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**Degree of Master of International Studies
(International Area Studies)**

**Politics of Aid in Conflict Areas:
Case of Mindanao, Philippines**

August, 2017

Development Cooperation Policy Program
Graduate School of International Studies
Seoul National University

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**Politics of Aid in Conflict Areas:
Case of Mindanao, Philippines**

A thesis presented

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A dissertation submitted in partial fulfillment
of the requirements for the degree of
Master of International Studies

**Graduate School of International Studies
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August 2017

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Abstract

Politics of Aid in Conflict Areas: Case of Mindanao, Philippines

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The US and Philippines, though allies for some time now, have not had such an easy relationship historically. Since the Philippine-American war broke out and until the American colonization of the Philippines had ended, the two countries had a complicated relationship since then. The US, through their official development assistance, has been helping the Philippines with various peace and security measures to appease the internal conflict with separatist groups. Since the Philippine constitution disallows foreign troops from participating in actual combat on its soil, US has been helping the Philippines military in an advisory and training role. Moreover, The USAID has been implementing projects in these conflict zones in Mindanao, Philippines, especially after the global war on terror. This paper explores the US' increasing role in Philippines' conflict areas, in both military and non-military interventions.

Keywords: Mindanao, Philippines, Conflict, USAID, Aid

Student Number: 2015-25105

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I. Introduction

1.1. Background of the Study

The Philippines, despite middle-income status and recent economic growth, is increasingly experiencing uneven economic conditions across geographic divisions. Some parts of the country resemble a failing state rather than a middle-income country.

Mindanao is an island group located in the south of the Philippines. It is the country's second biggest island, with a population of approximately 24.1 million. Mindanao has been called the *Land of Promise* since it is abundant in natural commodities of the country which originate from the region. Mindanao also holds 70% of the Philippines' mineral resources which includes precious metals¹. This abundance, however, has not translated into Mindanao's development. The region's development has been affected by protracted armed conflict. The conflict has resulted to one of the highest levels of violence in the ASEAN region which has resulted to the least levels of development in the country. The conflict has not only affected the region's development, but has disrupted the lives of the people - costing lives, or forcing them to seek refuge and safety away from their homes. The protracted nature of the conflict has limited the people's access to basic services that has placed them under the poverty trap. The effects of warring sides also come in the form of hunger and malnutrition. In 2014, out of the 16 poorest provinces in the Philippines, 10

¹ Metals such as gold, copper, chromite, lead, nickel, manganese, silver, zinc, and iron ore are present in Mindanao.

were in Mindanao. Some provinces in Mindanao registered high levels of acute food insecurity².

Approximately 20.44% of the total population of Mindanao adheres to the religion of Islam, making it the only island in the predominantly Catholic country with a significant Muslim populace. A more recent estimate from a 2011 survey by the National Commission on Muslim Filipinos indicates that there are as many as 10.3 million Muslims in the country, comprising 11% of the total population. On the whole, 94% of the country's Muslims live in Mindanao. The population used to be predominantly Islam, but, series of migration from neighboring islands due to government policies have dwindled the Islam population down to 20%. Mindanao is also home to 18 ethnolinguistic groups or *Lumads*³.

In terms of the Human Development Index (HDI), most of the affected areas have the worst levels in the country, with a status comparable to that of sub-Saharan states. Government spending for education and basic services has been inadequate over time, hence, certain groups in Mindanao have felt excluded by the capital. Policies that directly affect them (migration) politically and economically excluded. A long history of colonization, competition for resources, and arguable government policies has led to violent conflict.

² Based on the recent Food Security and Nutrition Analysis of the Integrated Food Security Phase Classification

³ Lumad is a local word that literally means indigenous people. It is a self-ascribed identity of the indigenous people of Mindanao.

The conflict areas are afflicted with recurrent humanitarian crises. In total, 3.5 million people have been displaced since 2000 and tens of thousands of people have been killed. United Nations Development Programme (UNDP) have estimated between 140,000 to 220,000 fatalities brought about by the conflict. Further, about USD 24 billion had been spent from 1969-2004 in terms of military expenditures alone. According to the UNDP, the Philippine economy is affected with an estimated USD 17.5 billion in losses to Gross Domestic Product (GDP).

The Philippines has been classified with *very high warning* category by the Fund for Peace⁴ in its State Fragility Index. The conflict is considered intra-state, wherein the conflict is confined within the borders of the country. However, the conflict has been increasingly internationalized in terms of its participants. The conflict has affected the security in the region and has caused those affected to seek refuge in other countries.

The Government of the Republic of the Philippines (GRP) has been open to international assistance to obtain peace and development in Mindanao. Furthermore, the GRP has undertaken several peace processes and has enacted a special autonomous region for Muslim Mindanao. Despite the extensive and large flow of aid to address the conflict, the Mindanao conflict environment has not improved.

⁴ Fund for peace is a leader in the conflict. The organization assessed the countries according to 12 indicators encompassing the following areas: social, economic, political and military. The Philippines measured poor in 3 indicators, weak in 7, moderate in 2 areas.

There are various aid donors currently operating in the conflict-affected areas, such as the Asian Development Bank (ADB), Canadian International Development Agency (CIDA), Australian Agency for International Development (AusAID), Japan International cooperation Agency (JICA), United States Agency for International Development (USAID), and World Bank (WB), among others. These aid donors fund programs and operate in the subnational conflict area to directly work on conflict issues. The USAID has been the longest aid actor that had been operating in Mindanao. Moreover, the US already has an extensive history of operating in Mindanao prior to the start of their aid operations. The US has been operating in Mindanao since 1899, following the signing of the Treaty of Paris until the end of their colonial rule. USAID has implemented projects in Mindanao as early as late 1970s. Following the September 11 (9/11) terrorist attacks, the US launched their Global War on Terrorism (GWOT) which prompted the deployment of US troops in the Philippines after reports that Al-Qaeda affiliated groups were providing training for terrorists in Mindanao.

1.2. Research Question

Given the extensive history of Philippine-American relations, the study focused on US interventions. This study examined the United States' role in the conflict throughout history. The study looked into the US policies from their colonial rule up to their current development and military assistance to the conflict-affected areas in order to find out whether their participation has supported transition from insecurity to peace. Further to find out in what ways they have been present to achieve peace and development through their programs. The study aims to find out how the US

allocated its aid in response to the conflict and how US addressed the conflict. Moreover, the underlying issues that have sustained the conflict which have made aid seemingly ineffective in areas where there is ongoing conflict.

II. Review of Related Literature

The assumption that foreign aid, in itself, is an instrument of foreign policy is a subject of controversy (Morgenthau, 1962).⁵ Even more so, when such instruments are applied in a sensitive setting such as conflict areas. According to Beall et al., donors view assistance in conflict areas in two ways. The first view is that the pursuit of progress in the developing countries as a tool of foreign policy to achieve sustainable security ‘at home while the other view is that economic development in those countries depends on security.’⁶ This suggests that, it is the donor’s view that domestic security is inextricably linked to security outside its territory. Further, in order to ensure its domestic security, pursuing economic development abroad is a means to achieve such and that the state of security determines a country’s development. Development and security are thus viewed by donors as closely related concepts, directly causing or affecting the other. Achieving peace abroad has now become a vital objective of their development aid. However, this claim somehow lacks any explanation that directly links the two. Literature on conflict and development are mostly concerned how the presence of conflict can affect growth rates of economy rather than how conflict affects development. However, what is made clear is that, foreign aid policies are formulated in consideration of both domestic and international political circumstances. Lancaster (2007) identified ideas, political institutions, interests and, organization of aid as the

⁵ Hans Morgenthau (1962), *The American Political Science Review*, Vol. 56, No. 2, pp. 301-309

⁶ Beall, Jo and Goodfellow, Thomas and Putzel, James (2006). Introductory article: on the Discourse of Terrorism, Security and development. *Journal of International development*, p. 51-67.

domestic political forces which affects the foreign policies. Lancaster further argues that the purposes of aid will change if domestic political forces respond to the changes in international structure.⁷ Alesina and Dollar (2000) have also found that international political factors are crucial in allocating aid.⁸

During the Cold War, much of US assistance were within a security framework to the containment of communism. The Truman Doctrine of 1947, which provided both military and economic aid to Turkey and Greece, was utilized by the US to contain communism. The US in 1951 passed The Mutual Security Act that was envisioned to combine economic and military programs, and technical assistance. Through the Mutual Security Agency, the US implemented its foreign policy, especially to its former colonies by providing aid.⁹ Provision of foreign aid to former colonies is still relevant in analyzing aid flows and aid allocation. As much as looking into normative characteristics of aid, strategic interests should also be considered as well. After the September 11 attacks, national security is again the forefront of US foreign policy. For Balla and Reinhardt (2008), how the donor perceives of the conflict will determine how beneficial the aid will be at attaining its interests. Further, that

⁷ Lancaster, Carol (2007), *Foreign Aid: Diplomacy, Development, Domestic Politics*, p. 212-226.

⁸ Alesina, Alberto and Dollar, David (2000). "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth*, p. 33-63.

⁹ Merrill, D. (2006), *The Truman Doctrine: Containing Communism and Modernity*. *Presidential Studies Quarterly* 36, p. 27-37

conflict has the tendency to alter aid's effectiveness which can cause the donor to modify the amount of aid, or even its existence¹⁰.

Fleck and Kilby (2010) made comparisons on the consequential aid policies of the different geopolitical considerations during the Cold War era and the GWOT era. They observed that from the mid-1990s until the GWOT, the importance of the recipient's need for aid had decreased while the probability that a higher income developing country would receive aid increased.¹¹ Lancaster (2008)¹² emphasized that the Bush administration changed major US aid policies to adapt to their war on terror. The US aid policy now preferred those countries whose governments promote development and democracy. There is now a focus on selectivity of partner countries that have preferred institutional quality rather than needs-based approach. Fleck and Kilby (2010) also found that while the US aid has increased its aid budget for GWOT, the same had been observed for aid to poor countries with less geopolitical importance.

In their study of U.S. aid allocation, Demirel-Pegg and Moskowitz (2009)¹³ also confirmed this shift of the pattern of allocation. They found that during the Cold War, economic development was the most significant consideration in allocating US aid as

¹⁰ Balla, Eliana and Reinhardt, Gina Yannitell (2008). Giving and Receiving Foreign Aid: Does Conflict Count? *World Development*, p. 2566-2585.

¹¹ Fleck, Robert and Kilby, Christopher (2010), Changing Aid Regimes? US Foreign Aid from the Cold War to the War on Terror, *Journal of Development Economics*, p. 185-197.

¹² Lancaster, Carol (2008). George Bush's Foreign Aid: Transformation or Chaos? Center for Global Development

¹³ Demirel-Pegg, Tijen and Moskowitz, James (2009). "US Aid Allocation: The Nexus of Human Rights, Democracy, and Development." *Journal of Peace Research*, p. 181-198.

opposed to strategic interests (i.e., regime type, bilateral trade relations). Further, after the Cold War era, countries that have low economic development and transitioning regimes had higher probability of receiving aid than before.

