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**Title:** *Agricultural and Rural Development Efforts supported by USAID in Mindanao, Philippines*

**Country:** PHILIPPINES

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**Problem Statement**

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The island of Mindanao has more than a third of the landmass of the Philippines and, with 21 million people, is home to about one-fourth of the country's population. About 18% of Mindanao's people are Muslim. Although the island clearly has potential for substantial and accelerated economic growth, the quality of life of the people of Mindanao has historically been well below national levels, with the worst poverty occurring in the Muslim-dominated areas. The poverty and lack of economic opportunity in those areas was a major factor leading to a separatist insurgency which began in the 1970s. While a peace agreement was reached several years ago between the Government of the Philippines (GOP) and the principal insurgent group, the Moro National Liberation Front (MNLF), fighting still continues between the GOP and second-largest of the Muslim insurgent groups, the Moro Islamic Liberation Front (MILF), which has not yet signed a peace agreement.

To help consolidate the peace attained between the GOP and the MNLF, and to increase prospects for a peace agreement to be reached between the GOP and the MILF, USAID has been implementing an aggressive, broad-ranging enterprise development program in Mindanao that is intended to bring about a substantial expansion of economic opportunity for all the peoples of Mindanao, but with particular emphasis on the people in the Muslim areas of Mindanao. Under the program, almost one thousand small and mid-scale infrastructure projects are being constructed; post-harvest facilities are being provided to about 500 different agricultural cooperatives; computer facilities and internet connections are being provided to 350 high schools and junior high schools; about 200 small private banks are being assisted to develop the capability of profitably providing credit to micro enterprises and small farmers; and about 25,000 former combatants are being assisted to become small-scale commercial farmers of corn, rice, or seaweed. The Program also aims to create jobs and reduce poverty through reducing the constraints on investment caused by corruption and poor governance, including barriers to competition that inhibit domestic and international investment.

USAID's Mindanao effort is implemented through several different projects. The largest project, by far, is the Growth with Equity in Mindanao (GEM)

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Program. (Objectives and anticipated results of the GEM Program are further discussed below). Significant resources are also provided through the Livelihood Enhancement and Peace (LEAP) Program, the Micro enterprise Access to Banking Services (MABS) Program, the Transparent and Accountable Governance (TAG) Program, the Alliance for Mindanao Off-grid Renewable Energy (AMORE) Program, and others.

### **Objectives**

The GEM-2 Program continues and expands on the work carried out under the original GEM Program which operated from 1996 to 2002. The GEM-2 Program was launched in late 2002 and is expected to operate through the end of 2007. The Program operates throughout Mindanao, but has a special focus on the Autonomous Region in Muslim Mindanao (ARMM) and the conflict affected areas in Mindanao (CAAM).

The GEM-2 Program has two related principal objectives:

- to help bring about and consolidate peace in Mindanao
- to accelerate economic growth in Mindanao and help assure that as many people as possible, including members of cultural and religious minorities, benefit from the economic growth.

### **Procedures**

The Program works with producers associations and cooperatives, NGOs, the Mindanao Business Council, the ARMM Business Council, chambers of commerce, local governments, the Government of ARMM, national government line agencies, bilateral and multilateral donor agencies, and other organizations and individuals working to bring about equitably distributed economic growth and strengthened peace in Mindanao.

The GEM-2 Program provides limited financial support, on a cost-sharing basis, to producer groups and other organizations working to bring about equitably distributed economic growth in Mindanao. Principal agricultural activities are as follows:

#### Community and Mid-Scale Infrastructure Programs (CIP and MSIP)

Under the Community Infrastructure Program (CIP), GEM-2 will undertake the implementation of about 700 small infrastructure projects like water systems, warehouses, solar dryers, boat landings, culverts, community centers, bridge and roadway upgrades or repairs, etc. The great majority of these projects will be in the conflict-affected areas of Mindanao, and will be undertaken in partnership with local governments, community groups, and cooperatives.

Under the Mid-Scale Infrastructure Program (MSIP), GEM-2 will undertake the implementation of up to 40 critically needed projects like ports, road and bridge

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improvements, and similar investments that support economic development in the conflict-affected areas of Mindanao.

GEM-2 will also provide infrastructure analysis and other assistance to the ARMM Government and local governments to help them in their negotiations regarding infrastructure resources from relevant national government agencies and donors.

