigenous Peoples (NCIP) does not efficiently make use of the information to establish the IP population.

The Office of Muslim Affairs (OMA) criticizes the NSO for understating the actual number of Muslims in the Philippines, citing its failure to take into account un-registered births and deaths, Muslims who are afraid to affirm their being Muslims and “Balik-Islam” (lit. return to the Islamic faith). Islamic leaders argue that Mindanao inhabitants were Muslims prior to their conversion to Christianity during the Spanish colonial period.

State-sponsored and voluntary settlers generally uphold civil property rights regimes enforced by the state. After all, the related instruments (such as the Torrens Certificate of Title (TCT), emancipation patents, tax declarations, Certificate of Land Transfer (CLT), Certificate of Land Ownership Award (CLOA) and others) are their source of legitimate ownership and tenure security. They also know that these instruments are negotiable in open markets – either as mortgage or proof of sale or purchase.

Although it cannot be denied that many Muslims and Lumads, especially those inhabiting built-up areas, have accepted civil property rights and norms and have availed themselves of the same, there are primordial claims that lean on customary rights and traditions. Among Muslims, the primordial claims were first instigated by the Moro National Liberation Front (MNLF), which introduced the notion of Bangsamoro that suggests the combined elements of nationhood (as a people), political autonomy based on the pre-colonial existence of the Sultanates and corresponding ownership of territory (with

Mindanao as the Bangsamoro ancestral land of the Muslims). Among Lumads, the biggest influence in the primordial claims comes from the Indigenous People’s Rights Act (IPRA) that suggests state recognition of their ancestral rights and where the boundaries are to be self-determined based on genealogy and other evidence of “ownership” such as burial grounds and hunting grounds.

## The Physical Lay of the Ground

Mindanao encompasses 10.2 million hectares of land. Six million hectares are classified as forests, of which 4.3 million are utilized as timberlands and 4.1 million hectares are classified as alienable and disposable (A&D) lands.

	Alienable and Disposable	Forest Land	Total
Mindanao	4,131,306	6,068,580	10,199,886
Region IX	762,280	837,454	1,599,734
Region X	657,100	746,193	1,403,293
Region XI	1,079,824	1,634,235	2,714,059
Region XII	546,828	890,446	1,437,274
ARMM	542,827	618,002	1,160,829
Caraga	542,447	1,342,250	1,884,697

Source: NSCB, 2002

### *a) Agricultural Lands*

Based on the 1991 NSO Census of Agriculture, there were 1.46 million farms during that year, comprising 4 million hectares. During the 1980-1990 period, the number of farms increased by 30 percent while the aggregate size of farms increased by only 10 percent.

Mindanao has 6 administrative regions, 25 provinces, 408 municipalities and 10,042 barangays. The city populations are expanding and some municipalities are aiming to become cities using population size, land area and local tax income as rationale. Growing, too, is the need for housing, commercial and industrial land. The physical and demographic growth patterns suggest that the actual alienated and disposed lands may be greater than what is officially classified.

The CARP push for democratization of land ownership is encountering problems not only with resistance from landowners and the finiteness of agricultural land but also with its own constraints. The original CARP scope in Mindanao was 2.6 million hectares or 65% of total agricultural areas. The deducted scope consists of only 1.38 million hectares (or 33.6% of total agricultural areas) of which 1.1 million were reportedly distributed by 2003. This suggests that at least 25% of agricultural areas should be in the hands of Agrarian Reform Beneficiaries (ARBs).. The 2002 NSO Census of Agriculture data suggest, however, that on the average, only 4.2% of households in every region (except ARMM (Autonomous Region of Muslim Mindanao)) acquired their land from CARP.

In physical terms, meeting the demand for land needs to consider not only the monopoly in existing agricultural areas but also the feasible expansion to non-A&D areas. The rural population is already coping by reducing farm size (theoretically, from an average of 3.67 hectares to 2.76 hectares) or by transforming meadows and pasturelands into farmlands. This does not take into account the magnitude of legal and illegal land conversions to commercial and industrial uses. During the 1980-1990 period, the aggregate size of meadows and pasture lands decreased by 340 percent, from 120,676 hectares to 35,413 hectares.

### b) Forest Areas

The next viable frontier for agriculture expansion is the Mindanao forests. Officially, there are 5.7 million hectares of classified forests of which 4.3 million hectares are utilized as timberlands. The largest areas are in Region 11 (1.23 million hectares; the large part of which is in Davao del Norte), Region 12 (1.14 million hectares; the large part of which is in North Cotabato) and Caraga (1.34 million hectares; the large part of which is in Agusan del Sur).

But there are constraints in the re-allocation of classified forests. At the policy level, there is the outdated Forestry Code of 1975 (that classifies any land above 18 degrees in slope as forest), the IPRA that recognizes IP ownership of ancestral domain areas, administrative policies promoting commercial and community forestry and individual stewardship and the Mining Act of 1995 (that has been challenged by civil society organizations but whose constitutionality was re-affirmed by the Supreme Court in 2005). These policies instigate competing claims in forest areas.

One-third of Mindanao's timberlands is controlled by private commercial firms. As of 2003, 132 commercial forest agreements covered 2.16 million hectares. In Caraga Region, there are 1.3 million hectares of classified forests of which 705,507 hectares are tenured and most others are open access forests. Seventy percent of tenured forests are in the hands of 22 private firms and the rest is covered by Community-Based Forest Management Agreements (CBFMAs) held by 128 communities.

One of the most powerful and notorious private concessionaires is the Paper Industries Corporation of the Philippines (PICOP) which has been renamed the PICOP Resources Inc. (PRI). It controls more than 200,000 hectares spanning the provinces of Agusan del Sur, Surigao del Sur and Compostela Valley. Its Timber License Agreement (TLA) expired in February 2006 but it still maintains armed control of the concession and prevents inhabitants from tilling the logged-over areas. Its power emanates from the political stature of its owners such as former President Fidel Ramos and former House Speaker Jose de Venecia (whose nephew is said to also control coal mining operations within the concession). In Agusan del Sur, 4 TLAs (covering 263,329 hectares) have expired but 10 other private concessions covering 109,654 hectares covered by Integrated Forest Management Agreements (IFMAs) will expire only in 2023. .

Resource-based conflicts are common in the forest areas of Caraga because of overlapping claims and overlays of various tenurial instruments issued by various agencies. The Department of Environment and Natural Resources (DENR) issues licenses for commercial and community forestry and large-scale mining, the NCIP administers ancestral domain claims and issues the ancestral domain titles and the local government units (LGUs) issue small-scale mining permits.

Alongside the concerns of the direct stakeholders is the wider community concern for the environment, especially pertaining to potential disasters and degradation of watersheds due to forest denudation and soil erosion. In Caraga, the DENR has proposed to designate 463,706 hectares as protection forests but to date there are only 41,648 hectares of proclaimed watersheds or 3 percent of forests. There is a wide expanse – covering 375,509 hectares – of open access forests that is prone to conflicts.

### c) Mining Areas

Mining is now a priority program for attracting foreign investments in the Philippines and Mindanao is rich in mineral resources especially Caraga, Region 12, Region 9, Region 10 and Region 11. Setting the pace are 24 large-scale mining projects about half of which are in Mindanao. The national government has identified 10 major mining areas in Mindanao that have the potential of generating \$3.7 billion in investments and \$7.5 billion in revenues. These new sites are in Caraga (5 sites), Region 11 (3 sites), Region 9 (1 site) and Region 12 (1 site).

According to the Mines and Geosciences Bureau (MGB) of the DENR, as of 2000, there were 364,892 hectares of approved mining areas in the whole of Mindanao with largest concentrations in Caraga, Region 9 and Region 12. These consist of:

- 32 approved applications for Exploration Permit (EP) covering 194,534 hectares distributed as follows: Region 9 (3 EPs, 29,686 hectares), Region 11 (5 EPs, 13,598 hectares), Region 12 (10 EPs, 64,681 hectares) and Caraga (14 EPs, 86,569 hectares);
- 51 approved Mineral Production Sharing Agreements (MPSAs) covering 121,868 hectares, distributed as follows: Region 9 (9 MPSAs, 30,414 hectares), Region 10 (5 MPSAs, 1,396 hectares), Region 11 (6 MPSAs, 4,546 hectares), Region 12 (6 MPSAs, 15,356 hectares) and Caraga (25 MPSAs, 70,154 hectares); and,
- 1 approved Financial Technical Assistance Agreement (FTAA) covering 30,490 hectares in Region 12.

The above coverage of mining areas represents the slow track of the mining industry when the Mining Act of 1995 was still being challenged by civil society organizations in the Supreme Court. But the government has its own goal formation in mining. It is now on fast-track mode after the issuance of Executive Order No. 270 (setting the National Policy Agenda on Revitalizing Mining in the Philippines) in 2004 and the Supreme Court decision re-affirming the constitutionality of the Mining Act in 2005.

In Caraga, as of 2007, there were 34 ongoing MPSAs (compared to 25 in 2000) and 75 in the pipeline covering 260,362 hectares; 97 EPs in the pipeline covering 411,441 hectares and 1 FTAA covering 13,010 hectares. These do not include legal and illegal small-scale mining approved or condoned by local government units. The total size of approved and applied-for mining areas encompasses 793,557 hectares or more than the size of tenured forests. It covers 41% of the total land area of the region and more than 50% of classified forests.

The ability of the mining industry to produce revenues for local governments, create jobs for the population or instigate the emergence of subsidiary industries is highly questionable. Of urgent concern to the Caraga population is its potency to instigate resource-based conflicts and to degrade the physical environment.

As embodied in the Mining Act of 1995, mining activities can be conducted in any private or public land. In Caraga, this means that the industry will intrude on existing tenurial arrangements in 40% of the land area, specifically, tenured forest areas and ancestral domains. Its potency for conflict escalation is also enhanced by the direct interest and participation of the local political elites. The ruling family of Surigao del Sur, led by Governor Vicente Pimentel Jr (whose brother is the City Mayor of Tandag and another brother is the Provincial Administrator) controls a mining firm called CTC Construction and Mining Corporation (CTC stands for Clarence T. Pimentel) that has 3 MPSAs in Carrascal (Surigao del Sur) covering 8,433 hectares.

In Agusan del Norte, political power is in the hands of the Amante dynasty (except Butuan City, the provincial capital, which is ruled by the Plaza dynasty). Patriarch Edilmiro Amante is a Congressman; wife Rosario Amante, is former Mayor of Cabadbaran City; daughter Angelica Rosedell, is former Governor and Congresswoman; and son Erle John Amante, is the current Governor. The family is involved in SR Metals (in Tubay, Agusan del Norte), exporting mineral ore to China. The Governor is currently embroiled in a legal case due to allegations that he allowed large-scale mining operations in the guise of small-scale mining.

#### *d) Ancestral Domains*

The enactment of Republic Act No. 8371 or the Indigenous Peoples' Rights Act of 1997 signified the state's positive response to civil society advocacy for indigenous people's rights. At the same time, it created changes in the land administration structure of the state (with the creation of the National Commission of Indigenous Peoples or NCIP) as well as problems of coordination between national line agencies and local government units.

Nationwide, the NCIP is tasked with administering about 5 million hectares of ancestral lands (approximately 16% of national territory). In Mindanao 13 CADTs covering 307,862 hectares had been

issued to various tribes or an average of 11,000 hectares per title as of 2004 (see Table 2). The new priority CADT applications processed by the NCIP are in Region 9 (15,000 hectares), Region 10 (131,755 hectares), Region 11 (192,600 hectares), Region 12 (146,857 hectares) and Caraga (112,043 hectares).