Preeg (1991)¹⁴ studied the US aid initiatives in the Philippines that have attempted to accomplish non-economic ends through the economic assistance. He found that the principal economic goals were distorted by non-economic goals. The prioritization of the non-economic objectives (including perceived prioritization) not only distorted the economic program but also prevented support for some parts of the program. Preeg argued that the failure to formulate a sound, transparent, and achievable objectives for US to uphold, could lead to doing more harm than good for its overall objectives. Burnett (1992)¹⁵ analyzed Preeg's study together with other case studies and found that far-reaching objectives (i.e., security and political) could undermine the achievement of its economic objectives. The case studies also highlight that the donor-recipient relationship of their alignment of goals. When U.S. objectives conflicted with the recipient's interests, a political struggle could ensue in the recipient country and consequently diminish the aid's purposes. Burnett also found that these economic and military assistance were successful in winning the cold war. Moreover,

¹⁴ Preeg, Ernest H. (1991). *Neither Fish nor Fowl: U.S. Economic Aid to the Philippines for Non-economic objectives*, Washington, DC: Center for Strategic and International Studies.

¹⁵ Burnett, Stanton (1992), *Investing in Security: Economic Aid for Non-Economic Purposes*, Washington, DC: Center for Strategic and International Studies.

that it is inevitable for policymakers to attempt achieving non-economic goals with economic tools.

III. Analytical Framework

3.1. Methodology and Hypothesis

The research looked into the US patterns of aid allocation in relation to the conflict, within the context of aid securitization. The US has promoted development as a national security tool that is founded on the development and security nexus. Historically, the US has utilized aid for fostering security while satisfying its national interests. The US utilized development as a legitimate tool for diplomacy where interests of their national security is threatened. On the other hand, conflict areas are characterized as places with poor governance and corruption issues, which in the context of development aid, has been argued to hamper aid's effectiveness. The securitization of aid went beyond the conventional role of aid and without understanding its limitations, can create inefficiencies and affect trustworthiness of its aid in the future.

For Jervis (1978) cooperation under the security dilemma can be difficult since there are no institutions or authorities that have the power to create and enforce international laws. While cooperation can benefit, the lack of it however, can ensue the opposite as anarchy encourages states to maintain the status quo. The links of domestic and foreign policy or the domestic politics of two states, and its quest for security may drive states to interfere in the domestic politics of others. States pursue actions to

protect themselves through seeking control, or at least neutralize, areas on their borders. He further identified scenarios where cooperation is likely to be enhanced by means of increasing the gains from mutual cooperation, decreasing the gains from defection, or increasing the expectations that both sides will cooperate. Moreover, the perceived collective security also reduces a country's perception of threat and its need to immediately respond to another's actions. Gains from exploitation of a second country is reduced when the second country is both non-threatening and is able to provide goods that will be gone if the other country attempts to exploit it (Jervis, 1978)¹⁶.

The OECD defines bilateral transactions as those undertaken by a donor country directly with a developing country. Bilateral aid is thought to be easily affected by interests, particularly, political gain of the donor and even commercial interests/gain. The research employed qualitative analysis to study the US development assistance programs for the purposes of achieving peace and development in Mindanao. The research analyzed US development assistance flows labelled under the "150" DAC sector code named "Government and civil society". This sector has two sub-categories which are "Government and civil society, general" and "Conflict prevention and resolution, peace and security" which are further divided into 17 subcategories.¹⁷ Flows classified under governance were included because some flows under these category

¹⁶ Jervis, Robert (1978). Cooperation Under the Security Dilemma. *World Politics* 30: 167-214.

¹⁷ ECD-DAC. Purpose Codes: sector classification. <http://www.oecd.org/dac/stats/purposecodessectorclassification.htm>. Accessed on 01 October 2016.

supported the objectives under the conflict prevention and resolution, peace and security sector. Assistance under these categories were analyzed together with US strategies as stated in the Country Partnership Information that had been released by the USAID. USAID, is the lead agency within the US government responsible for giving development assistance. Moreover, the study analyzed aid disbursements for these categories to find out how USAID had disbursed its aid under the mentioned purposes that addresses security issue within its framework of country's policies and programs. The study utilized statistical methods in analyzing violence data from the Uppsala Conflict Data Program and aid flows from the USAID. The study utilized qualitative historical research in explaining the roots of conflict.

The study hypothesizes that US aid for the Mindanao conflict were aligned to pursue its own national interests of security and that Philippines' security issues were not addressed while perceived security threats directly to US were pursued.

IV. Historical Analysis of the Mindanao Conflict

4.1. Spanish Colonial Period (1521-1898)

Indigenous peoples have been living in Mindanao as early as 500 BC. In the 14th century, Arab traders brought Islam to the region and missionaries from Malaysia strengthened the Islamic religion throughout the 15th to early 16th century. When the Spanish arrived in the 16th century in Mindanao, the native Moro population were already organized in the form of sultanates. From Central Philippines, Spain extended their sovereignty to the Northern Philippines and attempted to do the same to the Southern region. Spain would send several expeditions to the Philippines over the next decades until 1565 when Miguel Lopez de Legazpi, who became the first royal governor of Cebu, was finally able to create a permanent Spanish settlement.¹⁸ Legazpi named the islands, "Felipinas" in honor of King Philip II of Spain. The Spaniards sought to convert the Filipinos from their pagan beliefs to an organized religion. Success could be attributed to the fact that most in the north did not practice any organized religion at the time.

The colonizers constantly attempted to conquer and convert the people to Christianity which generated a series of inter-religious conflicts. They referred to the Islamic inhabitants of Mindanao as 'Moros', after the Moors that they have defeated in

¹⁸ Dolan, *Philippines: A Country Study*, 100.

Spain. The term ‘Moro’ refers to political identity that is distinct to the Islamic people of Mindanao. The Spanish used ‘Moro’ as a derogatory term, like ‘Indio’ for Filipinos whom they converted to Christianity (San Juan, 2008).

The Spanish captured the city of Jolo, the seat of the Sultanate of Sulu, in 1876 after several unsuccessful attempts. In order to prevent further bloodshed and destruction of Jolo, on July 22, 1878, the Sultan of Sulu signed the Spanish Treaty of Peace. There were several translation issues with the Spanish and Tausug¹⁹ versions of the treaty. The Tausug version provides that the Sulu Sultanate will be a protectorate of Spain and would still maintain its autonomy. The Spanish version of the Treaty, however, allows them to have sovereignty over the whole Sulu archipelago. There were various peace treaties signed during the Spanish occupation, but the Spanish Treaty of Peace was the last signed between the Sultan and the Spain. The treaty permitted the Spanish forces to put up a garrison in Jolo. The translation flaws of the treaty would later have critical implications in the Mindanao’s inclusion in the Philippines’ cession to the U.S.

The Philippine revolution²⁰ in 1896, led by Andrés Bonifacio²¹, sought independence from Spain after three hundred years of colonial rule. The *Katipunan*²² fought Spain through an armed uprising. The Katipunan’s influence spread throughout

¹⁹ The language used in Jolo

²⁰ Prior to the revolution, there were numerous rebellions all over the Philippines

²¹ Andres Bonifacio was the leader of the Katipunan

the Philippines and successfully organized a revolutionary government which led to declaring a nationwide armed revolution. Although the Katipunan's attack to control the capital failed, it sparked a series of revolts in the other provinces. A power struggle in the Katipunan led to Bonifacio's death in 1897 that transferred the leadership to Emilio Aguinaldo, who led his own revolutionary government. In the same year, the Pact of *Biak-na-Bato*²³ was signed between the Katipunan and Spain in order to reduce hostilities, but, it never truly ceased.

The revolution coincided with the Spanish-American war which started on April 21, 1898 when the U.S. launched a naval blockade of Cuba. The U.S.'s war with Spain ultimately expanded to the Philippines. The Philippine revolution gained control most of the country by June 1898. The success of the revolution prompted Aguinaldo to declare independence on June 12, 1898 which signified the end of the revolution. However, both Spain and U.S. did not recognize the Philippines' independence.

The U.S. Navy's Asiatic Squadron defeated the Spanish navy in the Battle of Manila Bay, seizing control of Manila on May 1, 1898. The battle is sometimes referred to as the "Mock Battle of Manila" because the local Spanish and American generals secretly planned the battle to transfer control of the city from the Spanish to

²³ *República de Biac-na-Bató* was the first republic ever declared in the Philippines by the revolutionaries led by Emilio Aguinaldo.

the Americans while keeping the revolutionaries outside Manila. Spain's forces were beaten by the Filipino and American troops on the ground. The Filipino revolutionaries' hope for independence was snatched when U.S. and Spain signed the Treaty of Paris. The Treaty signified the end of Spanish-American War and the U.S. purchased the Philippines for \$20 million. While Spain's presence in Mindanao were limited to a few garrisons and never governed the people under the Spanish crown, Spain still claimed rights on the whole Mindanao. Even with Spain's minimal claim, Mindanao was included in the territories that were ceded to the U.S.

4.2. US Occupation (1898-1946)

Following the defeat of Spain in the Spanish-American War, the Philippines was ceded to the U.S. by virtue of the Treaty of Paris which was signed in December 1898. The Treaty of Paris, Spain ceded Puerto Rico and Guam to the US, while Cuba was placed under a U.S. protectorate. The Philippines, including territories that were not full control of Spain, were also sold to the US for USD 20 million.²⁴ The Spaniards then were limited to a few coastal garrisons and never got full control of Mindanao, but the translation flaws of the Spain's Treaty of Peace with the Sultan gave way to their inclusion in the Treaty of Paris. It was only in May 1899 that the U.S. took over the Spanish fort in Jolo and later the Zamboanga fort in December 1899. The Moro resisted and continued their struggle to their new colonizers, which lasted for four decades.

²⁴ On November 7, 1900 the U.S. paid an additional \$100,000 to Spain in order to include in the 1898 cession the Sulu islands

On December 21, 1898, President McKinley proclaimed “Benevolent Assimilation” as the U.S. colonial policy towards the Philippines. In this declaration, President McKinley announced US intentions to establish control over the Philippines by using what they considered a gentle policy.²⁵ The Schurman Commission, appointed by President McKinley, concluded that the Filipinos had aspirations for independence, but were not ready for it yet. Feeling betrayed, this led to the Philippines' Second War of Independence in 1899. This war, which the U.S. called the Philippine Insurrection, lasted for two years.

Then Sultan Kiram expected to regain independence after the defeat of Spain, however, the US government relayed to the Sultan that the old treaty with Spain will be enforced. However, Sultan Kiram demanded a new treaty be negotiated arguing that they are a different entity from Spain. The U.S. together with the Sulu Sultanate signed the Bates Treaty which guaranteed the latter’s autonomy in its internal affairs. At the same time, the Bates Treaty made certain that the Sultanate will remain neutral to the Philippine–American War. However, the wrong translations from the earlier Spanish Treaty of Peace were retained, which positioned the Sultanate under a complete dependency rather than a protectorate.