#### ARMM and CAAM Education Improvement

GEM-2 will assist schools in the ARMM and other conflict-affected areas of Mindanao to improve the quality and impact of education services offered to children in those areas. GEM-2 will work with Parent-Teacher-Community Associations (PTCAs) and other groups, as well as with the ARMM and national government agencies to help assure that optimal returns are obtained from investments made in education. Key areas of concentration will include: introducing internet and computer education into public high schools and selected other schools; increasing public awareness of key problems facing education and mobilizing public participation to solve those problems; and improving education planning and administration.

#### ARMM Governance Improvement

GEM-2 will assist the ARMM Government address several key governance issues, including relations with the national government; relations with donors; infrastructure planning and implementation; procurement procedures and practices; improving the investment climate; and rationalizing personnel management procedures.

#### Business Support Organization (BSO) Development

GEM-2 will help to ensure that fully effective and financially self-sufficient BSOs, representing and servicing all significant agribusiness sectors in Mindanao, will be in place and effectively functioning. Assisted BSOs will have substantial levels of activity in the conflict-affected areas.

#### Targeted Commodities Expansion Program (TCEP)

Under TCEP, GEM-2 will help to bring about the solid introduction or significant expansion of production and marketing of several lucrative, non-traditional commodities in the conflict affected areas of Mindanao; help to assure that all elements of the “cold chains” and “cool chains” needed to allow substantial expansion of shipments of vegetables and fruit to markets throughout the Philippines and the Asian region are in place; help assure a major expansion of exports of fish, fruit, and vegetables to the large and growing China market; and help assure that harvests of marine resources do not exceed sustainable levels, while providing an optimal long-term contribution to economic development.

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### “Targets of Opportunity”

GEM-2 will assist relevant government units and others to identify problems and opportunities that may emerge during the GEM-2 implementation period, and to design interventions that can address those problems and take advantage of those opportunities.

### The Livelihood Enhancement And Peace (LEAP) Program

On October 1, 2003, USAID incorporated the Livelihood Enhancement And Peace (LEAP) Program as a component of the GEM 2 Program. From the time the LEAP Program started in 1997, over 21,000 former MNLF combatants have received technical assistance, production inputs and limited pre- and post-harvest equipment and facilities. Under the LEAP 2, an additional 4,400 more are expected to be assisted through March 2005.

### **Expected Main Results**

1. Up to 700 communities in ARMM and CAAM will have received needed Community Infrastructure Projects. GEM-2 will also undertake construction of critically needed projects like ports, road and bridge improvements in the conflict-affected areas of Mindanao. Up to 40 Mid-Scale Infrastructure Projects will be constructed in ARMM and CAAM.
2. Reports regularly being issued which lay out the status of all key planned and under-implementation infrastructure projects in Mindanao. Information provided in the reports will be useful to GOP, ARMM Government, donors, and others interested in identifying infrastructure needs and infrastructure problems in Mindanao.
3. ARMM Government relationships with national government and with donors will be much improved; ARMM government procurements characterized by transparency and timely accomplishment; key ARMM Government annual and long-range plans, budgets, documents, etc. are of adequate quality and are completed on a timely basis.
4. Eight to ten (8-10) key BSOs (including the Mindanao Business Council) needed to help ensure continued economic growth in Mindanao fully established, fully viable, and fully effective. Each will have substantial membership and activities in the conflict-affected areas of Mindanao. At least four BSOs that specifically focus on economic growth in conflict affected areas will be effectively functioning.

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5. The “cold chain” needed for substantial out-shipment of vegetables and fruits to domestic markets will be in place, with the volume and value of shipments three to four times the present levels.
  6. At least 25% of all LEAP graduates (approximately 6,250) also producing and marketing TCEP commodities.
  7. Exports of fish, fruit, and vegetables to markets in China at least three times greater than 2002 levels. Exports will be increasing by at least 15% per year.
  8. Additional 4,400 former MNLF combatants assisted through March 2005 under the LEAP 2 Program.
  9. The GEM-2 Communication and Public Information Program will be regularly producing high quality news stories (approximately 10 per month) providing positive information about Mindanao and these stories will regularly be printed in Mindanao, national, and international press.

### **GEM program management**

Principal offices of the GEM-2 Program are located in Davao City (Project Management Office), Zamboanga City and Cotabato City. Satellite offices are located in General Santos City, Cagayan de Oro City, Iligan City and Manila.

GEM-2 is implemented in partnership with the Mindanao Economic Development Council (MEDCo). Oversight is provided by a Steering Committee chaired by MEDCo.

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