Location/Applicant	Tribe	Area (hectares)	Individual Beneficiaries	Date Approved
1. Lanuza, Surigao del Sur	Manobo	11,811.62	1,065	Nov. 16, 2002
2. Boston, Davao Oriental	Mandaya	19,151.44	3,259	Mar. 25, 2003
3. Siocon, Zamboanga del Norte	Subanen	8,213.50	1,144	11-Apr-03
4. Monkayo, Compostella Valley	Manobo, Dibabawon, Mandaya, Manguangan	30,468.23	2,189	22-Jul-03
5. Milalitra, Talakag, Bukidnon	Talaandig	11,105.57	4,922	25-Jul-03
6. Bentangan, Carmen, Cotabato	Arumanen	5,680.6281	715	25-Jul-03
7. Kitaotao, Sinuda, Bukidnon (FEMMATRICS)	Matigsalog-Manobo	102,324.82	24,405	25-Jul-03
8. Pilas, Mahayag, Zamboanga del Sur	Subanen	4,530.08	3,161	Feb. 12, 2004
9. Brgy. Ilomavis, Kidapawan City (MADADMA)	Obo, Manobo	3,177.20	679	Feb. 14, 2004
10. Quezon, Bukidnon (QUEMTRAS)	Manobo	1,595.29	1,398	Feb. 18, 2004
11. New Bataan, Compostela Valley	Mandaya Mansaka	92,413.87	8,443	Feb. 19, 2004
12. Makilala, North Cotabato	Bagobo	2,973.11	596	Dec.16,2004
13. Dumingag, Zamboanga del Sur	Subanen	20,097.93	6,985	Dec.17,2004
<b>Total</b>		<b>307,862.66</b>	<b>58,961</b>	

Source: NCIP

The first generation of ancestral domain claims were actually packaged within the terms of CARP and were administered by the DENR through the issuance of Certificate of Ancestral Domain Claim (CADC) under the rules of DENR Administrative Order No.2. Then, CADC applications were generally confined to upland and mangrove forests under the mandate of the DENR. Under IPRA, the ancestral domain claims have been broadened to include:

“...land, inland waters, coastal areas and natural resources therein held under a claim of ownership, occupied or possessed...by their ancestors communally or individually since time immemorial...” and... “ancestral lands, forests, pasture, residential, agricultural and other lands individually owned whether alienable or disposable or otherwise, hunting grounds, burial grounds, worship areas, bodies of water,

mineral and other natural resources and lands which may no longer be exclusively occupied...” by IPs (Sec. 3a, IPRA).

The scope of IP ancestral claims may actually extend beyond the 5 million-hectare-ancestral lands nationwide. In Mindanao alone, most ancestral claims already impact on existing land ownership and land use environments. In the Municipality of Sen. Ninoy Aquino (formerly Kulaman, Sultan Kudarat), the 8,000-hectare CADT claim of the Kulaman Manobo Dulangan Organization (KMDO) overlaps the existing political territories of 7 barangays in the municipality. These territories include built-up areas, public facilities (such as schools and basketball courts) and farms cultivated by Christian settlers acquired through previous informal purchase from the IPs. The 7 barangays represent one third of the municipal territory.

In the village of Kandang (formerly called Dawing, Bagumbayan, Sultan Kudarat), the 243-hectare CALC claim of the Kandang Clan of the Tboli-Ubo tribe, through the Kandang Claimants Organization (DAKCO), includes farms owned and cultivated by 11 Christian settler and 4 Muslim settler families. The Kandang clan consists of 23 families that abandoned the village during the height of Maoist insurgency in the mid-1980s.

In Agusan del Sur, there are 24 CADT claims that cover 165,274 hectares in addition to 165,274 hectares of 8 approved CADCs. The aggregate claim will cover more than 50 percent of the provincial territory. In Bislig City (Surigao del Sur), the 3,000-strong (including children) Mandaya-Manobo Bislig IP Federation is claiming ancestral ownership of the 40,000-hectare territory of the city, including the coastal zones of surrounding municipalities. The federation forms part of a larger federation of farmers and fishers that covers 5 municipalities and that aims to claim all ancestral lands including coastal waters. The President of the federation, Datu Saljos Florio Josafat Jr., is an agitated young leader who claims to be on the death list of a logging company. He has written an official letter to the City Government of Bislig asking the local government to explain why no free and prior informed consent (FPIC) of the IPs was taken prior to the conduct of government activities.

The IPRA also introduced the notion of issuing titles to ancestral lands such as the Certificate of Ancestral Domain Title (CADT) that is proposed by a SEC-registered claimant organization but the title is eventually issued to the tribe; and, the Certificate of Ancestral Land Claim (CALC) that is issued to a clan or family within a tribe.

Section 12 of the IPRA provides a window for IPs to claim individual ownership based on the civil property regime provided for by Commonwealth Act 141 as amended by Land Registration Act No. 496. In this regard the notion of “immemorial” ownership could be equivalent to not less than 30 years of possession by which an ancestral land could then be alienated and become private land. The caveat, however, is that such options could be exercised only within 20 years after the enactment of IPRA or until 2017. But IPRA, like other asset reform laws and policies, is heavily constrained by the capacity of the NCIP to perform its tasks and the ability of other national line agencies and local governments to pre-empt claims or undermine those where the process of transfer has been consummated.

The IPRA has offered hope to IPs, often inducing large claims that the claimants cannot resist pursuing, yet instigating counter-claims of more powerful forces in society. Internally, the NCIP may be described as one of the most marginalized agencies of government. Its technical, scientific, financial and other resource capabilities are extremely deficient such that it targets only one CADT approval per year per province. In many sub-provincial field offices, NCIP staff still use yellow pads instead of computers. Even the agency’s own information requirements for effective administration are wanting. In Region 12, the NCIP Regional Office in Koronadal City has only a single piece of survey equipment.

The Tri-People Commission (TRICOM), a Davao-based NGO, has been assisting six IP claims in Sultan Kudarat, North Cotabato, Sarangani and South Cotabato since 1997. Since then, no CADT has been issued to any claimant. Much of the problem lies in the ability of the NCIP to process the claims, conduct perimeter surveys and manage opposition from other sectors, including local governments. Local government units (LGUs) generally perceive ancestral domain claims as loss of territory, and, therefore, loss of revenues from the Internal Revenue Allotment (IRA). Tribal organizations and ancestral lands are exempted from

taxes and yet, LGUs claim, they are obliged to provide basic services to the IP population. Otherwise, the NCIP merely administers ancestral claims and does not function as a delivery agency for basic services. At best, the NCIP mobilizes local and foreign funding for scholarships.

In old Christian settler communities like Surallah, Norallah, Tangtangan and Banga (South Cotabato), LGU opposition comes from a preference to protect the civil property rights of settlers. In others, like Bagumbayan (Sultan Kudarat), LGU opposition comes from their preference for mining investments. Mining applications are generally delayed where there are existing CADC/s and CADTs not only due to the requirement of free and prior informed consent (FPIC) as provided for by IPRA but also because of the provision that IPs have priority rights to all natural resources in their domain (Sec. 57, IPRA).

## Landlessness and Poverty

For people in rural areas, land is a store of wealth. It is a dependable asset reserved for self-employment in case of labor market failures and as a source of food in case of food market failures. Images of hunger in North Cotabato during the El Niño drought phenomenon in 1998 show villagers digging deep recesses of scorched earth searching for cassava and other root crops in order to appease their hunger. Land is their ultimate recourse during sudden shocks and shifts in access to food.

A bird's eye view of Mindanao may still tempt one to imagine huge tracts of unutilized land or to think that there is enough land for almost 20 million inhabitants in 10 million hectares of land area. But the fact is that 8.9 million are poor (as of 2006), most of whom come from rural families which rely on agriculture for income (see Table 3).

Area	Magnitude of Poor Families		Magnitude of Poor Persons	
	2000	2006	2000	2006
Philippines	4,146,663	4,677,305	25,472,782	27,616,888
Mindanao	1,372,870	1,545,462	8,395,471	8,946,884
Region 9	209,842	250,696	1,257,210	1,404,098
Region 10	261,501	285,054	1,582,225	1,663,283
Region 11	202,121	257,554	1,231,277	1,450,542
Region 12	264,301	253,009	1,595,474	1,482,130
ARMM	255,879	295,220	1,652,890	1,778,262
Caraga	179,226	201,929	1,076,395	1,168,569

Source: NSCB 2008

In 2002, on the 14th year of CARP, only 4.2% of households in every region would acquire land from the program (see Table 4). Except for the ARMM where 66% of households surveyed by the NSO claim to own agricultural land, only one third of families in all other regions of Mindanao would own a piece of agricultural land.

As of 2003, the Department of Agrarian Reform had distributed 1.1 million hectares to farmer-beneficiaries in Mindanao. This land redistribution accomplishment represents 25 percent of the total size of farmlands in the region. However, an accounting has yet to be made on the extent these lands are fully accessible to or under the control of farmer-beneficiaries; more so, how much of the lands given to farmer-beneficiaries are also being claimed by Muslim and non-Muslim indigenous peoples.

Land transfer under CARP has to contend with the finiteness of land. On the one hand, while the program needs to address the social justice dimension by democratizing ownership of existing agricultural lands,

on the other it needs to look into the physical limitations of existing agricultural areas. In fact, the program originally covered a much broader scope with the redistribution mandate shared between the DAR and the DENR (on ancestral domain claims) until the latter's mandate was turned over to the National Commission of Indigenous Peoples (NCIP) in 1998. Gutierrez and Borrás (2004) would argue that the CARP is already ahistorical to the land claims of the Muslim and non-Muslim indigenous peoples. It will become more so if and when it fails to cohere with other asset reform and economic tenurial instruments currently in place.

**Table 4. Land ownership, Mindanao Regions, 2002**

Region	Number of Households (HH)	Number of Farms	% of HH that own land	% of HH that own agricultural land	% of HH that acquire land from CARP
Region 9	595,831	252,659	41.0	33.0	3.0
Region 10	542,071	319,157	37.0	29.3	3.3
Region 11	1,066,199	299,966	36.0	28.3	3.6
Region 12	501,870	330,571	44.0	35.0	4.0
Caraga	393,362	210,184	42.0	36.0	4.1
ARMM	393,269	248,528	-no data-	66.2	7.2

Source: NSO Census of Agriculture 2002.

Poverty, rural population growth, scarcity of employment and livelihoods induce the resurrection of multiple claims on land. This multiplicity may be asynchronous in terms of legal interpretations under the terms of CARP or multi-layered claims arising from divergent historical terms of reference. The same multiplicity escalates into violent conflict especially when the political elites have a direct economic interest in the land in question or the actual and potential economic benefits from its use. In the Caraga Region, the volatility of mining arises partly from the direct interest of provincial political elites on the industry. This clashes directly with the interest of non-state actors, like the CPP-NPA that is also in the habit of exacting “revolutionary taxes” from mining (forestry and other) companies. This is also one reason why the national government has taken additional steps to provide security to mining investments. In February 2008, the President approved the creation of the Investment Defense Force (IDF) as a facility for investors, especially mining investors, to defend their investments by use of arms. Correspondingly, the Armed Forces of the Philippines (AFP) announced that it would soon issue guidelines for the creation of the IDF. In the interim, investors could avail themselves of existing paramilitary mechanisms for the private sector such as the Special Civilian Active Auxiliary (SCAA), a paramilitary force that is already being used by mining investors in Zamboanga del Norte.

There is no full accounting as yet of land-related killings, destruction of homes and crops and killing and stealing of livestock. Most would be subsumed under the statistics of death, destruction and displacement due to the chronic armed conflict. Since the 1970s until the present, most would be explained as consequences of the Moro conflict rather than a function of the causes of conflict. Only recently have a few NGOs in the Philippines given attention to human rights violations related to land, and the level and quality of documentation is dependent on the availability of local NGOs in the same advocacy arena.

Peace Foundation, a network of NGOs engaged in agrarian reform and rural development nationwide, provides legal and paralegal support to agrarian reform beneficiaries (ARBs). As of 2008, its Legal and Paralegal Services (LPS) Unit, managed by two lawyers and one legal staff, has handled 876 cases of which 51% consisted of criminal cases filed by landowners against farmer-beneficiaries.