The U.S. imposed a direct rule of Mindanao under their colonial government. The colonial government adopted a policy of attraction in the Philippines and

²⁵ S.C. Miller, *Benevolent Assimilation: The American Conquest of the Philippines, 1899-1903*, (New Haven CT: Yale University Press, 1982).

Mindanao to develop, to civilize and to educate, to train in the science of self-government (Gowing, 1968)²⁶. The US colonial government declared all unoccupied lands as public lands which had resulted to migration of non-Muslim Filipinos from the North and American businesses to invest in Mindanao. Soon after these policies were implemented, the Moro Rebellion broke out and the peace through the Bates Treaty was not sustained. Further aggravating the Moro population was the imposition of a secular education system. Muslim parents refused to let their children attend the secular schools which led to significant illiteracy.

The U.S. colonial government aimed to integrate Mindanao with the rest of the Northern Philippines. The U.S. encouraged other Filipinos, particularly the non-Muslims, to move to Mindanao. They provided loans and acres of land were provided. Around 40 to 200 acres of land were granted to the settlers during 1903-1906. The U.S. colonial government passed several land laws starting from 1902, the Land Registration Act was enacted to assess the extent of private lands. Other laws pertaining to land soon followed, such as the Public Lands Acts of 1905, 1913, 1914, and 1919, which provided for registration of land ownership and the unclaimed lands as state property. Although private ownership of state land was still possible, these laws were disproportionate to the Muslims. In particular, the Land Act of 1919 permits a Christian Filipino to apply for private ownership of up to 24 hectares, whereas a non-

²⁶ Gowing, Peter G., Muslim-American relations in the Philippines, 1899-1920. *Asian Studies* 6:372-382.

Christian could request only 10.²⁷ The policies led to a legitimized land grabbing in Mindanao, which dispossessed the Mindanao people of their ancestral lands. Finally, the government encouraged foreign corporations to operate in Mindanao, which attracted transnational corporations to put up agricultural businesses, which required hectares of land. The policies not only dispossessed the Moros and Lumads of their ancestral lands, but created a deep sense of frustration among them.

Prior to the granting of independence in 1946, some of the Moro leaders preferred to be integrated into the Philippines while others Moro leaders protested the idea. Those that opposed the idea and submitted a document to the U.S. government that they should not be part of the Philippines, and sought to be a separate state. Moros staged successive uprisings, which are usually violent, throughout the US colonial period. Moros resisted the systematized land-grabbing and their perceived suppression to their way of life.

4.3. Post-independence

Post-independence governments continued to encourage the poor from other parts of the Philippines to settle in Mindanao. Competition for land worsened between the Moros and the new settlers which led them to establish their own private armies to defend their properties. The indigenous Mindanao population felt displaced in their own land. The Muslims were accustomed to a communal form of ownership and they have their own Islamic laws and sanctions. They resented that the governments had

²⁷ C. A. Majul, *Muslims in the Philippines* (Manila: St. Mary's Publishing, 1978), p. 113.

imposed policies that conflicted with their traditions. Furthermore, increased competition between the groups have created animosity among the people.

4.3.1. Ferdinand Marcos Regime (1965-1986)

In the late 1960s, Muslim population decreased from three-fourths to a quarter of the whole Mindanao population. On March 18, 1968, allegedly, between fourteen to sixty eight Filipino Muslim military trainees are massacred²⁸ by soldiers of the Armed Forces of the Philippines (AFP), after the trainees refused to fight fellow Muslims in the then disputed territory of Sabah²⁹. However, evidence points strongly to the conclusion that this massacre never actually happened. In fact, after conducting his own investigation on the matter, then opposition leader Senator Ninoy Aquino categorically proclaimed the entire incident as a hoax in a speech to the legislature ten days after the alleged incident³⁰. Nevertheless, news of the alleged incident roused the Muslim student community in Manila and voiced long-held sentiments of disenfranchisement among Muslims back in Mindanao. Syed Islam argues that the use of force and other socioeconomic and political measures of suppression created the opportunity for minority elites to exploit long-held sentiments of alienation to gain

²⁸ Also known as the Jabidah massacre. There were no names of the victims that have been determined, and no family members ever surfaced to protest the supposed massacre.

²⁹ Philippine President Diosdado Macapagal filed a claim to Sabah in June 1962 based on historical context of the Sultanate of Sulu. Sabah is currently recognized as part of Malaysia.

³⁰ Senator Benigno S. Aquino Jr. "Jabidah! Special Forces of Evil?". Delivered at the Legislative Building, Manila, on 28 March 1968. Government of the Philippines. <http://www.gov.ph/1968/03/28/jabidah-special-forces-of-evil-by-senator-benigno-s-aquino-jr/>. Retrieved 13 October 2016

support for separatism.³¹ Although this supposed massacre mobilized the Muslim Filipinos in the 1970s, the groups are rather silent about what is supposed to be a defining moment in their histories. Nur Misuari, went on to form the militant Moro National Liberation Front (MNLF) which aimed to liberate the Moro homeland. The MNLF attracted the support of a number of Filipino Muslims.

The MNLF had also created an armed wing, the Bangsa Moro Army (BMA), consisting of militant Muslim youths and they engaged in guerilla warfare against the Philippines Army. President Marcos declared martial law in 1972 in the Philippines and cited the existence of armed conflict between Muslims and Christians and a Muslim secessionist movement in Mindanao³². MNLF continued its activities underground during the martial law. Thousands of people lost their lives and property in the armed struggle in Mindanao. In spite of the Marcos regime's tactics, the consequences of the armed struggle aroused the concern of the OIC countries over the conditions of Muslims in the Philippines.

The MNLF sought the support of Muslims in other countries and conveyed their grievances to the Organization of the Islamic Conference (OIC). A delegation of foreign ministers from Islamic states³³ met with the Marcos government regarding the situations of Muslims in Mindanao. The involvement of the foreign states eventually

³¹ Islam, Syed Serajul. "The Islamic Independence Movements in Patani of Thailand and Mindanao of the Philippines." *Asian Survey* 38.5 (1998) p. 441-56.

³² McKenna, Thomas. *Muslim Rulers and Rebels Everyday Politics and Armed Separatism in the Southern Philippines*, 1998, University of California Press.

³³ Ministers from Saudi Arabia, Senegal, Somalia and Libya

led to the signing of an agreement on December 23, 1976 in Tripoli, Libya. The Tripoli Agreement included provisions for the formation of an autonomous region consisting of 9 cities and 13 provinces in Mindanao. The MNLF had to reduce their demand for complete independence and instead settle for their homeland to be part of the Republic of the Philippines. However, the granting of autonomy is still subject to the Philippine constitutional process. A referendum was required to determine which areas should be encompassed in the autonomous region. The MNLF opposed the terms which resulted to the collapse of the ceasefire. Misuari was challenged to the chairmanship of the MNLF due to the failure of the Tripoli Agreement. Hashim Salamat, displeased of Misuari's leadership, separated from the group and established the Moro Islamic Liberation Front (MILF). In other areas of Mindanao another insurgency was arising. The Communist Party of the Philippines (CPP) National Democratic Front (NDF) was operating its fronts in Mindanao.

4.3.2. Corazon Aquino Regime (1986-1992)

In the 1986, the dictatorship of President Marcos ended due to the public demand for a democratic government. When President Corazon Aquino assumed office in 1986, a new Constitution was created which established the Autonomous Region of Muslim Mindanao (ARMM). The MNLF was dissatisfied with this as only 4 provinces were included in the autonomy, and not the 13 provinces and 9 cities as indicated in the Tripoli Agreement. The MNLF called on the other factions to unite and continue their armed struggle for a sovereignty.

Also unsatisfied with the autonomy, Abdurajik Abubakar Janjalani called on the radical members of the MNLF who were prepared to continue to fight for an independent Islamic state. He then established the Abu Sayyaf Group (ASG) in 1991. President Corazon Aquino in 1991 issued a notice for the U.S. to leave the U.S.' biggest bases overseas which were in Subic in Clark in Luzon island of Philippines.

4.3.3. Fidel Ramos Regime (1992-1998)

The Philippine Government adopted the Peace Process Policy after it made a dialogue in identifying what causes conflict and insurgency in the country. President Ramos then issued his policies addressing the conflict during his presidency. The President created the Social Reform Agenda (SRA) and issued Executive Order 125 that sought to adopt a peaceful negotiations with the rebels. At the time, insurgences by the CPP, MNLF, and MILF were happening simultaneously in Mindanao.

In 1995, the ASG fired upon residents of Ipil municipality in Mindanao and took hostages and then burned the town's center.³⁴ The Ipil raid was a crucial moment for the ASG because it led the group's designation to the Foreign Terrorist Organizations by the US State Department. Meanwhile on June 21, 1993, the

³⁴ Gloria, Glenda and Vitug, Marites D. Under the Crescent Moon: Rebellion in Mindanao (2000), Ateneo de Manila University Press.

Philippine government entered a Status of Forces Agreement (SOFA)³⁵ with the US as part of a comprehensive bilateral security arrangement. The SOFA established the rights and privileges of both U.S. civilian and military personnel stationed in the country, and it cites the Mutual Defense Treaty of 1951 as the basis of the agreement.

In September 1996, the MNLF signed a peace deal with the GRP. The Agreement provided for the establishment the Southern Philippine Council for Peace and Development (SPCPD) which would be responsible for the supervision and coordination of the development projects in the Special Zone for Peace and Development (SZOPAD)³⁶. The special zone covered all the areas originally specified in the Tripoli Agreement. Furthermore, it was agreed that in 1999, a plebiscite would be conducted for a referendum whether the covered provinces would agree to be included in the ARMM. One province and city was added to the ARMM.

The death of ASG leader in 1998, made a turn in ideology to general kidnappings, murders and robberies. In 2000, the ASG forces kidnapped 21 foreigners in a resort in Sabah, Malaysia. The ASG released the hostages after the governments of France, Germany, and Finland paid the ransom. On May 2000, the group again kidnapped 20 people, including three Americans, in a resort in Palawan, Philippines. One of these Americans was beheaded by the ASG on June 2001. A Christian

³⁵ Also known as the Visiting Forces Agreement (VFA).

³⁶ The government established SZOPAD through multi-donor ODA funding led by the USAID, ADB, and World Bank.

evangelist couple, was still held by the group and demanded USD 2 million in exchange for them.

4.3.4. Joseph Ejercito Estrada Regime (1988-2001)

At the time President Estrada was elected, MNLF was no longer considered a threat as most of its leaders joined the government as elected officials. However, the threat was stemming from the MILF, led by Hashim Salamat. Inconsistent with the peaceful initiatives of his predecessors, the President declared an “all-out war” policy in 2000 and ordered a military campaign to defeat the insurgency. The military assault appeared successful, however, it failed to crush the MILF which chose to avoid direct confrontation by splintering into smaller groups and hiding in the remote areas of the region (Shiavo Campo and Judd, 2005)³⁷. The GRP together with US armed forces employed military operations in pursuit of the ASG. The President’s all-out-war also included the ASG, which at the time was known for its kidnap-for-ransom activities. President Estrada’s policies on the insurgencies did not make distinctions between the groups’ motivations for engagement. The armed encounters in 2000 had displaced an estimate of 900,000.³⁸ More resources were spent on the war providing humanitarian needs of the civilians caught in the armed conflict.

³⁷ Schiavo-Campo, Salvatore and Judd, Mary (2005). The Mindanao Conflict in the Philippines: Roots, Costs, and Potential Peace Dividend. Social Development Papers Conflict Prevention & Reconstruction Paper No. 24/ February 2005

³⁸ Colletta, N. (2011). The Search for Durable Solutions: Armed Conflict and Forced Displacement in Mindanao, Philippines. Conflict, Crime and Violence Issue Note, Social Development Department. Washington, D.C.: World Bank.

4.3.5. Gloria Macapagal-Arroyo Regime (2001-2010)

The President Macapagal-Arroyo regime issued Administrative Order (AO) No. 03 that adopted a peace process policy. The AO prioritized the peace process in dealing with insurgence groups, particularly the MILF which was included in the former president's all-out war in 2000. The administration emphasized that peace is a process, as it involves the transformation of the whole person, the whole community and the whole country.³⁹

At the outset, the administration declared a peaceful policy towards the MILF. However, the government momentarily abandoned its policy in 2003 when the a military attack was launched in MILF controlled territories in pursuit of "criminal elements". In the same year, the GRP and MILF, under Chairman Murad Ebrahim⁴⁰, made a ceasefire agreement that led to peace talks together with the Malaysian government.

However, in a turn of events after the 9/11 attacks on the US, President Macapagal-Arroyo pledged support to the U.S. government in its global counterterrorism efforts. In return, the US pledged on a substantial package of aid and assistance to the Philippines. Recognizing the Philippines' role in promoting regional

³⁹ Mindanao Development Authority (2012). Mindanao 2020 Peace and Development Framework Plan (2011 - 2030).

⁴⁰ Chairman Ebrahim succeeded the late MILF founder Hashim Salamat.

security and combating global terrorism, President Bush designated the Philippines as a Major Non-NATO Ally (MNNA).⁴¹

4.3.6. Benigno Simeon Aquino III Regime (2010-2016)

The administration of President Benigno S. Aquino III formulated its National Security Policy that focused on good governance, delivery of basic services, economic reconstruction and sustainable development, and security sector reform. The security sector reform is anchored on the emerging idea that soldiers can be peacebuilders, and the human security approach. Human security approach goes beyond the traditional meaning of security, which not only includes physical safety, but also economic and social wellbeing, respect for dignity, and protection of human rights and fundamental freedoms.

President Benigno Aquino strongly supported the passage into law the proposed Bangsamoro Basic Law (BBL). The BBL was based on the Comprehensive Agreement on the Bangsamoro (CAB) — the peace settlement between the GRP and the MILF which aimed to establish a parliamentary political system that will replace the current ARMM. The BBL failed to get support from the Philippine Congress because of it was deemed to contain unconstitutional provisions.

⁴¹ Joint Statement Between the United States of America and the Republic of the Philippines Released by the White House, Office of the Press Secretary Manila, Philippines October 18, 2003

V. USAID in the Mindanao Conflict

The US has been a long-time actor of the Philippines' self-determination. USAID has been implementing major assistance efforts in the region for almost two decades. Current U.S. involvement in the Philippines' security is based on the Mutual Defense Treaty of 1951. Military and foreign aid involvement are amongst the scope of this treaty. There are few USAID missions wherein specific strategic objectives in addressing the conflict, one of them is the Philippines. The mission identified this specific objective after the 9/11 attacks, their supposed link to the Al Qaeda. USAID has supported various programs in Mindanao on development objectives with the aim of reducing militarized clashed and localized violence in Southern Philippines. Their projects were multi-sectoral, involving economic growth, education, good governance, and energy. The US has also assisted the Philippines in its military pursuits against the ASG and participated in the peace talks with the separatist MILF.

5.1. Before 9/11

The USAID has already initiated programs in Mindanao since the 1970s. In USAID's Philippines Assistance Strategy Statement 1991-1995⁴², its projects in Mindanao were focused on the route "rationalization" in East Mindanao and sought to

⁴² USAID, "Philippines Assistance Strategy Statement (1991-1995)", p. 39. March 1990.

address the franchising practices of the Land Transportation Office which “not only pose an enforcement problem but are also economically unsound.” The other project known as the Mindanao Area Development, a USD35 million projects, was for the development of roads of the General Santos Area in Mindanao. The goal for the Philippine Assistance Strategy was broad-based, sustainable economic growth through active partnership of the private and public sectors in fostering open and efficient private sector markets.⁴³

1992 marked the end of the lease of the U.S. bases located in Subic and Clark. During the Marcos administration in 1966, the Ramos-Rusk Agreement was signed. The Agreement reduced the lease from 99 years to 25 years, and could only be extended through renegotiation. The Philippine Senate refused to sign the Philippine-American Treaty of Friendship, Cooperation, and Security, that would extend the lease of the U.S. bases.⁴⁴ The U.S. withdrew its forces and their security relations was only bound by the 1951 Mutual Defense Treaty. The U.S. military bases was the major concern of the U.S.-Philippines relations at the time.

⁴³ Ibid, p.2.

⁴⁴ Rommel Banlaoi (2002), “The Role of Philippine-American Relations in the Global Campaign Against Terrorism: Implication for Regional Security,” *Contemporary Southeast Asia* 24, no. 2 (2002), 6.

After the U.S. left its bases, the USAID mission focused on the Mindanao's social and economic development, and reducing the conflict. USAID's assistance were targeted to MNLF communities as part of the peace dividends in the Peace Agreement of 1996. They launched the Growth with Equity in Mindanao (GEM)⁴⁵ which carried out activities intended to ensure that the flow of investment, public and private, into Mindanao particularly the South Central Mindanao or the SOCCSKSARGEN region. One of its projects, the Emergency Livelihood Assistance Program (ELAP) aimed at assisting former MNLF combatants to make the transition from fighters to productive farmers and fishermen. While it was originally aimed at 2,000 former MNLF combatants, 5941 former combatants were assisted. The ELAP assistance also included other 19,000 farmers/fishermen⁴⁶ who are in the conflict-afflicted areas. USAID expanded the scope of its assistance in other conflict-affected areas in 1995. It extended into other areas in Mindanao that are affected by insurgency and even criminality. In September 1997, USAID signed a Memorandum of Understanding with the Southern Philippines Council for Peace and Development (SPCPD) which outlined a new program of support focused upon conflict-affected areas and neighboring provinces in Mindanao. Named the SZOPAD Accelerated Enterprise Development (SZAED) Program, it was designed to help accelerate economic progress in Mindanao's Special Zone of Peace and Development (SZOPAD), and thereby help assure that peace in the area was maintained. The SZOPAD is the portion of Mindanao that historically had a

⁴⁵USAID. Growth with Equity in Mindanao (GEM) Program.

⁴⁶ Ibid, p.8

significant Muslim population and includes 13 of its 25 provinces. In August 1998, the Growth with Equity in Mindanao (GEM) Program contract was amended to incorporate the new SZAED component. From 1995 to 2002, USAID expanded its assistance efforts to cover all of Mindanao through its GEM-1 project amounting to USD 22.3million.

Those who were dismayed with the MNLF's settlement with the government broke away and formed the MILF and the ASG. In the 1990s, the ASG had staged, bombings, executions, and kidnappings mainly against Filipino Christians on the Western Mindanao areas. Two American missionaries were killed in Zamboanga City when ASG launched a grenade in 04 April 1991.⁴⁷ After the AFP killed ASG leader Abubakr Janjalani, the group's operations were aimed at foreigners with the aim of collecting ransom. In 2000, the ASG forces kidnapped 21 foreigners in a resort in Sabah, Malaysia. The ASG released the hostages after the governments of France, Germany, and Finland paid the ransom. On May 2000, the group again kidnapped 20 people, including three Americans, from a tourist resort in Palawan, Philippines. One of these Americans was beheaded by the ASG on June 2001. A Christian evangelist couple, was still held by the group and demanded USD 2 million in exchange for them. Hostage-taking and attacks by the ASG and led the Manila government to accept the U.S. proposed assistance of the deployment of a thousand of its troops who provided training and high-tech support to the Philippine troops, under the auspices of

⁴⁷ Tim McGirk, "Perpetually Perilous," *Time* 18 June 2001. Retrieved 15 October 2016.

Balikatan⁴⁸. In the rules of engagement (ROE) for the Balikatan exercise US troops will have a non-combat role for the operations against the ASG, and can operate within a geographical limitation in Basilan and Zamboanga.

5.2. After 9/11

Following the 9/11 attacks, the US launched the Global War on Terrorism (GWOT) which resulted the expansion of USAID's role in the Philippines. Philippine president Macapagal-Arroyo pledged support to the U.S. government in global counterterrorism efforts, and the two governments reached agreement on a package of aid and assistance. USAID's programs are beyond the conventional goals of development and designed more explicitly to alleviate some of the sources of terrorism and violence like the ASG. The US continued to demobilize and reintegrate the forces of the MNLF into the society through their projects. The GRP through President Macapagal-Arroyo made a close partnership with the US Government on security issues. GEM was now considered to be the USAID's flagship activity in Mindanao. Due to the success of the program, it was continued for five years more as the GEM-2, with a more expanded scope. The GEM-2 contract costs USD83.6 million, and it was USAID/Philippines' single largest activity. The program covered a wide range of

⁴⁸ December 2001 - A group of United States military advisers arrive in Southern Philippines. "Balikatan " is a joint military exercise between U.S. and Philippines

activities, of which the largest were infrastructure developments⁴⁹, others were aimed at improving business practices, governance, and improving education. The GEM-2 program's primary objectives were: (1) to help bring about and consolidate peace in Mindanao and (2) to accelerate economic growth in Mindanao and help ensure that as many people as possible, including members of cultural minorities, benefit from the economic growth. Significant activities, such as introducing computer and Internet education and working in joint efforts with parent-teacher-community associations to establish school libraries and science laboratories, were also part of the program.