The Partnership for Agrarian Reform and Rural Development Services (PARRDS), a Quezon City-based NGO, also implements an Agrarian Reform and Human Rights (AR-HR) Program that monitors land-related human rights violations. Being new, however, the documentation is limited to areas where there are local NGO partners. Its documentation includes data such as the killing of 40 farmer-leaders during

the 1998-2008 period and quarterly updates of human rights violations. In the period July 2006-July 2007, it monitored 27 cases of human rights violations affecting 286 farmers.

The “criminalization” of land reform beneficiaries’ claims under CARP is a relatively recent phenomenon that has caught farmers and NGOs off-balance. In July 2006, for example, 68 farmers in Bondoc Peninsula were charged with theft for harvesting coconuts on their own farms because the former landowner continued to resist CARP coverage. In Compostela Valley, 33 members of the Mampesing CARP Beneficiaries Cooperative Inc. (MCBCI) are facing various criminal charges for protesting against the onerous leaseback contract agreed between their previous leaders and the agribusiness firm.

In the past, land reform beneficiaries and NGOs were on the offensive in filing cases against landowners. This new tactic impacts on the financial resources of land reform beneficiaries and NGO allies. In Bondoc Peninsula, for example, ARBs had to negotiate a “mass surrender” to the DAR to avoid threats of arrest due to “criminal” cases filed by a despotic landowner. In the process, they had to seek financial support from the DAR to cover the PHP 2.5 million worth of bail bonds.

While the CARP may have been comprehensive with an attempt at inclusiveness irrespective of ethnicity, there are historical circumstances that are overlooked and there is not enough land to give to every claimant. But landlessness, either by exclusion, dispossession, displacement or landowner resistance to CARP, should be recognized as an agrarian question. This question needs a response within CARP terms or in other related policy settings.

In a paper presented to the International Conference on Agrarian Reform and Rural Development (ICARRD) in 2000, Saturnino Borrás Jr. cited two inseparable aspects of agrarian reform, namely, land redistribution and post-land transfer beneficiary development. He also describes these as the “heart and soul” of agrarian reform. Indeed the two are definitely inseparable, with, post-land transfer support services reinforcing the justice done to the landless, and land redistribution mainly addressing structural and systemic inequality in access to land.

In its 13 years of work in the commercial farms sector in Mindanao, the Mindanao Farmworkers Development Center (MFDC), an agrarian reform and rural development NGO based in Davao City and affiliated with the Peace Foundation, has documented more than 17,000 landless farmers and farm workers. Many of them were either dispossessed (such as the farmworker-beneficiaries of 10,000 hectares of banana plantations in Compostela Valley and Davao del Norte whose lands have reverted to the monopoly of previous owner under onerous rental contracts) or excluded from the land transfer process because they had been ejected from the plantations during the June 1988 to June 1998 deferment of CARP coverage of commercial farms. Landowners and agribusiness firms used the deferment period to retrench militant farm workers and bring in their preferred beneficiaries.

The Peace Foundation and MFDC have documented cases of retrenchment in 11 banana plantations in Davao del Norte (see Table 5). This resulted in the exclusion of 4,069 potential land reform beneficiaries from CARP and the corresponding inclusion of beneficiaries that were preferred by the landowners and agribusiness firms.

The 10-year deferment of CARP in banana commercial farms has resulted in tremendous farm worker losses of land rights and incomes. The glaring evidence is the rising poverty in the banana-growing provinces despite the sustained growth of the industry with export revenues growing from US \$ 241 million in 1999 to US \$ 405 million in 2006. In fact, fresh banana exports ranked first in volume among the country’s top 10 agricultural exports contributing an average of 14 percent to total agricultural export earnings in 2005 and 2006.

In Mindanao, the MFDC assists ARB cooperatives and claimants in the commercial farms sector of the provinces of Davao del Norte, Compostela Valley, Sarangani and South Cotabato. They comprise 17,799 farmers, farm workers, seasonal workers, contractual workers and retrenched farm workers. Of the total, only 2,118 (11.89%) have acquired land under CARP. More significantly, the volume of land acquired represents only 5.2% of total claimed area.

**Table 5. Inclusion-Exclusion Cases in Davao del Norte**

Name of landholding	Nature/Issue	Case started on	Decision promulgated on	Age (in years)	Farmer Beneficiaries Affected	Current Status
WADECOR	Exclusion/ inclusion of FBs	Jan. 1998	Dec. 2003	5	200	Appeal pending at Court of Appeals
Diamod farms Inc.	Exclusion/ inclusion of FBs	April 1997	Apr. 2003	6	142	Pending Bureau of Agrarian Legal Assistance
FARBEMPCO	Exclusion / inclusion of FBs	June 2000	Apr.2004	4	78	
CHECKERED Farms	Exclusion / inclusion of FBs	Sept. 1998	Aug. 2004	6	301	Under MR
DAPCO	Exclusion / inclusion of FBs	April 1999	May 2004	5	230	Under review by DAR
Rebaja Rodrigo	Exclusion / inclusion of FBs	June 1999	Aug. 2004	5	123	Pending
TADECO Central	Exclusion / inclusion of FBs	April 2000	Apr. 2003	3	881	Pending
TADECO	Exclusion / inclusion of FBs	Oct. 1998	Apr. 2003	5	259	Pending at DAR
MARSMAN Corp.	Exclusion / inclusion of FBs	Sept. 1999	Aug. 2004	6	928	Pending at DAR Region 11
WADECOR	Exclusion / inclusion of FBs	Oct. 2000	Sept. 2004	4	215	Pending; on appeal
DARMUPCO	Exclusion / inclusion of FBs	Mar. 1999	Oct. 2003	5	712	Under MR; pending
Total number of farm workers affected					4,069	
Average Age of cases (in years)				4.9		

Source: Legal and Paralegal Support Services, Peace Foundation, 2008

## Struggle for Land: Claims and Counter Claims

It is argued that active land markets can be sustained even in the absence of formal titling. In fact, informal land market transactions have prevailed in the Philippines even in the absence of land titles. In many rural areas, exchange entitlements to land are based merely on the possession of tax declarations or even of community-validated prior occupation instead of a formal land title. Even in the Metro Manila squatter areas, occupancy rights are respected, sold and honored in informal transactions.

The CARP came with a universal "one-size-fits-all" approach to democratization of land ownership: formalization of ownership through land titles (initially with the issuance of a CLOA). While big-size lands with multiple claims are often transferred under collective CLOAs, the basic philosophy is individual ownership. This universal approach may be attributed to the fact that the CARP and preceding land reform laws merely inherited the land policy deformities created by the colonial, Commonwealth and

post-war governments. One major deformity was the formal negation (i.e. nullification) of common property regimes based on ancestral rights and customary laws. Nonetheless, many public lands in rural areas were virtually governed by common property regimes prior to the application and enforcement of land laws.

Entitlements (access and ownership) need to be examined and approached not only from the angle of promoting economic growth through formalization of land market transactions. At the first instance, one has to look at the historical context or the conflict between the primordial and the modern modalities, more specifically, the tensions between pre-colonial and post-colonial and modern agrarian institutions and structures. While the majority of the landowning citizens may now feel secure about their formal ownership of land evidenced by the possession of a land title, there are ethnic groups or clans within ethnic groups that prefer to observe their customary laws and communal concept of property ownership. One question, for example, is whether or not to promote individual ownership or induce demand for individual titling in Muslim areas where land ownership is clan-based. Indications are that there is no overwhelming demand for land reform in Muslim areas.

In their study on agrarian reform in South Africa, de Janvry and Sadoulet (2001) argue that land markets can be sustained by common property regimes where communities have a high endowment of social capital. Conversely, the same cannot be applied in communities where there is active population movement and social capital is inadequate. Hence, formal titling would be appropriate.

There are cultural and historical sensitivities to consider in communities of Muslim and non-Muslim indigenous peoples despite the evolution and application of formal land laws in their midst. The opening of agricultural colonies and arrival of waves of settlers were already a moral hazard and continues to be evidenced by the ethnic dimension of the armed conflict in Central Mindanao.

In his study on conflict resolution, Andrew Rigby (2001) provides a contrast between "amnesia" as a way for societies in conflict to move forward and alternative truth-seeking processes for the purpose of compensatory reparations. Similarly, Rama Mani (2002) argues on the need for "rectificatory justice" as a way of correcting past abuses. The accountability track is clear from the legal issuances of the American colonial administration and the post-war governments until the early 1960s. What needs to be defined is the methodology of quantifying the cost of dispossession, the modality of the process and the form and substance of rectification and compensatory reparations.

Existing asset reform laws and policies may be described as compensatory reparations for past injustices. The CARP responds to a social injustice in land ownership; the IPRA responds to social injustice against IPs, specifically the nullification of ancestral land grants during the American colonial and Commonwealth periods; and, community forestry corrects injustice in the allocation of forests. However, these laws are not complete solutions. Rather, they emerge side by side with contrasting laws and policies that would appeal to the big economic players and the state's own goal formation in the economic and political realms. The Mining Act of 1995, for example, can negate entitlements to land and forests under IPRA, CARP or community forestry. Lack of policy coordination or dysfunction in enforcement can result in conflicts.

Localized conflicts in multi-ethnic communities of Mindanao are often associated with opposing notions about land ownership. A recent World Bank social assessment of conflict-affected areas in Mindanao finds that localized fighting is often caused by tensions arising from opposing systems of land use and practices between Muslims and non-Muslim settlers. A related study conducted by Alim, Kulat and Bulao (2005) also found that land claims and corresponding notions of ownership feature as one of the most common causes of inter-ethnic violence between Christian settlers on the one hand and Maguindanao Muslims and Manobo IPs, on the other. The same study cites that Christian settlers buttress their claims based on legal titles bestowed by the government while the Maguindanaos and Manobos anchor their claims on customary rights. For the Maguindanaos, land, God/Allah and people form part of the triangle of life; and for the Manobos, life is a circle that contains land, survival and identify. For both, land cannot be alienated by a piece of paper, i.e. the land title because humans are only supposed to be stewards. In sum, the alienation of land from their community represents a loss of identity and means of survival.

Even among Muslims conflicts over land claims could occur. Basilan, the island of the Yakan tribes, for example, used to be a possession of the Sultanate of Sulu. Hence, the Tausug representatives of the Sultan of Sulu took possession of the island. The sultans and datus were the titular owner-administrators (tagmustahak) of all communal lands – communal land being the extended dominion of the Sultanate. Such possession (mustahak) is extended to lower headmen and their kins – on the basis of inheritance and kinship.

Legitimacy of possession is determined by the individual's acceptance of the Islamic norm, i.e. when he pays the tribute (zakat) which runs from anywhere between 2.5 to 10 percent of his produce. In Tausug culture, the tribute paid would allow the aristocracy to devote its energy to politics, jurisprudence and trade. Moreover, the aristocracy not only had command over territorial possession and share of the produce therein but also assumed ownership over labor power and work animals of his people.

The Yakan and Tausug concepts of property reached commonality under the tenets of Islam – i.e. that all lands belong to Allah and is created for the survival of mankind. In this sense, land is commonly owned and individual possession is on the basis of the amanah or Allah's trust in man for his use of the land. They also use the same parameters in delineating boundaries or limitations of individual rights, i.e. the use of natural landmarks such as rivers, streams, creeks, burial grounds, hills and others.

Property regimes changed when the administrative reach of the state protected private property rights with the tenurial instruments based on existing laws. The rest of unclaimed lands were considered public and were granted to corporations and state bodies (like the University of the Philippines, which was given a land grant in Sta. Clara near Lamitan) for plantation development.