In 2002, approximately 1,300 U.S. military forces were deployed in Mindanao as part of the Operation Enduring Freedom – Philippines (OEF). Operation Enduring Freedom (OEF) is part of the GWOT, launched by US President George W. Bush on October 2001, when the US and British forces have started airstrikes in Afghanistan which aimed to target Al Qaeda and Taliban. Balikatan 02-1 was the first phase of OEF. The first phase of OEF was dedicated on the island of Basilan, where ASG was keeping its American hostages. The American forces deployed did not directly engage in combat, but were limited to training and guiding the Armed Forces of the Philippines (AFP) to better fight the ASG. The US military trained and advised 15 Philippine Army and Marine Corps battalions in Basilan. The U.S. forces also carried out extensive civil-military operations over the island. These activities included new

⁴⁹ Infrastructure projects includes ports, road and bridge improvements, and hundreds of small construction projects such as water systems, warehouses, solar crop dryers, boat landings, footbridges, and community centers.

water wells, community health infrastructures that has increased civilian support for the US-Philippine operations against the terrorist threat. In spite of the operation's success in reducing the threat in Basilan, the U.S. forces wanted to increase its training and assistance for the Philippine forces to address the threat⁵⁰.

The Military Logistics and Support Agreement (MLSA) 2002 has revived US presence in the region which had significantly dwindled when the US Bases were closed in 1992. In 2003, the Philippines became a non-NATO major ally of the US, eased the flow of military support between the two. The US presence enabled the Philippine government to fight the rebel groups with its improved military capabilities. The United States has identified the New People's Army, a communist group, and the ASG in its list of terrorist organizations⁵¹. However, the MILF was not declared even when reports on its supposed links with Al-Qaeda and JI had surfaced. The GRP at the time was in the process of an interim peace agreement with the MILF which may have affected US' decision on the matter.

According to the USAID/Philippines Strategic Plan for 2005-2009⁵², "foreign assistance is now more carefully targeted to support global and regional objectives such as combating terrorism and promoting regional stability and security." The goal

⁵⁰ Ibid, p.8

⁵¹ U.S. Department of State, Foreign Terrorist Organizations. <http://www.state.gov/j/ct/rls/other/des/123085.htm>. Accessed on 09 September 2016. The Abu Sayyaf Group (ASG) and the Communist Party of the Philippines/New People's Army (CPP/NPA) were identified on 8 October 1997 and 9 September 2002, respectively.

⁵² USAID. USAID/Philippines Strategy FY 2005 – 2009. March 14, 2005.

of the new Strategy was “enhanced security and accelerated progress towards sustainable, equitable growth through improved governance, capacities and economic opportunities,”⁵³ all in support of USAID/Philippines’ longer-term development objective of sustainable, equitable prosperity and peace. The Strategy pursued five program areas: (1) economic governance; (2) family planning and health; (3) environment and energy; (4) education; and (5) conflict reduction in Mindanao and other areas. Each of the Strategic Objectives (SOs) in these areas highlighted assistance in Mindanao and particularly to its conflict-affected areas.

In 2005, JSOTFP moved south to Camp General Basilio Navarro in Zamboanga, until the end of the OEFP. JSOTFP applied the same approach it used in Basilan giving emphasis on CMO. In addition, U.S. SOSF expanded its advisory activities from Western to Central Mindanao. New joint activities included maritime operations and training, and equipping of naval special operations units. In 2006, the ASG leader, Khaddafy Janjalani, was killed in an encounter in Sulu. This signified a success for the JOTFP operations reducing the ASG’s operations. The AFP shifted their efforts from combat operations to CMO approach, which the US had employed in Basilan.

⁵³ Ibid

In USAID's 2005 Annual report⁵⁴, the USAID focuses on the Mindanao conflict. Their goals were to reduce conflict and enhance stability, encourage peace and regional security. USAID's Education program, in particular, aimed to address the political and social marginalization of Muslim and other conflict-affected areas in Mindanao. In the same document, USAID identifies its activities to contribute to their national and regional stability and global interests.

According to the report⁵⁵ for the USAID on their projects in Mindanao, the USAID conducted a Conflict Vulnerability Assessment (CVA) for the purposes of developing their 2005-2009 country partnership strategy. Further, that the CVA examined the current conflicts in Mindanao, its potential for future conflict, and the opportunities for USAID to address those challenges. USAID used the 2003 CVA as the point of departure for their new country strategies on the basis of the conflict. However, the 2005-2009 Strategy only highlights the ASG and the CPP-NPA as the drivers of conflict. The 2005 - 2009 Strategy had also called for another conflict assessment of areas outside Mindanao. Further, the strategy recognizes the major implications in the role of USAID after the 9/11 and the subsequent GWOT. This identification of their "key role" resulted to new programs for the USAID/Philippines, including Strategic Objective 12 (SO12): Enhancing security by helping to reduce

⁵⁴ USAID, 2005 Annual Report. Retrieved on 19 August 2016. http://pdf.usaid.gov/pdf_docs/Pdacd904.pdf

⁵⁵ USAID/PHILIPPINES MINDANAO PROGRAMS EVALUATION IMPACTS ON CONFLICT AND PEACE SINCE 2000

conflict in Mindanao and other areas vulnerable to violence replaced the earlier special objective for addressing conflict in Mindanao (Sp03) and intensified USAID's focus on addressing conflict in the Philippines. The new SO was intended to not only address the conflict in Mindanao but it also paved way for USAID to intervene outside Mindanao where "poverty and social injustice could create fertile ground for organized violence and terrorism." USAID assistance is now targeted to support the GWOT as a priority objective. While the activities under SO12 sought to directly address conflict other SOs were also envisioned to complement activities in the conflict affected areas. Other SOs were identified in line with the SO12 that was aimed to reduce poverty that would address root causes of terrorism and violence. USAID mission in the Philippines has incorporated a strategic objective specifically designed to address conflict.

In 2008, USAID sought to evaluate the accomplishments of its programs in reducing the sources of Mindanao's conflicts and in building peace to guide USAID/Philippines in its strategy and programs. The evaluation done by the Coffey International Development group, suggests that there may be a disproportionate emphasis on socio-economic factors and not enough on improving governance and addressing the deficiencies of the weak state. Further, they suggested that the conflicts between communities, ethno-linguistic groups and political entities, as well as conflict over ideological and political aspirations cannot usually be solved through socio-economic interventions alone. Thus, they recommended that USAID should shift more of its resources toward perhaps less visible but equally important, medium-term efforts

to build the supporting social and governance institutions and processes that will allow local leveraging of those earlier investments, such as by mobilizing communities more actively to counteract the influence of predominant local elites.

According to the FY2009 Strategic Plan of the U.S. Mission to the Philippines, USAID's continuing efforts in Mindanao contribute directly to the overall USG priority of defeating terrorists and fostering peace through a multifaceted strategy to eliminate terrorists; deny them sanctuary; strengthen security forces; and promote peace and development. Approximately 60 percent of USAID's assistance to the Philippines is concentrated in Mindanao with particular focus on the conflict-affected areas to help demonstrate the tangible economic and social benefits of peace and security.

In 2011, GRP and USG joined in a new Partnership for Growth (PFG)⁵⁶, a combined effort by all elements of the USG to work with the GRP to transform the country by addressing its most serious constraints to development and growth. In planning the PFG, the two countries conducted a joint analysis which concluded that the key constraints to growth in the Philippines are a lack of fiscal space (insufficient public revenues for investment and services) and weak governance, and that underlying both is pervasive corruption. USAID's Country Development Cooperation Strategy

⁵⁶ Philippines – United States. Partnership for Growth Joint Country Action Plan 2012-2016. November 2011.

does not address all of the problems facing the Philippines, but rather focuses more narrowly on the most critical challenges that must be met for the Philippines to become a more stable, prosperous and well governed nation. These challenges correspond closely to the key constraints to economic growth identified in the PFG Strategy and its Joint Country Action Plan (JCAP). USAID has specified 3 Direct Objectives (DO) in achieving these goals: DO1: Broad- Based and Inclusive Growth Accelerated and Sustained; DO2: Peace and Stability in Conflict- Affected Areas in Mindanao Improved; and DO3: Environmental Resilience Improved. These three objectives are envisioned to better address the interconnected development challenges facing the Philippines and to increase the country's prospects for long- term stability and prosperity. The overall development hypothesis is that if USAID improves economic competitiveness (by strengthening weak governance and expanding fiscal space) and strengthens human capital (through improved health and education), USAID's strategy will contribute substantially to accelerating and sustaining broad- based and inclusive growth in the Philippines. Such growth, combined with enhanced peace and stability in conflict- affected areas of Mindanao and improved environmental resilience, will together contribute to the creation of a more stable, prosperous and well governed nation.

The Mission's previous large Mindanao program (nearly 60% of the budget) emphasized investments in economic infrastructure, agricultural development, education, and direct service provision covering the entire island. The DO2 in the new

strategy represents only about 10% of the Mission's budget compared to the 60% that was channeled into these programs. DO2 concentrates on strengthening local governance and civic engagement to reduce conflict and violence in just six areas that pose the greatest risk of international terrorism. The same conflict-affected areas that suffer from weak governance are also racked by lawlessness and retaliatory violence between and within clans and ethnic groups, creating conditions conducive to the growth of criminal, insurgent and terrorist groups. The Country Development Cooperation Strategy (CDCS) 2012-2016 cites that research has shown that communities (and voluntary organizations within them) can play an important role in advocating peace and mitigating conflict (Torres 2007). This hypothesis is what drives USAID's new emphasis on strengthening civic engagement by inculcating ethical behavior; increasing peoples' sense of responsibility for community welfare; and expanding the capacity of community members (male and female) and their organizations to peacefully resolve conflicts, advocate change, improve service delivery, and enhance their overall quality of life. USAID will focus, in particular, on preparing the next generation of young leaders by helping them develop a social consciousness that demands more accountable governance. USAID's targeted civic knowledge, skills and attitudes to make people more responsible and ethical members of their community and to better engage them in addressing community issues. This will empower community members, including women, to be real players in peace and development, strengthening the social contract between individuals, the community and the larger society.

USAID has implemented projects and activities in infrastructure, agriculture, education, governance, health, democracy, environment, and reintegration of former combatants. The activities are carried out across Mindanao, but was concentrated in the ARMM. USAID viewed that through improving social and economic development it would lead to reducing the sources of its conflicts. USAID's approach in addressing insurgency and conflict is through creation of conditions of peace, but, it has also resorted to using military means after 9/11.

VI. Analysis of USAID Interventions in Mindanao

The distribution of ODA is categorized by sector which is based on the OECD-DAC's Creditor Reporting System (CRS) purpose code. DAC members, including the United States, categorize their development assistance depending on its purpose/s based on guidance provided in technical data and information found in the purpose code list, which defines the term *purpose of development assistance* refers to the sector of the recipient's economy that the development assistance activity is designed to assist.⁵⁷ This research considered Development assistance flows for governance and peace are considered to be those labelled under the "150" DAC sector code *Government and civil society*. This sector has two sub-codes which are *Government and civil society, general* and *Conflict prevention and resolution, peace and security*, which are further divided to 17 subcategories (see table 1).

Table 1 Creditor Reporting System (CRS) Purpose Codes on Governance and Peace⁵⁸

DAC 5 CODE	CRS CODE	DESCRIPTION
150		GOVERNMENT AND CIVIL SOCIETY
151		<i>Government and civil society, general</i>
	15110	Public sector policy and administrative management
	15111	Public finance management
	15112	Decentralization and support to subnational government
	15113	Anti-corruption organizations and institutions
	15130	Legal and judicial development
	15150	Democratic participation and civil society
	15151	Elections

⁵⁷OECD-DAC. Purpose Code Sector Classification.

<http://www.oecd.org/dac/stats/purposecodessectorclassification.htm>. Accessed on 29 September 2016.

⁵⁸ OECD-DAC. OECD-DAC and CRS Code Lists. <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/dacandcrscodelists.htm>. Accessed on 06 October 2016.

	15152	Legislatures and political parties
	15153	Media and free flow of information
	15160	Human rights
	15170	Women's equality organizations and institutions
152		<i>Conflict prevention and resolution, peace and security</i>
	15210	Security system management and reform
	15220	Civilian peace-building, conflict prevention and resolution
	15230	Participation in international peacekeeping operations
	15240	Reintegration and small arms light weapons control
	15250	Removal of land mines and explosive remnants of war
	15261	Child soldiers (Prevention and demobilization)

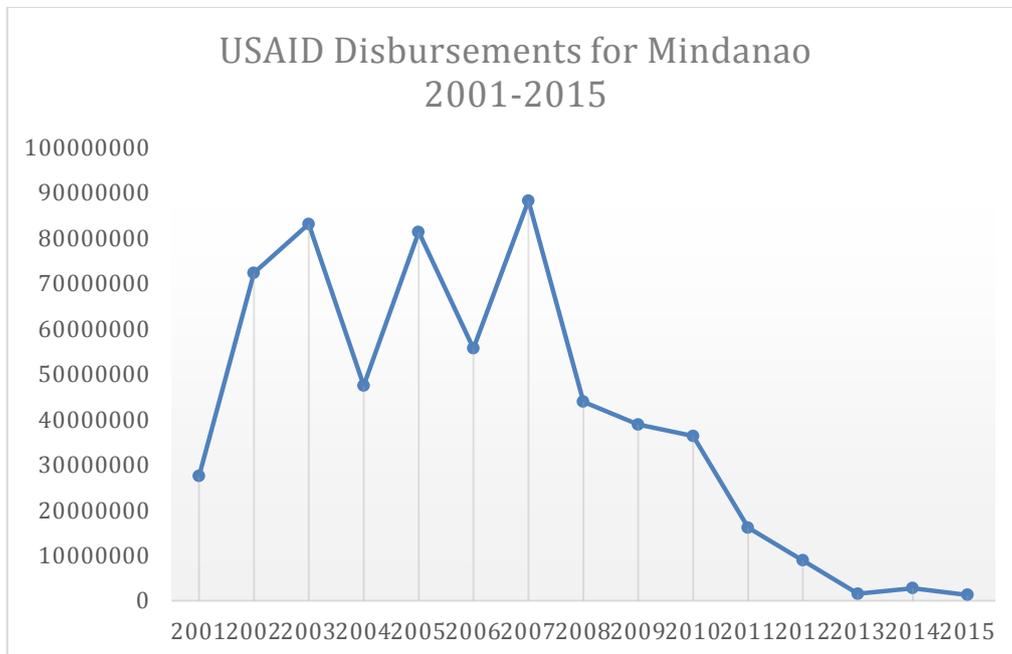


Figure 1 USAID Disbursements for Mindanao 2001-2015

The supposed links of groups in Mindanao to Al-Qaeda and Jemaah Islamiyah have prompted the US to include the Philippines in its War on Terror. After the 9/11 attacks, a significant increase of 163% from 2001 to 2002 was disbursed to address the terrorism in Mindanao. 2002 marked the start of the GWOT in Mindanao through the

Joint Special Operations Task Force – Philippines (JSOTFP). In 2005-2009 the USAID/Philippines Strategic Plan explicitly stated that USAID foreign assistance was targeted to combat terrorism and promoting regional stability and security. Disbursements for Mindanao significantly decreased by 50% from 2007 to 2008. From 2001-2015, more than USD 600 million has been disbursed to Mindanao to address the conflict.

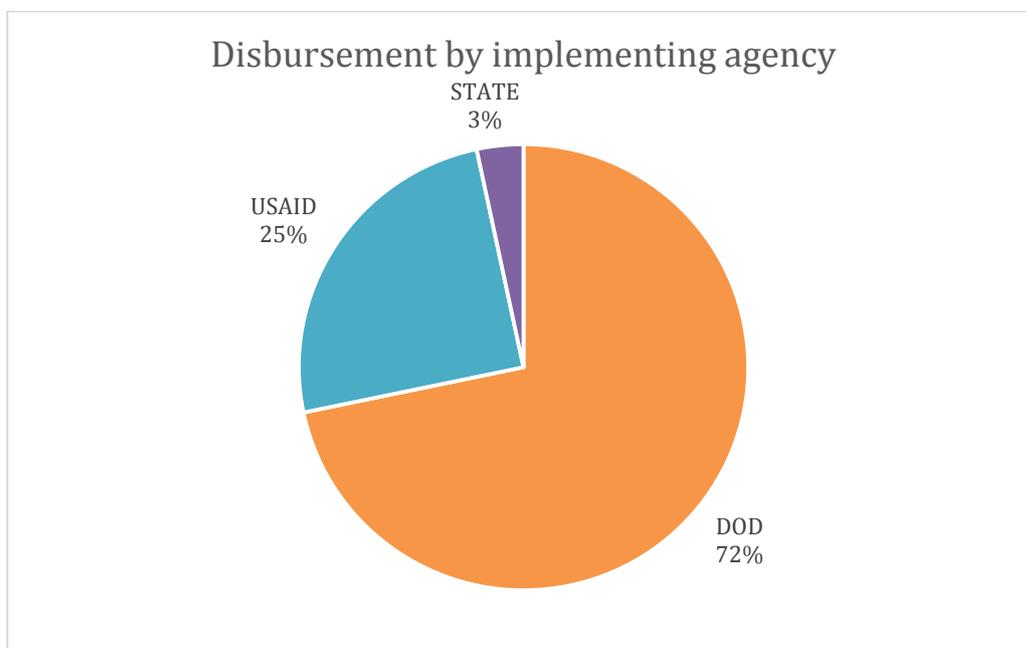


Figure 2 Disbursement by Implementing Agency

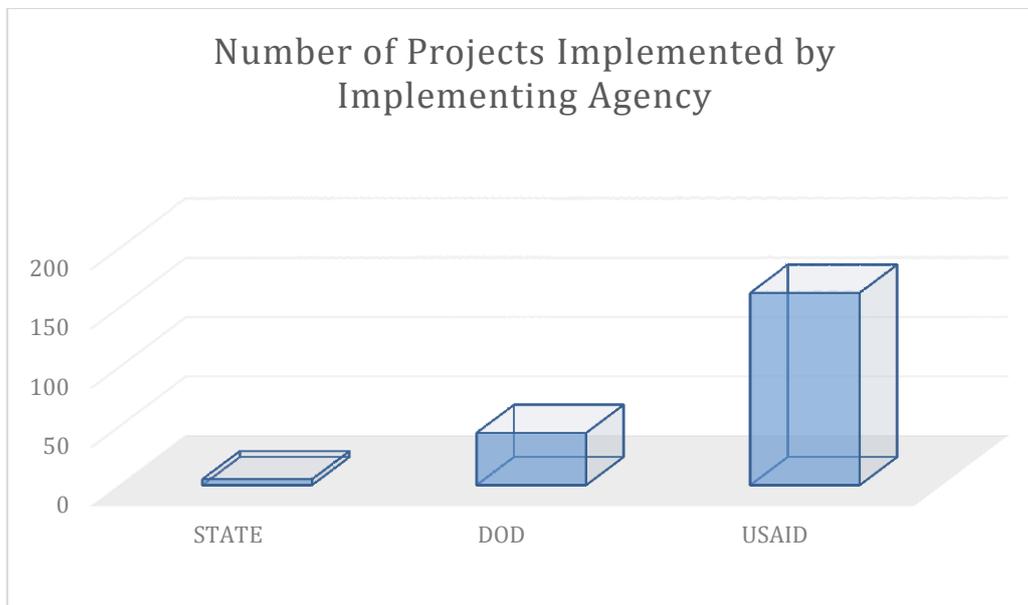


Figure 3 Projects by Implemented by Implementing Agency

Although USAID has the most implemented projects, in terms of disbursed amount however, in terms of actual money disbursed the Department of Defense (DOD) has the most totaling to over USD 462 million or 72% of the total aid to Mindanao. Throughout the USAID's assistance, military component was consistently higher than economic assistance for the whole studies period except 2014. Examining the assistance category further reveals that it was only in years 2001 and 2007 that military and economic assistance had the less gap. It is important to note that all disbursements were either project type or technical assistance. In the Partnership for Growth 2011 agreement, while bilateral consultations have identified key constraints to the Philippines, which were it has been identified that lack of fiscal space and weak

governance, and corruption, the US has still focused on improving *Peace and Stability in Conflict- Affected Areas in Mindanao* as one of its objectives.⁵⁹

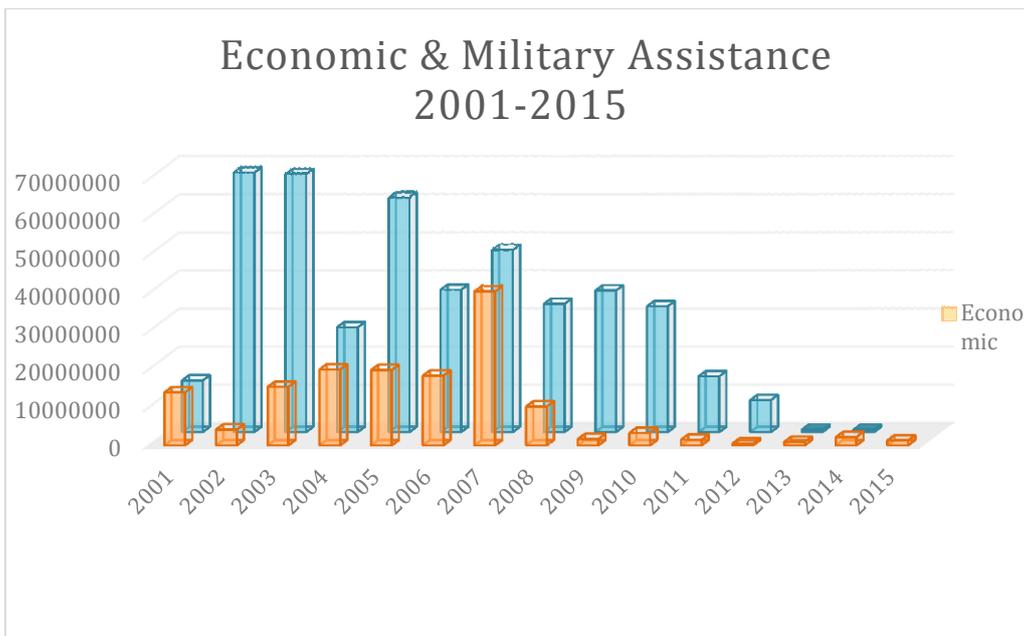


Figure 4 USAID Economic & Military Assistance

Military has consistently been the prioritized sector in addressing the conflict. Almost 75% of the aid was disbursed for military purposes. The US significantly decreased its military assistance, starting 2011 citing “Our partnership with the Philippine security forces has been successful in drastically reducing the capabilities of

⁵⁹ Philippines – United States. Partnership for Growth Joint Country Action Plan 2012-2016. November 2011.

domestic and transnational terrorist groups in the Philippines”⁶⁰, Kurt Hoyer, the U.S. Embassy Press Attaché, told the Associated Press in 2014. The JSOTFP was concluded in 2014, thus, in 2015 no military assistance was disbursed to Mindanao. Although Janjalani, the ASG leader was killed in 2006, military spending still increased in 2007, and continued to be dominant until 2012.