Tensions emerged when new land policies were introduced. Under CARP, the ownership of the rubber and palm oil plantations was transferred to the farm workers who are mostly non-Muslims. The DENR would also offer Certificates of Stewardship Contract (CSC) to private citizens who would like to use forests designated as Integrated Social Forestry (ISF) areas. The CSC allows the holder to utilize the forest for a 25-year renewable contract. Policy issuances and corresponding procedures, however, need to be coupled with information dissemination. Any imbalance leads to tensions arising from sentiments of exclusion and deprivation.

A classic example is the 600-hectare forest reserve in Upper Kapatagan (Isabela City, Basilan) that was proclaimed by the DENR as an ISF area. In the 1960s, this area was inhabited by about 60 Tausug migrant families from Sulu. During the height of the MNLF rebellion in the mid-1970s, the area was designated by the MNLF as guerrilla Zone 3 under the command of Bulun Sarri, a Tausug MNLF Commander who hails from Zamboanga del Sur. The MNLF forces built good relations with the Tausug settlers and jointly named the area as Darrusalam or Land of Peace.

During the cessation of hostilities in 1976, Commander Bulun's unit was demobilized. They resettled in the nearby village of Maligue. In 1994, Upper Kapatagan was abandoned when government forces launched an offensive against the Abu Sayaf, which set up camp near the area. It became "no man's land" in military terms.

In 1982, the DENR issued CSCs to 118 beneficiaries – a mix of Tausugs, Yakans and Chavacanos and settlers from the Visayas, mostly residents of Isabela, the provincial capital. While the beneficiaries held on to the tenurial instruments, the land was largely underdeveloped especially since each beneficiary was required to reforest at least 25 percent of the area allocated.

In 1997, Commander Bulun and his troops established the Maligue Multi-Purpose Cooperative (MAMUCO), a 42-member group whose aim was to assert individual claims over parcels in the ISF area. It sought the assistance of the United Workers' Agrarian Reform Cooperative (UWARBMPC), the new owners of the adjacent Menzi plantation, and the Kasanyangan Foundation (KFI), an NGO assisting UWARBMPC. KFI entered into a joint venture agreement with MAMUCO and the MNLF unit under Commander Bulun to develop 50 hectares in coordination with the DENR.

The KFI-MAMUCNO-MNLF joint effort met resistance from CSC holders. On the other hand, the DENR was reluctant to nullify the certificates already issued. To avoid tensions, the stakeholders agreed to forego with the legal processes and enter into a private community contract by which the proceeds of the project would be shared as follows: 20 percent to MAMUCO, 50 percent to working members of the project and 30 percent to the CSC holders. The contract was patterned after the Tausug social contract called “Sulat Parjanjian” (lit. memorandum of agreement). When all was said and done, the parties began to develop the land and plant sweet corn. Then came another problem. A group of Tausug widows came forward to claim ownership of the area based on prior rights that predate the government’s designation of the land as a forest reserve. Again, to avoid tensions, the group decided to give them their due by re-dividing the 30 percent share of the CSC holders. By then, the incentive structure was weakened and the threshold of positive collaboration was breached. The project ultimately collapsed.

Conflicting claims are a disincentive to production and value creation and stakeholder intentions to collaborate can collapse when the incentive structure is weakened, as in the Upper Kapatagan case. Stakeholders then seek other modes of survival if and when they have the means. But others do not as in the case of the Arumanon Manobos in Carmen, North Cotabato.

In Brgy. Kimadzil (Carmen, North Cotabato), the Ampalid clan of the Arumanon Manobo tribe, inhabits a 17-hectare enclave that is believed to have been transferred to CARP beneficiaries without their knowledge. In the clan’s memory, the more than 100,000 hectares of municipal territory used to be their ancestral domain until their forefathers bestowed land rights to Maguindanao settlers (through a ceremony called Pahalatan) and allowed the national government to use portions for public buildings such as the Bureau of Plant Industry, public schools and the town hall. The tribe was not made aware of the CARP and the corresponding land transfers. Now they are inhabiting a small portion of the ancestral domain that is already owned by other people. In the findings of Alim, Kulat and Bulao (2005), they may have lost a key feature of the circle of life – their land. In fact, the males of the community earn income as members of the Citizens’ Armed Forces Geographical Unit (CAFGU) attached to a unit of the Philippine Army poised against the MILF. In so doing, the social trust between the Manobos and Maguindanaos in that community has been eroded. Often, both sides have to strafe the thickets surrounding a commonly shared creek just to have a sense of security in fetching water.

In Basilan, the transfer of plantation ownership to the farm workers in the early 1990s was a moral hazard because of prior claims of the indigenous Yakan and Tausug communities who were earlier displaced at the establishment of the plantations. This hazard became a serious threat to the Belgian Integrated Agrarian Reform Support Program (BIARSP) in late 1999 when the Chief Technical Adviser was kidnapped off the coast of Zamboanga City. In 2001, the BIARSP program design in Basilan was modified to include a package of assistance for communities outside of the plantation.

In New Corella (Davao del Norte) the interior of the municipality was once the ancestral home of the Mangguwangan, Dibabawon and Mansaka indigenous groups before the land was leased to a commercial logging company. During the timber cutting operations, the company brought in workers from Christian settler communities in and outside the municipality. When the company ceased operations after the timber had been extracted, the workers took over the clearings to engage in farming and proceeded to secure their ownership rights through tax declarations and CARP. After the Indigenous People’s Rights Act (IPRA) was enacted, the indigenous groups organized themselves into an association called the Kahugpungan sa Mangguwangan, Dibabawon ug Mansaka sa New Corella (KAMANDIMAN) and claimed ancestral ownership of 300 hectares of land now used as farm lands by the former timber workers.

Conflicts arising from opposing claims can escalate or de-escalate depending on the ability of the stakeholders to manage their conflicts or the availability of positive external factors (such as the presence of mediators). Some escalation points can be fatal. In Upper Sepaka (Surallah, South Cotabato), the Tboli-Ubo Claimant Organization (TUCO) has submitted a CADT claim for 16,000 hectares of which 200 hectares had been earlier mortgaged to Maguindanao Muslim settlers. The IPs demanded the return of the land including working animals as rental payment. The Maguindanao settlers resisted, since they had already sunk financial investments on the land, some claiming to have invested more than PHP 1 million. The problem is further complicated by the fact that some Maguindanao settlers have already executed secondary mortgages to Christian settlers. Tensions rose when TUCO began conducting an inventory of

the mortgaged lands. On June 1, 2007, an IP volunteer working for TRICOM was ambushed and killed while documenting the cases.

In response, TRICOM offered to act as facilitator in a dialogue between the IP Council of Elders and the leaders of the Maguindanao settlers. The initial agreement is to frame a buy-back scheme by which the Maguindanao settlers would be compensated. The next problem, however, is whether or not the TUCO would have the financial means for the buy-back.

The same dilemma confronts the Kandang Clan in Kandang (Bagumbayan, Sultan Kudarat) because 11 of the 243-hectare CALT claim has been earlier mortgaged to a Maguindanao settler for PHP 1,000 per hectare or a total of PHP 11,000. Upon receipt of the buy-back offer from the IP clan, the Maguindanao settler immediately demanded PHP 100,000 in total payments.

The Kandang clan does not have the financial means. In fact, it cannot even fully develop the whole 243 hectares. TRICOM has, so far, introduced contour farming using the Natural Vegetative Scheme (NVS). But the main problem is the investment for hard inputs like seedlings, fertilizers and, most of all, water. The area is a dry land with no water source. There is a small spring for domestic water supply but the flow of water is less than a gallon per minute. The only other external assistance they have received is a solar panel that they use to charge their cell phones and a number of seedlings for tree crops that will take 5-7 years to mature.

Nevertheless, the clan has successfully avoided the buy-back dilemma with the 11 Christian settler families who agreed to make do with four hectares. These settlers are currently too powerless to bargain for more space despite the minuscule allocation of one third of a hectare per family relative to the vastness of the ancestral land.

The real extent and the actual and potential consequences of multiple claims still need a full appraisal. Most can be observed in multi-ethnic rural communities where concepts of ownership and tenurial instruments are contested. Such conflicts create disincentives for investments and production. In others, like the banana commercial farms sector, the more powerful landlords and agribusiness firms will appropriate the benefits from the land.

In 1998, after the expiration of the CARP deferment period in commercial farms, the DAR issued Administrative Order No. 9, citing guidelines for determining legitimate beneficiaries and promoting a variety of agribusiness venture arrangements (AVAs). It was this policy that resulted in onerous leaseback contracts involving an estimated 10,000 hectares in Davao del Norte and Compostela Valley. The lease negotiations were conducted in an environment where the ARBs did not have adequate legal, technical and knowledge support. The DAR was supposed to provide such through the AVA Task Force. But this Task Force was created only in 2003 when most leaseback contracts had been consummated without due process under CARP. In fact, only 2 of 20 AVA applications submitted to the PARC have been approved by the body. Effectively, the DAR, PARC and PARCCOMs have left the ARBs at the mercy of agribusiness firms and big landowners.

Table 6 illustrates the significant foregone incomes that could have lifted ARBs from their poverty. By losing control of their land to agribusiness firms, the ARBs' income stream is reduced to wage income from farm labor. In the case of the Dizon Farms Workers Cooperative (DFW) whose acquired land has been leased to Marsman, the net value addition per hectare is only PHP 409. In contrast, ARBs in full control of their land such as the DAPCO Agrarian Reform Beneficiaries (DARBCO) in Panabo, Davao del Norte, can generate a net value of PHP 68,383 per hectare. This is derived from a purely contract-growing arrangement by which the produce is bought by DOLE-STANFILCO at US \$2.60 per box.

Over time, land reform beneficiaries locked in onerous leaseback contracts shall have lost substantial foregone income from the fruits of the land and from the appreciation of land values. In less than 10 years after the expiration of the deferment period, land valuation levels have increased to PHP 1 million per hectare especially since agribusiness firms and big landowners add on development costs and standing crops to the cost of the land.

**Table 6. Comparative Net Value Added per Hectare, by Type of Agribusiness Venture Arrangement (AVA)**

Coop/Company	Type of AVAs	Coop Gross Value/Ha/year	(Less) Direct Labor	(Less) Land Amortization	Net Value Added/ ha/ annum
DARBCO/ Stanfilco	Growership/ FOB \$2.6/box	167,214	78,000	20,831	68,383
BALMAR/ Stanfilco	Growership/ FOB P26/box	149,750	78,000	20,831	50,919
SEARBAI/ Stanfilco	Lease: P35,000/ha	113,000	78,000	20,831	14,169
MAPARBEMCO/ Marsman	Lease/land "donation scheme"	110,611	78,000	23,333	9,278
WEARBEMCO/ WADECOR	Lease	85,666	78,000	3,067	4,599
DFWC - Marsman	Lease	99,241	78,000	20,831	409

Source: La Liga Policy Institute, 2008.

The cost of land in commercial farms has ballooned to the extent that the amortization cost has become the biggest burden of beneficiaries. In fact, some beneficiaries would look back at the plantation days when, as farm workers, the struggle was focused on wages, working conditions and benefits without worrying about amortization obligations. Now, they have not only lost collective bargaining power for higher wages, they also have lost control of the land and the fruits therein.

The Mampesing Agrarian Reform Beneficiaries (MCBCI), for example, acquired their 707.6-hectare property under CARP for an aggregate cost of PHP 13.7 million (amortized at PHP 986,101 per year). Upon the petition of the heirs of landowner, the land value was adjusted to PHP 54,000 per hectare or a total of PHP 38.2 million (and an amortization schedule of PHP 3.9 million per annum). Now, negotiating for the nullification and/or amendment of the leaseback contract, the agribusiness firm is demanding PHP 300 million in compensation for the 500-hectare leased portion or almost 10 times the latest valuation.

In AMS Farms in Kapalong (Davao del Norte), the AMS Kapalong Agrarian Reform Beneficiaries Cooperative (AMSKARBEMCO), acquired 206 hectares from the 515-hectare AMS property in the late 1990s for PHP 165,000 per hectare. Upon the petition of the landowner, the land valuation has been increased to PHP 1.1 million per hectare. This means that the cooperative has to allocate PHP 9.6 million per year in amortization payment or that each ARB has to give up PHP 46,000 annually in per capita share for the amortization obligation.

Digging into the issue may not lead to easy solutions. But given the protracted social conflict in Mindanao and the corresponding economic consequences already borne, it is urgent that this issue be recognized and addressed. Choosing the way of deliberate amnesia would be more fatal. Policy makers need to consider the amount of economic and financial losses (in terms of foregone income) borne by those excluded from CARP and those who are held hostage by onerous leaseback contracts.

At the macro level, amortization failures can become, if they are not already so, a major financial and economic dilemma of government or the Land Bank of the Philippines (which handles the advance payment to the landowner in 10 years while waiting for beneficiary amortization payments in 30 years). The final failure of CARP and the final judgment of absolute induced landlessness shall be when beneficiaries fail to complete the amortization payments in 30 years. By then, the powerful landowners and economic players shall have optimally benefited from CARP at the expense of land reform beneficiaries.

## Examining Outcomes of Foreign Aid Support for Mindanao

An examination of foreign aid support and its outcomes in Mindanao should begin with the following questions: one, what is the overall aid treatment of Mindanao?; two, what is the general orientation of aid for Mindanao with respect to budget allocation and what are the aid-related investments in agrarian reform?; and, three, what have been the outcomes in terms of poverty, social class and ethnic relations and institutions and policies?

In a seminal study on the relationship between foreign aid, conflict and peacebuilding in Sri Lanka in 2005, Jonathan Goodhand and Bart Klem show increasing realization among donors that they can no longer just work “around conflict” or what they describe as “economization of aid” by providing economic incentives in exchange for peace. In the conflict experience of Sri Lanka since the early 1980s – first with the Maoist Janatha Vimukthi Peramuna (JVP or People’s Liberation Front) in the south and then with the Liberation Tigers of Tamil Eelam in the northeast – foreign aid has not significantly influenced the strong Sinhalese and Buddhist position of the Sri Lankan government against the Tamil and Hindu autonomy claims of the Tamils. In fact, despite (or probably due to) the flow of foreign aid for economic reconstruction, the Sri Lankan government is able to embark on military spending evidenced by the growth of its armed forces from 30,000 in 1985 to 250,000 at present where defense costs have increased from 1.3% of GDP in the 1980s to 4.6% of GDP in recent years (Quitoriano 2007, WB). In fact, the fastest growth in military expenditures occurred between 2006 and 2007 when foreign aid for the tsunami disaster poured in.

Donors should calibrate their assistance based on a clearer understanding of the conflict and the broader objective of building peace. But for calibration to work, donors should also attain “strategic complementarity” amidst the difficulty of achieving unanimity in aims or aid agendas.

Indeed there are two extreme pitfalls of foreign aid: one, when it is “politicized” as when it becomes captive to the interest or agenda of the political regime of the recipient country and is blind to economic inequities or, two, when aid is “economicized” or becomes blind to political power imbalances and is not calibrated to influence improvements or reforms in political institutions and structures. Theory suggests that aid works best in countries with sound policies and institutions. Theory is still wanting on how foreign aid can work better or best in situations of conflict.

## Foreign Aid Treatment of Mindanao

Two key words define the development challenges of Mindanao: poverty and armed conflict. It is estimated that more than 100,000 people had been killed since 1971 up to the signing of the GRP-MNLF Peace Agreement in 1996 (Ibon Facts and Figures 2000). The government’s war against the MILF in 2000 and 2003 and the continuing anti-terrorist campaigns against the Abu Sayaf Group (ASG) and elements of the Jemaah Islamiya (JI) have added to the statistics of lives and properties lost or damaged. The value of economic losses is estimated at PHP 5 billion to PHP 7.5 billion annually from 1970 to 2001 (Barandiaran 2002). Economic statistics suggest that the behavior of foreign and domestic equity investments in Mindanao is directly associated with the armed conflict – either as a consequence of it (thus moving elsewhere) or the conflict being a disincentive (thus being withheld). Taking into account implicit local costs and spillover costs, Schiavo-Campo & Judd (2005) estimate that the annual economic loss was PHP 10 billion from 1975 to 2002.

In a recent study on overseas development assistance to the Philippines commissioned by Social Watch and ODA Watch, Dr. Eduardo Tadem cites three important trends of ODA behavior: one, the shift towards geopolitical issues rather than development issues; two, the meager share of Mindanao in foreign aid budget allocation; and, three, within Mindanao, the bias towards the more developed regions like Region X and Region XI.

In its Annual ODA Portfolio Review for 2001-2002, the National Economic Development Authority (NEDA) reports that in 2001 Mindanao's share of aid commitments for the year was only \$904.9 million of \$13.2 billion or 6.9% of total commitment nationwide. In 2000 and 2002, Mindanao received 7% and 7.9%, respectively, of total aid commitments to the country.

The meager aid share may be put under stress either by the absence of strategic complementarity among donors or by paradigm shifts towards geopolitical and international security interests. There is a tendency for foreign aid to work "around conflict" by providing economic incentives in exchange for peace. The GRP-MNLF Peace Agreement in 1996 was partly induced by aid offerings if and when the agreement was signed. The World Bank alone committed \$10 million for the Special Zone of Peace and Development (SZOPAD), the mythical zone of peace to which post-conflict assistance was delivered in partnership with the MNLF and the Autonomous Region of Muslim Mindanao (ARMM). USAID was also significantly active, having poured in \$292 million between 1996 and 2006 with aid levels gearing up after 9/11. USAID assistance soared from \$90.6 million in 1996 to 2001 to \$ 242 million annually from 2002 to 2006 (Tadem 2007:43).

Despite significant donor support, the GRP-MNLF Peace Agreement hardly led to peace. Neither did the physical reconstruction of roads and bridges lead to structural transformations in political and economic institutions. There is no other glaring evidence than the high level of poverty in the ARMM, which remains higher than the rest of the Mindanao regions, and the continuation of the armed conflict led by the Moro Islamic Liberation Front (MILF) on the Muslim side in 1997 and the government, which launched two major wars in 2000 and 2003.

In 2003, the Gloria Macapagal-Arroyo administration launched a "Mini Marshall Plan" for Mindanao called "Mindanao Natin" aiming to pour in PHP 5.5 billion in government funds and \$1.3 billion in aid. The foreign donor community led by the World Bank – with commitments from the European Community (EC), Canada, New Zealand, Sweden, Canada, Australia and the United Nations Development Program (UNDP) responded with a \$50 million multilateral trust fund (MTF) to support the Mindanao Reconstruction and Development Program. This fund, however, was conditioned on the signing of the GRP-MILF Peace Agreement. In press briefings and releases, the government repeatedly vowed to forge the agreement in 2006 but the peace negotiations met an impasse on the ancestral domain issue and the modality of the political autonomy demanded by the MILF. In line with the initial high expectations in early 2006, MTF donors launched an initial \$2.7 million funding for pilot learning activities and capacity building of Mindanao stakeholders in March 2006.

There is a risk that the MTF might fall into another "economicization" of aid "around the conflict" where the peace objective is narrowly built around the signing of the peace agreement but not on the broader objective of peace building, which is the removal of the structural causes of the armed conflict. If and when a financial package is anchored on the signing of the peace agreement what would prevent the MNLF from renewing its war of rebellion or other MILF factions to do so if only to open a new arena for peace negotiations that would, again, attract a new financial package?

## Foreign Aid Treatment of Mindanao Land

A 2006 report of the World Bank suggests that the key reason for the failure of the Philippine economy to take off is the treatment of land, specifically, the historic skewed distribution of land and the failure to complete CARP. The same report also argues that Philippine land markets are distorted due to weaknesses in property rights, title and ownership thus undermining land investments, productivity and growth. Additionally, the report cites a serious problem in land registration, as seen in the fact that only 45 percent of parcels have deeds and the rest are unknown.

But should land policy in Mindanao focus mainly on the expansion, formalization and regularization of land markets? Is the land problem a question of land titles or certificates of ownership so that property rights are delineated and formalized? Can the market then take over to safeguard these institutions and promote economic growth?

Studies show evidence to the contrary. It is argued, in fact, that market liberalization has reversed the gains achieved by land reform in the 1960s and 1970s (Frias 2005, in FAO 2005:15). It is likewise argued that formal land titling may not always be necessary and may even worsen security of access to land and deter land market transactions (Janvry and Sadoulet 2001:8). Likewise, liberalization and introduction of modern agriculture may also jeopardize the interests of small farmers and women due to constriction of space for ownership and participation (Frias 2005: 15). Mindanao has already witnessed the detrimental effects of the introduction of the plantation economy (in coconut, rubber, palm oil, banana and pineapple) where the accumulation of capital from above has not only displaced small farmers but has also reproduced poverty and unemployment around the plantations.

Policy-wise, the laws are clear on the mandates of the DAR on CARP and agricultural lands, of the DENR on mining and forestry agreements and of the NCIP on ancestral domain lands. But these laws are not necessarily in sync with emerging questions coming on top of historical aberrations in land allocation. The bureaucratic arrangements among the agencies involved do not necessarily capture the historical and current terrestrial problems.

Historically, the settlement programs of the American colonial and Philippine post-war governments have reconfigured the demographic mix and land allocation in Mindanao. These have aggrieved the 19 non-Islamic tribes and 13 Islamic tribes of the island. It is for this reason that both the MNLF and the MILF have put forward the ancestral domain claim (referring to the whole of Mindanao as Moro homeland) as a critical agenda in the peace negotiations. The same claim tends to aggrieve non-Islamic indigenous tribes who are making independent claims.

While it may be argued that the MNLF and MILF ancestral domain claim tends to focus on the political expression of this term (i.e. political autonomy on the claimed homeland) rather than demand for land under CARP, such should be understood from the political, social and economic dimensions. Political autonomy is a logical claim in regard to governance because of primordial reference to the Islamic states that refused to be conquered by the colonizers. The lack of demand for land should, likewise, be understood from the long history of communal-feudal arrangements such that the terms offered by CARP become alien to the Muslims. It might also be attributed to the fact that the overwhelming deformation of Muslim lands and the presence of Christian settlers in their midst make it politically explosive to reclaim all of Muslim lands. Socially, there is no other possible explanation for the erosion of social trust between Muslims and Christians especially in frontier areas where each rely on the backing of government forces or of rebels in defending their access rights.

The Christian settlers themselves have been aggrieved by land re-concentration and monopoly especially with the introduction of commercial farming and commercial land development at the onset of urbanization.

Terrestrial reality suggests overlaps of access rights, conflicting historical claims and stresses on resource use. With decreasing farm sizes and increasing population and lack of employment and livelihoods, farming families are bound to exert pressure on the uplands. Those in the uplands, on the other hand, are managing degraded forests and ancestral domains that have limited ability to generate employment not to mention limited skills and resources for alternative livelihoods and, much less, to rehabilitate the forests; hence, the temptation to unsustainably extract forest resources for income.

In view of the above, how do government and foreign aid donors treat Mindanao land?

Nationwide, foreign aid allocation for agriculture and agrarian reform for 1994 to 2000 totalled \$2.9 billion or 22 percent of total aid allocation. In 2005, the same sectors received \$1.3 billion or 12.9 percent of total allocation for the year. According to the NEDA, Mindanao's agrarian reform receives 3 out of 21 major loan projects in the amount of \$917.7 million from a total of \$8.65 billion (or 10.6 percent of total). These include the 2001-2009, \$55.2 million Mindanao Sustainable Settlement and Development Program (MinSSAD) funded by the Japan Bank for International Cooperation (JBIC), the 2003-2008, \$16.5 million Northern Mindanao Community Initiatives and Resource Management Program (NCIRMP) funded by the International Fund for Agriculture and Development (IFAD) and the 1999-2007, \$11.5 million Western Mindanao Community Initiatives Program (WIMCIP), also funded by IFAD.