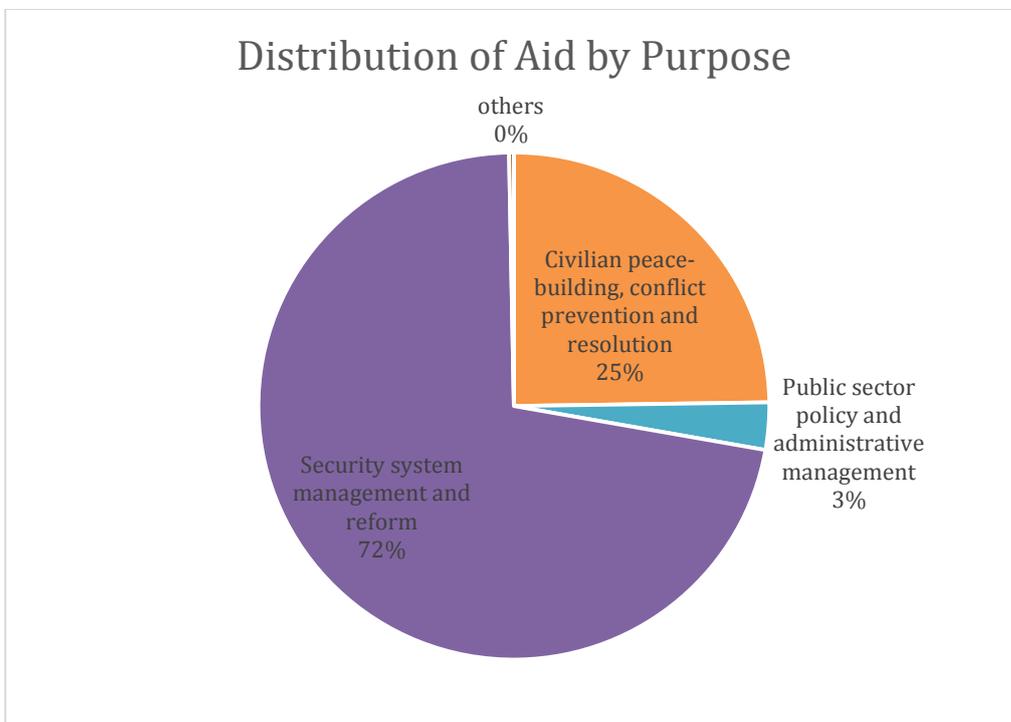


Figure 5 Distribution of Aid by Purpose

⁶⁰Lozada, Bong. Associated Press. US scales down anti-terror unit in PH, officials clarify. <https://globalnation.inquirer.net/107187/us-scales-down-anti-terror-unit-in-ph-officials-clarify#ixzz4S4EgCYSJ>. June 26, 2014. Accessed on 17 October 2016.

In sum, more than USD 600 million has been disbursed from 2001-2015 to support the peace and conflict reduction. Security system and management reform, which is largely composed of military aid, accounted for 72% of the total disbursed aid. While civil peace-building, conflict prevention and resolution is 25% of the total disbursements, this sector however also has significant amount allotted to its military component. Other purposes of aid for Mindanao includes Anti-corruption organizations and institutions, Decentralization and support to subnational government, Democratic participation and civil society, Elections, Legal and judicial development, Removal of land mines and explosive remnants of war. Most military assistance is administered by the Department of Defense (DOD) in conjunction with the Office of Politico-Military Affairs in the State Department. The Defense Security Cooperation Agency is the primary DOD body responsible for foreign military financing and training programs.

Analysis of the data also shows that USAID prioritizes project-type interventions. Almost 95% of the development assistance for governance and peace is disbursed via projects, while the remaining are technical assistance. Project type aid carries the risk of crowding out social expenditure that the Philippine government would have undertaken in the absence of the USAID's intervention. The USAID has shown direct control of project financing and allocation of aid funds.

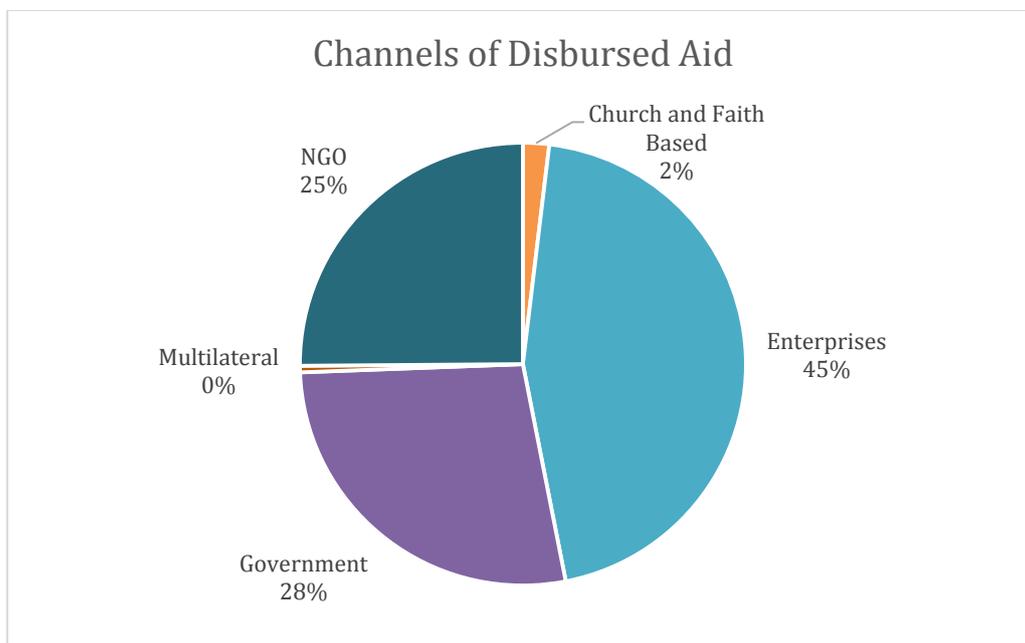


Figure 6 Channels of Disbursed Aid

For the whole US aid flows for Mindanao, 45% projects were channeled through enterprises. And of these enterprises, 94% are US enterprises.⁶¹ In terms of the disbursed amount, US Enterprises got only 21% share. On the other hand, the 28% projects were channeled through the US government and 75% of the total amount disbursed. For the ODA channeled through NGOs and civil society amounted to 25%, which comprised of mostly United States based groups.⁶² NGOs are crucial in conflict area interventions since they can provide non-military approaches in a sensitive environment. NGOs can provide important services such as preventive action and

⁶¹ 90 out of 95 projects channeled through Enterprises were labelled “Enterprises-United States”, while the remaining 5 were labelled “Enterprises-Non United States”.

⁶² 43 out of 53 categorized under NGOs were labelled as “NGO-United States”, and the remaining were labelled as “NGO-Non United States”.

conflict resolution, development assistance, humanitarian relief, and institution-building. NGOs are critical can maintain neutrality despite political, ethnic, or religious affiliation. However, as most of the NGOs that operated were from the US, it may be difficult to sustain their neutrality since they work closely with their government to carry out their activities in a complex conflict situation. The US appears to have low harmonization with other aid providers, opting to be independent in its affairs in dealing with the conflict. Only one project was recorded to with a multilateral institution namely the International Bank for Reconstruction and Development.

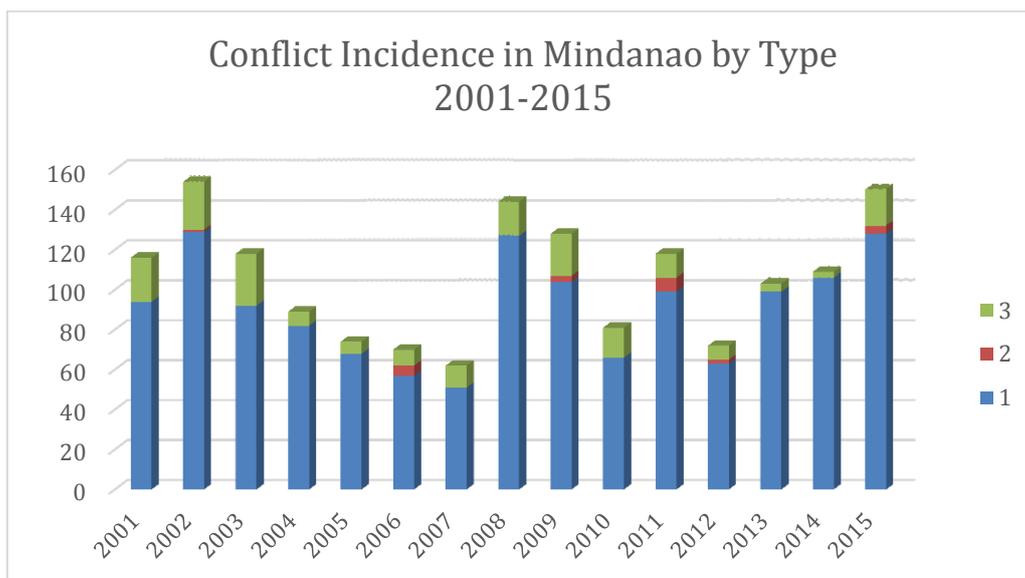


Figure 7 Conflict Incidence in Mindanao by Type⁶³

1- state-based conflict; 2- non-state conflict; 3- one-sided violence

⁶³ Uppsala University Department of Peace and Conflict Program.
<http://www.pcr.uu.se/research/UCDP/>. Accessed on 07 October 2016.