Government and foreign donors' treatment of land can be gleaned from the terms of reference of the program, their objectives and the problems being addressed. Agrarian reform-focused donor programs are usually in conjunction with the DAR and fall within the DAR Agrarian Reform Community (ARC) strategy that, in general, constitutes 10 percent of CARP lands. Hence, aid budgets are generally deployed in areas where land titling is generally completed. The following are the major agrarian reform support programs currently implemented in Mindanao:

- Support to Agrarian Reform Communities in Central Mindanao (STARCM) – This is a 7-year program (2001-2008) where the European Union (EU) contribution is EUR 18.42 million. The program covers 58,000 rural households in 166 villages in the provinces of Lanao del Norte, Lanao del Sur, North Cotabato and Sultan Kudarat. These provinces are historical destinations of Christian settlers from as early as 1913 and are also the frequent venue of chronic armed conflict between Moro rebels and government forces as well as other armed groups and bandits. Conflict over land is historical and replete with tensions such that in interior areas, communities defend their lands by use of arms.

The program goal is poverty alleviation and reduction of economic disparities by addressing problems of inadequacy and degradation of rural infrastructure, low levels of agricultural productivity, weak or non-functional farmers' organizations and limited access to financial services.

As of April 2007, program management reported that 14,055 households had benefited from the physical infrastructure projects and 12,046 households had benefited from agricultural productivity and enterprise development projects. Access to financial services seems to be problematic evidenced by low availment rates in North Cotabato (6 %), Lanao del Norte (15%), Sultan Kudarat (3%) or an overall availment rate of 8 percent.

The program began implementation one year after the conclusion of the government's offensive against the MILF in 2000 and was interspersed by another government offensive in 2003. The program does not make any reference to the armed conflict. In a latest report, the only problems perceived are those related to "payment of VAT", problems of "government counterpart" and "salary increases" for personnel. A 2006 World Bank-funded Social Assessment in Sultan Kudarat (which is both covered by the STARCM and WB-funded MRDP) cites the grievances of Manobo, Teduray and Badjao indigenous communities, saying that land is a critical factor in their poverty situation. In contrast to the CARP modality of formalizing land ownership through land titles or certificates of ownership, the indigenous tribes reiterate their customary belief that only God owns the land and allocation of usufruct rights is under the stewardship of the chieftains.

- Belgian Integrated Agrarian Reform Support Program (BIARSP) - The BIARSP is a EUR 25 million, three-phase, multi-year support program funded by the Belgian government. It supports the DAR's ARC strategy by focusing assistance to 74 ARCs in 8 provinces of Region 7 (Central Visayas) and Region 9 (Western Mindanao). Belgian support for Philippine agrarian reform began with the 1995-1998 Belgian Agrarian Reform Support Program (BARSP), the first ODA program managed by an NGO. This was followed by BIARSP I in 1998-2000, BIARSP II in 2000-2003 and BIARSP III from 2003 to 2007.

The BIARSP's goal is to alleviate poverty, improve agricultural productivity and uplift the well-being of rural low-income families. This goal will be achieved through the provision of agricultural support services, provision of education and health services and institutional capacity building.

In Western Mindanao, the BIARSP supports 28 ARCs in 63 villages of the provinces of Zamboanga del Norte, Zamboanga del Sur and Basilan. Unlike other donor programs for agrarian reform that focus mainly on agriculture-related services (productivity, credit, infrastructure), the BIARSP highlights well-being objectives with the inclusion of education and health services in cooperation with local government units. It must be recalled that in 1999, the BIARSP Chief Technical Adviser was kidnapped off the coast of Zamboanga City, not for monetary objective but as a political statement against the program. It should also be noted that, then, the BIARSP support in Basilan was focused on the rubber and coconut plantations taken over by the farm workers from multinational companies

under the terms of CARP. To recall, in the early 1900s, these plantations displaced Yakan and Tausug communities from their ancestral lands. Thus, the BIARSP was perceived as a program that supported the interests of the “heirs” of the multinational companies. Smartly, however, the program broadened its services to include beneficiaries outside the plantations.

- Mindanao Sustainable Settlement Area Development Project (MINSSAD). MINSSAD is a PHP 3.1 billion project of which PHP 2.1 billion is funded through a loan from the Japan Bank for International Cooperation (JBIC). The project covers 8 settlements in Davao Del Norte, Compostela Valley, Davao Oriental, Agusan del Sur (2 settlements), Surigao del Norte (2 settlements) and Bukidnon, encompassing 119 barangays (villages) in 16 municipalities. The key services consist of physical infrastructure construction (for education, health, transport and post-harvest), agriculture and environment and institution building.

The anti-poverty agenda is anchored on increases in income and productivity and improvement in political participation. The economic benefits are argued to accrue from provision of access to physical infrastructure and technologies while the social and political benefits would accrue from capacity building and institution building.

- Northern Mindanao Community Initiatives Resource Management Project (NMCIRMP). The NMCIRMP is a PHP 929 million anti-poverty project of which 78 percent (PHP 729 million) is funded from loan proceeds from the International Fund for Agriculture and Development (IFAD).

The project aims to benefit 58,000 households in 270 villages of 5 provinces in the Caraga Region and 1 province in Region 10. Its main goal is poverty alleviation, to be achieved through the following strategies: Community Institution and Participatory Development (CIPD), Community Investments (CI), Natural Resource Management (NRM), Support to Indigenous Peoples (SIP) and Project Management.

The CIPD is focused on the formation and strengthening of self-help groups while CI is focused on improving access to physical infrastructure and microfinance (for women). The NRM is focused on integration of watershed and lakeshore management plans to local development plans as well as introduction of appropriate farming and fisheries systems. SIP consists of direct support activities related to health, nutrition, functional literacy, research and advisory, provision of market information and support for conversion of CADCs to CADTs.

As of March 2006, the project had mobilized 741 full time personnel to serve 29,000 households in 237 villages of which 75 percent are in non-CADC areas. Only 57 villages reached are in 13 CADC areas. Highlighting the accomplishments is the installation of 6 satellite dishes in 6 municipalities for internet communication access, the turn over of 50 infrastructure projects, the release of PHP 7.7 million poverty alleviation funds for 27 municipalities, training of 40 health trainers and establishment of 3 pilot watershed projects. Overall, the project has accomplished 56.94 percent of its physical infrastructure targets.

The main problems encountered by the project are tribal leadership issues in some CADC areas, issuance of motorbikes for the municipal project officers (MPOs) and approval of the budget.

- The Solar Power Technology Support Project to Agrarian Reform Communities (SPOTS) Phase II is a PHP 1.48 billion (US 26.91 million) project of which PHP 1.43 billion is funded from loan proceeds. It aims to benefit 55,000 households in 200 villages of 16 provinces in all regions of Mindanao except the ARRM, which is covered by the USAID-funded AMORE Project. Its main strategies are Solar Electrification, Agriculture and Rural Enterprise Development and Institutional Development.

The project directly complements President Macapagal-Arroyo’s 10-point agenda, which includes electrification for all barangays in the country. It aims to deliver 10,045 solar packages of which 9,500 are home systems and the rest are for health centers (90), barangay halls (90), communal systems (200), schools (115), agricultural water systems (15) and potable water systems (32). The expected

impact is on energy, education and health plus the provision of 1,000 direct and indirect jobs during construction.

As of March 2006, loan effectivity was still under negotiations. However, adequate preparations had been made, typified by the preparation of 89 community acceptance agreements and social preparation in 38 municipalities. Validation activities (technical and financial) had also been conducted.

## Foreign Aid Project Outcomes

Scholars disagree on the function of foreign aid relative to economic growth of the recipient country. The disagreements are based on post facto estimations supported by quantitative and qualitative evidence gathered through various modes of measurement. Finding a common ground and formula for measurement is difficult. In the first place, foreign aid programs were implemented before any compelling theory or evidence that they could work (Boone 1995:1). Massive aid flows after World War II were reactive to and designed mainly as reparations for damages incurred during the war. In the 1980s foreign aid was not correlated with the institutional quality of recipient countries or was given indiscriminately (Hall and Jones 1999, in Burnside and Dollar 2004:7).

Overall, views regarding foreign aid outcomes straddle between these arguments: (a) No, foreign aid does not have positive impact on economic growth and democracy (Djankov et al. 2006; Easterly 2002); (b) Yes, foreign aid has a positive impact on economic growth if the fiscal, monetary and trade policies are sound and the political regime is liberal (Boone 1995; Boone 1996; Burnside and Dollar 2000; Collier and Dollar 2002); and, (c) No, there is not enough evidence to show positive or negative relationship between foreign aid and economic growth of the recipient country and there is no evidence to show that foreign aid works better in better policy or geographic environments (Rajan and Subramanian 2005).

It is difficult to test the above arguments at the sub-national level like Mindanao. Firstly, there is discrepancy between claims of income gains at the project level and the general level of poverty in the population across the same time frame. Secondly, the rise and fall of poverty levels are influenced by various factors other than foreign aid presence. It is even difficult to approach the problems and their variables operationally because these are ill-structured. While aid programs bear the same general goal of alleviating poverty, the specific objectives generally relate to donor-preferred strategies rather than what the objectives should be. For example, Japanese aid generally prefers physical infrastructure development (such as roads, bridges, buildings) such that objectives are built around these preferences. Hence, only a heuristic approach can best describe problems or offer suggestions for further examination of such problems. It also illustrates what Oquist and Evangelista (2006) refer to as donor preference to work on the margins of issues rather than tackling the very politics of poverty and conflict.

Nonetheless it is possible to generate general indicators of growth or decline and suggest likelihood of influence even as it may be difficult to isolate other influences, much less to blame foreign aid for the failure of local economies to take off.

In a cross country study of DAC recipients, Djankov et al (2006) conclude that foreign aid has negative impact on the democratic stance and economic growth of developing countries and that foreign aid, in fact, reduced domestic public investments and increased government consumption. Djankov et al support earlier findings by Easterly (2002), who argues that well-meaning donor countries dispensed foreign aid under conditions in which recipient country bureaucracies did not work well. Easterly echoes aid agency calculations that it takes \$3,521 in aid to raise a poor person's income by \$3.65 per year.

Easterly further cites that foreign aid bureaucracies define outputs by monies disbursed (rather than services rendered), low return observable outputs (like glossy reports), few high-return observables (like ex post evaluations), more spins on success and positive outcomes rather than lessons learned and enormous demands on scarce administrative skills in poor countries. The latter is reflective of the behavior of Philippine aid partner agencies where budgetary inflows induce the scramble for "secondments" into program management bureaucracies thus leaving regular bureaucracies leaner.

The degree of aid stress on a recipient country depends on prevailing conditions. For the Philippines, the stress point is not only the administrative skills of implementing agencies. In fact this can be overcome by the mobilization of private sector organizations or individuals. The more serious stress point would be fiscal resources especially against tied aid or loan-based programs. From 1988 to 2006, foreign aid return payments constituted 45 percent of the Philippines' external debt (Tadem 2007:34). Even grant programs are prone to delays due to difficulties of fulfilling equity requirements despite the current modality of apportioning counterpart requirements to local governments and beneficiaries.

If foreign aid does not determine the growth (or decline) of a recipient country, what then determines economic growth? If foreign aid can become good or bad, what makes it bad and what makes it good? If there is any unity among development economists, it is that recipient country institutions and policies are the main determinants of growth (Burnside and Dollar 2004: 3). Hence, the impact of foreign aid on growth is conditional on the existence of these policies and institutions (Burnside and Dollar 2004:4).

What hinders foreign aid from turning positive outcomes? The Philippines is argued to have one of the most number of good policies among developing countries in Southeast Asia related in policy areas related to land (Comprehensive Agrarian Reform Law, 1988, 2008), governance (Local Government Code of 1991), natural resources (Community Based Forest Management Program 1995), fisheries and agriculture (Agriculture and Fisheries Modernization Program of 1997), indigenous peoples and ancestral domains (Indigenous Peoples Rights Act of 1998) and those pertaining to the relations between the state and civil society organizations.

The flaw lies in the inability of government to provide adequate resources and bureaucratic means of implementing these policies and profligacy in advancing advance trade and economic policies adversarial to reform policies. The rapidity by which adverse policies are promoted and implemented disables the poor from mobilizing newly acquired assets to wage their own war against poverty. Holders of ancestral domains and community forests where resources are severely degraded and in need of rehabilitation are no match against big mining investors with full backing of the government. Agrarian reform beneficiaries and small fishers are no match against foreign competitors due to neoliberal economic and trade policies.

Overseas development assistance can actually benefit the poor under certain conditions (Boone 1995:2). In the CARP, for example, agrarian reform beneficiaries located in designated ARCs have better chances compared to the rest because of aid inflows in their communities. Periodic reports of aid-funded programs provide quantitative evidence of significant resource flows that facilitate access to capital, markets, extension services and essential services. Investments in community organizing and institution building also improve abilities for political participation at the local level.

Much of the data, however, revolves around the relationship between the donor agencies and the beneficiary groups, primarily on how much resources and services are delivered and received relative to prescribed budgets and time. Improvements in levels of poverty and/or capacity to cope with poverty are visible in the project areas. If non-beneficiary areas were used as control group, comparative improvements would be very visible among beneficiary groups because of the focused attention. However, it is still perplexing to see why poverty incidence and destitution have risen in some target provinces while they have declined in others. If aid programs had almost similar inputs (in terms of monies, goods and services), why would some target provinces improve and others not? And, on the aggregate, why is Mindanao much poorer now than the rest of the country? In 2000, Mindanao contributed 1.4 million to the 4.1 million poor families in the country. In 2006, it contributed 1.5 million to the 4.7 million poor families. In terms of magnitude, Mindanao's poor have increased from 8.3 million in 2000 to 8.9 million in 2006 (Neri 2006 and NSCB 2008). The percentage contribution has remained static at 32 percent.

It is incorrect to hold foreign aid accountable for Mindanao's aggregate poverty. After all, foreign aid is designed to support domestic policies and programs. If ever, it would not be failure to address poverty but for being scarce at 7 percent of total foreign aid nationwide. Even private foreign equity investments to the region are scarce, averaging only 7.7 percent of total foreign equity investments nationwide between 1992 and 2003. During the period, Mindanao received a total of PHP 14.5 billion in foreign investments or

an average of PHP 1.2 billion per year – the highest being PHP 5.7 billion in 1998 during the presidential transition from Ramos to Estrada and the lowest being PHP 81 million during the war in 2000.

That the armed conflict has created disincentives for foreign equity investments is founded on economic and financial logic and is largely based on the estimation of risks and loss of values. Estimates of economic losses due to the armed conflict range from PHP 7.5 billion annually from 1970 to 2001 and PHP 10 billion annually from 1975 to 2002 (Barandiaran 2002, Schiavo-Campo and Judd 2005). The question, however, is why foreign aid would behave similarly as foreign equity investments toward a situation that, otherwise, should claim its attention?

It is comforting to note, however, that all foreign aid for agrarian reform in Mindanao is located in conflict and poverty-stricken areas (e.g. BIARSP III in the Zamboanga provinces and Basilan, STARCM in Sultan Kudarat and the Lanao provinces, MINSSAD and NMCIRMP in the Caraga Region). But it is one thing to provide goods and services to the poor and another to actually make a dent on poverty on the longitudinal plane. With growing poverty in the areas of operation, the evidence shows otherwise. Although, by horizontal comparison, target beneficiary groups would have better chances of coping with poverty than the rest of the poor in the same area, these chances would be dependent on the existence of liberal political regimes where the poor have greater participation.

Democratization, therefore, is a critical element in the chances of the poor benefiting from foreign – either as a precondition or a result of foreign aid. Indeed, one critical measure of foreign aid impact in poverty-stricken areas would be its ability to support good policies and institutions and reform bad ones. This means looking at the efficiency of implementing agencies or the way they cooperate and complement one another and the effectiveness of local governments (in terms of fiscal capacity and ability to deliver essential services).

If the effectiveness of foreign is conditional on institutions and policies, then foreign aid must be able to exert policy influence – to reward good policies and penalize bad ones. But there are two problems to this equation: one, while foreign aid for CARP may be a reward for good policy (such as agrarian reform), local implementation may be blind to local bad policies and institutions. Armed conflict and poverty are associated with bad policies and institutions and the provinces covered by aid (for agrarian reform) programs in Mindanao are locales where political regimes are less-than-democratic, if not, outright autocratic. Most would be governed by political dynasties and elites; two, the ability of aid to reward good policies or penalize bad ones would be constrained by the donor's pursuit of its own strategic interests. In Europe, donor countries used to have autonomous ministries for foreign development cooperation. In the late 1990s these ministries were either subsumed or merged into their foreign ministries. At the policy level, this emphasizes firmer alignment of foreign aid to the foreign policy tracks of the donor country while leaving program or project management to preferred contracting firms.

The effect of aid on policy could go either way – good or bad (Burnside and Dollar 2000:28). Foreign aid support for a good national policy like agrarian reform may turn out good at the national dimension but can turn bad at the local level when applied in areas where local regimes are less than democratic. A National line agency like the Department of Agrarian Reform (DAR), for example, does not have a monopoly in areas where CARP or CARP support programs are implemented. Rather, it competes with problematic local government institutions and national and local elites that may not have the interest of the rural poor in their area. Experience shows that the DAR has had difficulties implementing CARP in the banana plantations in Davao del Norte and Compostela Valley controlled by Sebastian and Lorenzo (two former Secretaries of the Department of Agriculture), farmlands of Guingona in Bukidnon (a former Senator and Vice President) and a host of other examples.

On the other hand, denial of aid to local regimes with bad policies and institutions can also mean denial of support for community and civil society initiatives that promote democratization. One interesting area of study would be the case of Maguindanao, a central Mindanao province that administratively forms part of the Autonomous Region of Muslim Mindanao (ARMM). Maguindanao is at the heart of the armed conflict in Central Mindanao, being the base of the Moro Islamic Liberation Front (MILF). It also characterized by a high level of poverty, displacement and local government inefficiency and ineffectiveness. It used to be a target province of the WB-funded Mindanao Rural Development Program (MRDP) but was de-listed. It

is also sandwiched by Sultan Kudarat and the Lanao provinces, recipients of STARCM but the latter chose to bypass it.

While donors may not have the incentive to support less-desirable local regimes, it may unduly penalize the rural poor. Maguindanao has more than 46,000 destitute families compared to North Cotabato with more than 18,000 destitute families. While North Cotabato may be comparatively effective in reducing destitution from 40,000 to 18,000 families from 2000 to 2003, the MRDP may not have mitigated elite monopoly in the allocation of contracts for the road projects and other physical infrastructure.

Aid donors promote multi-stakeholder participation in program implementation. This includes top-heavy inter-agency steering committees at the national and/or program level. CARP support programs like SPOT, STARCM, NMCIRMP and MINSSAD are steered by composite bodies with the DAR as the lead agency. It is not clear how much collaboration is derived from such compositions and how much independent monopoly has been reduced. In most cases, each line agency maintains monopoly according to mandate – e.g. all roads and bridges under the monopoly of the DPWH, all energy projects under the monopoly of the Department of Energy, all health projects under the monopoly of the Department of Health and all education projects under the monopoly of the Department of Education. There is a thin line that divides specialized competence and monopoly where the desired improvement in efficiency (through collaboration) is blurred. They may turn out to be what Easterly (2002:12-14) describes as the “cartel of good intentions” with different objectives and agendas that end up raising the quantity and price of aid goods and services with no one accountable for failures.

**Table 7. Foreign Aid for Agrarian Reform, Poverty and Armed Conflict Matrix  
(Selected Provinces)**

Region/ Province	ODA Support for CARP	Poverty Incidence of Families				PHDR 2005 Rank in Armed Conflict 1986-2004
		1997	2000	2003	2006	
Philippines		28.1	27.5	24.4	26.9	
Region 9		31.9	38.6	44.0	40.2	
Zamboanga del Norte	BIARSP	42.4	47.0	64.6	63.0	
Zamboanga del Sur	BIARSP	28.7	34.9	34.4	29.0	In top 10, number of military encounters
Zamboanga Sibugay	BIARSP			40.7	34.0	
Region 10		37.8	38.0	37.7	36.1	
Lanao del Norte	STARCM	45.2	49.3	46.5	44.1	In top 10, number of military encounters and number of casualties
Bukidnon	NMCIRMP	42.5	33.4	36.9	29.6	
Misamis Oriental			29.3	28.5	31.5	
Misamis Occidental			46.8	48.1	48.8	
Camiguin			54.2	34.5	39.3	
ARMM		50.0	53.8	45.4	55.3	
Lanao del Sur	STARCM	55.6	54.7	37.6	52.5	In top 10, number of military encounters and number of casualties
Basilan	BIARSP		31.5	33.5	31.7	
Maguindanao			59.3	60.4	62.0	

Source: NSCB, PHDR 2005

**Table 7. Foreign Aid for Agrarian Reform, Poverty and Armed Conflict Matrix  
(Selected Provinces)**

Sulu		58.9	45.1	46.5	
Tawi Tawi		52.4	34.6	78.9	
Region 12		45.3	40.7	32.1	33.8
Sultan Kudarat	STARCM	36.6	54.1		In top 10, number of military encounters and number of casualties
North Cotabato	STARCM	50.6	41.6	26.1	27.7
Sarangani		48.4	44.4	44.8	
South Cotabato		34.7	26.4	30.7	
Sultan Kudarat		48.8	41.5	40.7	
Caraga		44.7	43.8	47.1	45.5
Agusan del Norte	NMCIRMP				
MINSSAD	41.4	40.9	33.2	35.2	
Agusan del Sur	NMCIRMP MINSSAD	45.3	52.3	52.8	48.7
Surigao del Norte	NMCIRMP MINSSAD	46.9	42.6	54.5	53.2
Surigao del Sur	NMCIRMP MINSSAD	45.2	38.4	48.6	45.4
MINSSAD					
Region 11		31.1	27.9	28.5	30.6
Davao del Norte			39.5	30.3	37.7
Davao del Sur			18.3	24.2	23.0
Davao Oriental			33.7	37.2	40.8
Compostela Valley				34.4	39.8

Source: NSCB, PHDR 2005

## Recent Developments

The Philippines is no longer on the list of priority countries among many bilateral donors. However, there are positive indicators that donors are aiming to optimize their presence. In line with the 2005 Paris Declaration, the United Nations System in the Philippines has marked 2008 as the start of the Common Country Programming Process leading to the finalization of the Common Country Analysis (CCA) and the UN Development Assistance Framework (UNDAF). This means that UN aid agencies will now attain better harmonization and coordination that will provide stronger complementation and support to national development priorities, especially along the Millennium Development Goals.

Also since 2005, the government, foreign donors and other development stakeholders have created and used the Philippine Development Forum (PDF) as a platform for policy discourse and coordination. The PDF consists of national line agencies of government, donor countries and agencies like the United States, Japan, Republic of Korea, European Union, Australia, New Zealand, World Bank and Asian Development Bank, and representatives of the private business sector and civil society.

The PDF organizes itself into seven sectoral working groups namely: MDG and social progress, growth and investments, economic and fiscal reforms, governance reform and anti-corruption, decentralization and local government, sustainable rural development and a special working group on Mindanao.