The Uppsala Peace and Conflict Program defines Non-state The use of armed force between two organized armed groups, neither of which is the government of a state, which results in at least 25 battle-related deaths in a year. While state-based armed conflicts are the use of armed force between two parties, of which at least one is the government. Non-state conflict are the use of armed force by the government of a state or by a formally organized group against civilians which results in at least 25 deaths in a year. On average, 105 conflict incidences occurred annually from 2001 to 2015. The prevailing type of conflict has been state-based with 1,365 incidences and one-sided violence comprises of 201 incidences, while the lowest share was non-state conflict.

Aid providers who equate their insecurity with underdevelopment in places with ongoing conflict, it is logical that international responses should address the internal processes that had sustained the conflict. In 2001-2015, most of U.S. aid was spent on Foreign Military Financing Program. Although USAID has established a code of conduct⁶⁴ on working on crises and conflict it may have also resulted to a standardization of their interventions.

⁶⁴ Over 30 publications regarding Conflict Assessment Frameworks, Conflict Technical Publications, and Conflict Toolkits are in the USAID website. USAID, <https://www.usaid.gov/what-we-do/working-crises-and-conflict/technical-publications>. Accessed on 05 October 2016.

The US had framed the Mindanao conflict as simply a Muslim conflict and the latter group providing a hub for extremists in pursuing jihad. With the U.S.'s global war on terror, the conflict in Mindanao focuses on the ASG's activities rather than the whole conflict crisis. The ASG is just one of the major actors in the subnational conflict in Mindanao. The MILF, MNLF, and clan feuds are other conflict actors that are significant to the conflict situation, and their political dynamics directly affects any developmental goals that are envisioned to address the conflict.

In the analysis of the continuing conflict, it is imperative to adhere to historical analysis. Colonial and post-colonial histories reveals undeniable relevance to the nature of conflict. Thus, it is necessary that address those events/themes that arose in order to achieve peace. Similar issues have occurred repeatedly throughout history i.e., policies that were disruptive to the way of life of the Mindanao people (including Lumads, Moros, and Christians), their displacement, and depleted access to their resources. Moreover, their history of being forcibly ceded to the US through the Treaty of Paris. The Moros and the Lumads were coexisting, even before the Spanish came to Mindanao. Furthermore, the Spanish never fully controlled Mindanao. Their history of resisting the colonizers were separate to the revolution in the Central and Northern Philippines. This history together with the politics of identity must be taken into account in order to understand the conflict and design appropriate interventions. In a highly sensitive environment, all interventions should be critically examined in its appropriateness, whether it addresses the roots of conflict. Moreover, as discussed in

the previous chapters, the conflict can be framed in a political economy framework in understanding its nature. From the history of the creation of the “Philippine state” together with the processes that led to land dispossession and displacement of the people. The Mindanao people’s autonomy on the political economy of their land has been continuously restrained throughout history.

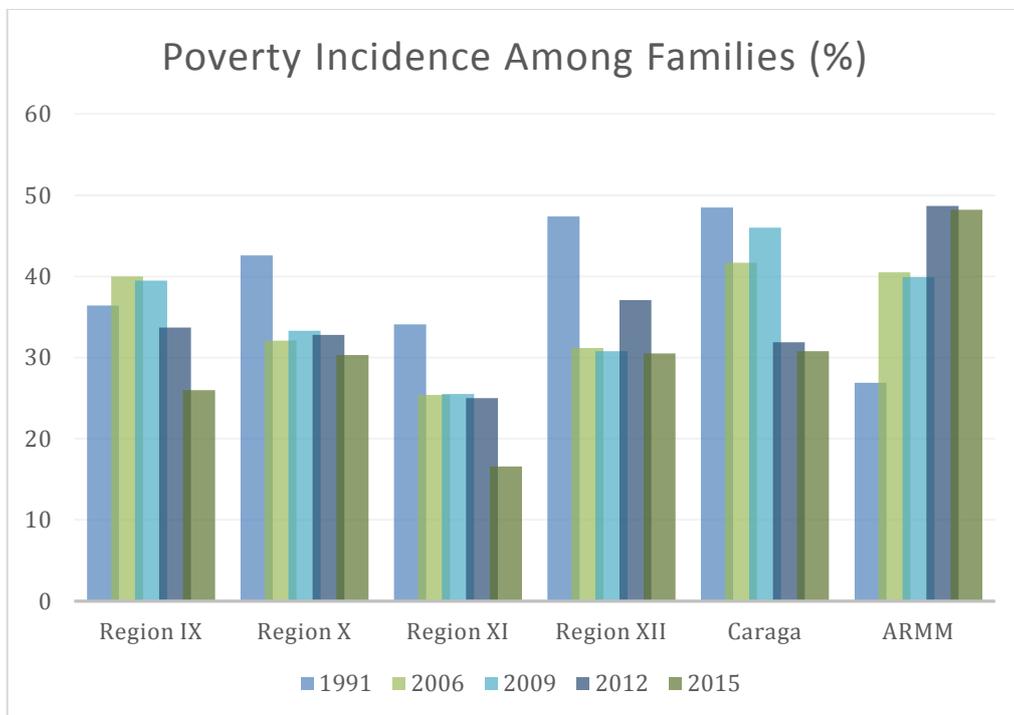
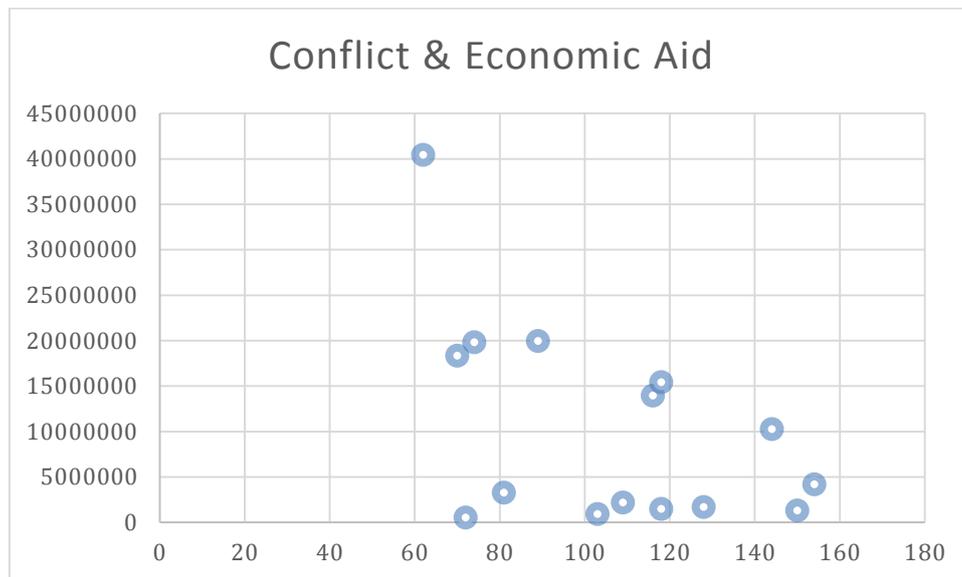


Figure 8 Poverty Incidence among Families in Mindanao Region (%)

The internationalization of the security situation has further obscured the roots of conflict in Mindanao. The GWOT framework adopted against the Islamist extremists in the Philippines has simplified the nature of the Mindanao conflict. The

weakness of the democratic institutions and other issues have been overlooked which is evident on the funded projects. Most funding went to Military spending, particularly on funding foreign military spending. The aid flows are too politically motivated to act as an instrument of economic development in the already politically-sensitive conflict environment in Mindanao. Poverty levels in the ARMM became worse after US interventions.



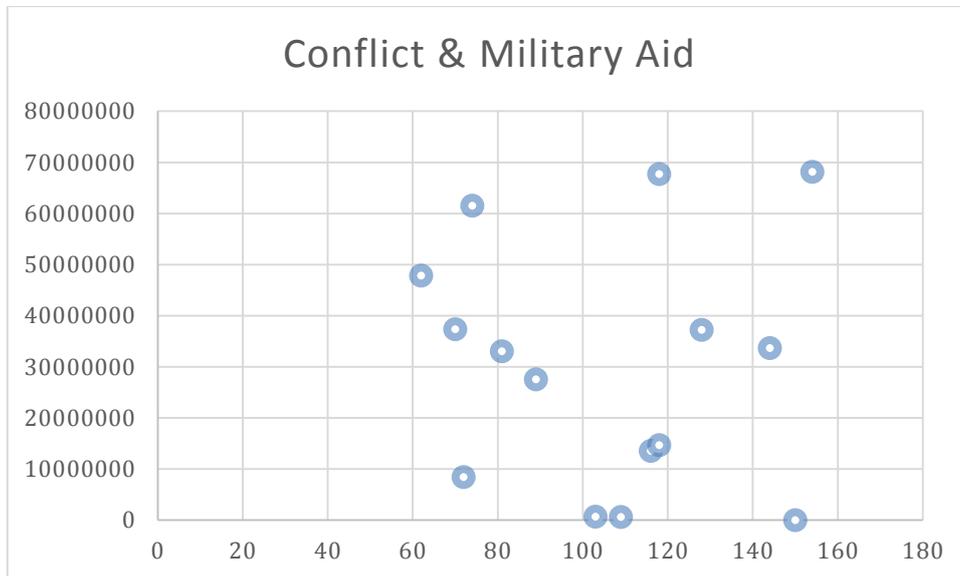


Figure 9 Correlation Tests: Conflict, Economic and Military Aid Flows

The research tested for correlation between conflict incidences and economic aid flows from 2001-2015 and the same was done between conflict incidences and military aid flows. It was found that -0.52 statistical correlation was found between economic aid and conflict incidences. This indicates a strong negative relationship between the two variables. The study acknowledged that there is always the possibility that a different variable influenced the results. However, and apparent relationship between the two could possibly exist, as Economic aid flows variable increase as the conflict incidence decrease. On the other hand, military aid flows and conflict incidences showed an insignificant correlation of -0.04.

VII. Conclusion

The study showed that through significant amount of aid that USAID provided, it was apparent that there was more incentive for the Philippines to cooperate to US' interests rather than its own. The US had provided significant amount of military aid to capacitate the Philippines in counterterrorism so that it does not have to fight on its own soil. Cooperation under the security dilemma has prompted the US to delegate to the Philippines its fight against terrorism. The US provided aid primarily because its own interests of security was threatened and not because of the Philippines security threats. This validates the literature review on the increased unilateralism of US aid after 9/11.

Mindanao is clearly suffering from weak institutions and thus needs improve governance, on the other hand, the US assisted the Philippines through military centered assistance. The US acted due to the terrorist activity that was threatening their own interests. The US narrowly framed the conflict as a terrorist threat, which as discussed was far more complicated with multiple actors. Moreover, although the USAID conducted a Conflict Vulnerability Assessment, it still pursued the threats that are directed to them and remained unresponsive to the Philippines' needs. Although operating in conflict areas is challenging, the 2005 Paris Declaration principles serve as a good starting point of aid engagement. However, the principles of ownership,

alignment, harmonization was clearly weak between the US and the Philippines as apparent in their patterns of aid allocation.

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