The Mindanao Working Group (MWG) is currently focused on the GRP-MILF peace process and the implementation of the Mindanao Trust Fund-Rehabilitation and Development Program (MTF-RDP). However, the group has laid down a larger agenda for Mindanao that includes the following strategic issues: ((1) negotiated settlement of the conflict with the MILF and fulfilment of the provisions of the GRP-MNLF Peace Agreement; (2) addressing poverty especially in conflict-affected and conflict-prone areas; (3) developing Mindanao's agriculture sector and supporting infrastructure; and, (4) improving governance especially in conflict-affected and conflict-prone areas. In this connection, the Mindanao Development Council (MEDCo) is being strengthened for aid coordination and foreign aid database development.

## Conclusions and Lessons for Advocacy

It may be incorrect to attribute the reproduction and growth of poverty and the prevailing armed conflict in Mindanao to the CARP's flaws and incompleteness or to the inadequacies in the implementation of IPRA. But there are compelling arguments to demand a rethinking of the land policy and recognize the oversight of restorative justice in the program's social justice orientation. While it is difficult to quantify the costs of compensating the historical losses accrued by aggrieved sectors, reform policies should take cognizance of the need for an appropriate response. Precedents have been shown in Australia and New Zealand as regards the historical claims of the aborigines.

It is similarly difficult to attribute foreign aid influence on the weak economic performance of Mindanao, much less to blame it for the reproduction of poverty and prevalence of armed conflict. In fact, there is no doubt that aid has substantially changed some economic settings especially in the area of physical infrastructure development and infusion of capital for production and enterprise development as well as add-on investments for essential services. Foreign aid programs can always cite best practices, show cases and inspiring stories that reflect tangible benefits to the target groups.

What is left in doubt is the ability of foreign aid to support under-budgeted policies and enhance institutional changes that take into account real political needs behind the economics of aid. Attendant to this question is a lingering doubt on the ability of aid to reward good performance and discourage or penalize bad performance. However, this question demands an a priori question on whether or not foreign aid is able to autonomously read objective conditions, appreciate real needs and co-formulate program designs accordingly.

Foreign aid support for agrarian reform is seemingly designed as a canalized approach where the accountability system is between the bilateral partners and their target groups. It tends to overlook the larger accountability system where, for example, the definition of agrarian questions need to be contextualized according to its historicity and broadened according to the larger political market.

All the major foreign aid-funded agrarian reform programs are at the tail end of their terms. While there may be no more chance to modify existing designs, budget allocations and bureaucratic arrangements, it is still worthwhile to look back and estimate how much more effective they could have been had things been done differently. If there is a second wind for aid in Mindanao, the following challenges might help improve program designs, objectives formulation and strategies for implementation:

**Rethink Agrarian Questions in Mindanao.** Traditional thinking has reduced the agrarian questions in Mindanao to land, labor and capital. Hence, the temptation to simplify agrarian reform into an issue of monopolization and land redistribution, creation of employment in the agriculture sector and expectations of capital accumulation by pump-priming investments in land and strengthening the capacity of agrarian

reform beneficiaries. Experience and reality show, however, that there are other agrarian questions that need to be addressed. Some of the more compelling ones include: first, the agrarian question of the dispossessed – the still sizable number of landless farmers and farm workers and the various Muslim and non-Muslim communities who have been historically dispossessed of their ancestral lands; second, the specific agrarian questions of capital in view of shortfalls in government support services to agrarian reform beneficiaries and lack of access to capital markets; third, the agrarian question of agricultural labor in view of the negative ratio between supply and demand and the inability of reform lands to sustain absorption of an increasing rural labor force; fourth, the agrarian question of property regimes that have infected social relations due to conflicting historical and present claims, not to mention discrepancies in maps and delineations; fifth, the agrarian question of gender and women’s ownership of land in view of the delayed and still unfulfilled recognition of women’s right to land; and, sixth, the agrarian question of social relations in view of the ethnic diversity of Mindanao and the corresponding differences in cultures and traditions, farming systems, capabilities in labor and capital and historical conflicts over access to land and other resources.

**Differentiated Approach for Mindanao.** To echo the arguments of de Janvry and Sadoulet (2001:22) there should be no universal and simplistic solutions to the agrarian questions. Solutions should be flexible and idiosyncratic. The CARP (or whatever its permutation after 2008) should not appear like a “one-size-fits-all” formula applied nationwide. Land reform should be decentralized and area-based where approaches are tailored according to the specific agrarian questions. Government and market players cannot afford to rely on aggregate assumptions of growth that promise spill over effects to the landless farmers and farm workers. Much less can government and donors assume that agrarian reform can proceed without addressing primordial claims of Muslim and non-Muslim indigenous communities and the claims of displaced farm workers of reformed commercial farms.

**Accumulation from Below.** The growth of Philippine agriculture since the American colonial period has been characterized by capital accumulation from above. Liberal reformist influence on agrarian reform in the 1960s was overshadowed by political rather than economic intentions. Similarly, the CARP’s social justice objective primarily addressed the political need to stem peasant unrest and the communist insurgency rather than promote capital accumulation from below. Currently, 25 percent of Mindanao’s agricultural lands are in the hands of CARP beneficiaries. There is adequate critical mass to address poverty and induce capital accumulation from below. What is needed is serious government attention to agricultural support services and intervention in land, commodity and financial markets in order to create a favorable economic climate by which CARP beneficiaries are able to mobilize their lands and produce surplus for reinvestments. Much of the barriers in surplus production lie in the inability of government to provide adequate economic space for small landless farmers and farm workers

**Promote Smallholder Agriculture and Support Small Farmers.** There is enough evidence to show that smallholders can still attain economies of scale according to crop lines, contrary to claims that only big plantations and corporate farms can attain economies of scale. While questions of financial efficiency may arise in smallholder agriculture, ultimate economic efficiency – by reducing inequality and reducing poverty – can still be attained. Certain crop lines like mango, abaca, rice, corn, coconut, sugar and others have been produced by small farms and have attained economies of scale through market consolidation. Over time, inefficiencies can be mitigated by improving market rules and reducing transaction costs at every phase of the value chain.

**Strengthen the Peasant Social Movement.** The best defense against elite political capture of agrarian reform is a strong rural-based constituency. The CARP itself is a product of a strong societal demand for removing inequity in access to land. What has been proven as an effective formula for exerting pressure on the state to undertake land reform should be same formula for defending the program gains and pursuing the unfinished reform agenda. Only a strong social movement, in alliance with NGOs, will induce the state to respond positively. Almost two decades of CARP implementation shows how easy is it for the elites to influence state behavior towards land reform if and when there is no strong social movement. Secondly, changes in agrarian structures and gains in agrarian economic space have to be solidified by new institutions. The same institutions can only thrive if backed up by a strong rural constituency.

**Foreign Aid Orientation.** The increasingly geopolitical orientation of aid indicates agenda and interest framing at source. Nevertheless, the benign aspects of foreign aid can still be mobilized to support good policies, spur growth and strengthen institutions. In the case of Mindanao, there are two extreme pitfalls that should be avoided: one, the politicization of foreign aid either at source (where aid flow becomes insensitive to actual need and demand) or at the recipient level where aid can be used for the political ends of the recipient government; and, two, the economization of aid is narrowly channelled towards socio-economic ends without cognizance of political markets where there is demand for adequate political space especially of the marginalized and aggrieved sectors and classes of society. Economization of aid may also lead to fungibility or tempt recipient governments to embark on political and military spending knowing that aid can take care of social and economic spending. The present foreign aid focus on the conflict and orientation towards post-conflict reconstruction and development is heavily oriented towards a "feel-good" attitude about establishing security rather than solidifying the structural preventers of conflict.

**Remove the Dichotomy between State-led and Market-Driven approaches.** Supply-led (state-based) land reform has reached its limits. From the early 1900s until the 1960s, the American colonial, Commonwealth and Post-War governments mobilized land space to disperse populations into frontier areas, stem agrarian unrest in built-up agricultural areas and engineer integration of diverse ethnic communities. During the implementation of CARP, the state mobilized public lands and state funds to effect land redistribution. By the turn of the century, fiscal constraints and exhaustion of public lands induced the state to entertain market-based agrarian reform. The first has fallen short of expectations and the second has created uncertainties and formidable risks to agrarian reform beneficiaries and landless claimants. Echoing Cousins (2005:11), there is a need to strengthen the alliance of the state, NGOs and social movements in order to remove this dichotomy. The state does not necessarily incur a net loss by spending on agrarian reform as the outcomes will ultimately lead to higher productivity, incomes and revenues. The current negative spread incurred by the Treasury and the Land Bank (due to low amortization payments) is caused by shortfalls in support services and investments in production. A pure market-led reform, on the other hand, is bound to face bigger economic risks as it may lead to divestments of land (from agrarian reform beneficiaries), greater landlessness and rural poverty. The challenge is to develop a synergy between conventional state-led approaches and market-oriented perspectives.

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## Overseas Aid and Agrarian Reform Working Papers Series

The Overseas Aid and Agrarian Reform Working Papers Series is a joint research initiative and publication of the Belgian Alliance of North-South Movements (11.11.11) and the Focus on the Global South-Philippines. Activist researchers from various non-governmental research institutions have come together to carry out this collective undertaking.

To date, three out of four poor people in the Philippines are rural poor. Land remains central to their autonomy and capacity to construct, sustain and defend their livelihoods, social inclusion and political empowerment. But to a large extent, land remains under the monopoly control of the landed classes in the country, while in many parts of the country poor peoples' access to land is seriously threatened by neoliberal policies. This is despite two decades of land redistribution, with relatively modest accomplishment, under the Comprehensive Agrarian Reform Program (CARP). The mainstream development policy community has taken a keen interest in land in recent years, developing land policies to guide their intervention in developing countries, including the Philippines. Internationally, while generally well-intentioned, not all of these land policies advance the interest of the rural poor. In fact, in other settings, these may harm the interest of the poor. Widespread privatization of land resources facilitates the monopoly control of landed and corporate interests in such settings. Local, national and transnational rural social movements and civil society networks and coalition have taken the struggle for land onto global arenas of policy making. In the Philippines, CARP has been the focus of overseas development assistance around land since the mid-1980s. Huge amounts of money, both aid and loans, went to various projects directly and indirectly linked to agrarian reform. Except for occasional officially commissioned project evaluation studies, there has been no systematic and comprehensive critical examination of such development intervention in the Philippine countryside. This is perhaps one reason why the advocacy work of autonomous rural social movements in the Philippines around the issue of overseas development assistance and land reform has been quite unsystematic and ad hoc at best.

It is in the context of providing modest assistance to rural social movements and other civil society groups that are engaged in land reform campaign that this research has been undertaken and the working paper series launched. It aims to provide a one-stop resource to activists engaged in local and national campaigns for progressive land policy reforms. The research covers analysis of the policies of the following institutions and themes: (1) World Bank, (2) European Union; (3) International Fund for Agricultural Development (IFAD); (4) Belgian Development Aid; (6) Canadian International Development Assistance (CIDA), (7) Japanese aid, (8) Asian Development Bank (ADB), (9) a Mindanao-focused study covering various aid agencies, and (9) an overview analytical paper that covers the remainder of aid agencies (FAO, UNDP, AusAid, GTZ, USAID) and links the various findings to the broader issue of agrarian transformation and development in the Philippine countryside.

The research is coordinated, and the working paper series edited, by Jun Borras, Jennifer Franco, Mary Ann Manahan, and Eduardo C. Tadem.

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11.11.11 is a coalition of the Flemish North-South Movements. It combines the efforts of 90 organizations and 375 committees of volunteers who work together to achieve one common goal: a fairer world without poverty. For more information, visit: <http://www.11.be>

Focus on the Global South is a non-governmental organization with country programs in Thailand, the Philippines and India. Focus was established in Bangkok in 1995 and is affiliated with the Chulalongkorn University Social Research Institute. Focus combines policy research, advocacy, activism, and grassroots capacity building in order to generate critical analysis and encourage debates on national and international

policies related to corporate-led globalization, neoliberalism and militarization. For more information about Focus, visit: <http://www.focusweb.org>

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