

Data Sheet

USAID Mission:	Philippines
Program Title:	Conflict Resolution in Mindanao and Other Areas
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-012
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$3,500,000 DA; \$19,720,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$2,449,000 DA; \$8,000,000 ESF
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2009

Summary: Conflict in the Philippines is jeopardizing the country's economic and social development and represents an important threat to regional security and USG vital interests. USAID's conflict mitigation assistance seeks to address the underlying causes of conflict. Assistance is focused on conflict-affected areas (CAAs). Activities aim to reintegrate former combatants and their communities into the mainstream economy, improve economic infrastructure, accelerate economic and business development, increase access to microfinance services, improve governance, and expand availability of social services. This strategic objective supersedes the Mindanao-specific objective: "Prospects for Peace in Mindanao Strengthened". It addresses conflict more comprehensively and with a geographic focus that may extend beyond Mindanao.

Inputs, Outputs, Activities:

FY 2005 Program: Address Conflict Transitional Issues (\$500,000 DA, \$4,000,000 ESF). USAID will conduct an assessment in FY 2005 to help determine appropriate additional activities. Using FY 2004 funds, USAID will complete the livelihood training of the approximately 1,000 former Moro National Liberation Front (MNLF) combatants remaining to be fully reintegrated into the economy, bringing to more than 25,000 the total number of ex-MNLF combatants able to make a living by peaceful means. This program will be adjusted to fit the different characteristics of the Moro Islamic Liberation Fund (MILF), and will be offered to the MILF in the event that they reach a peace agreement with the government. An estimated 4,000 MILF combatants would initially be assisted. The principal contractor is the Louis Berger Group (LBG). The principal grantee is the Bangsamoro Women's Foundation for Peace and Development. The anticipated counterpart agency for MILF-related activities is the Bangsamoro Development Agency.

Expand and Improve Access to Economic and Social Infrastructure (\$11,720,000 ESF). USAID will implement 10 mid-scale and 192 community infrastructure projects to spur economic development in the CAAs. A matching grant program implemented with Parent Teacher Community Associations will help improve educational facilities and encourage community involvement in improving education. USAID will continue its private sector partnerships to provide computers and internet connection to schools in the CAAs. Efforts will be undertaken to promote investments by private and public sectors in vital infrastructure like telecommunications, transportation, and power. The principal contractor is LBG.

Increase Private Sector Growth (\$1,800,000 DA, \$1,000,000 ESF). USAID will support private sector growth in Mindanao, and the ARMM region in particular, through business support organizations (BSOs), by providing technical assistance (TA) for business development, marketing, and adoption of new technology. USAID will help Mindanao producers take advantage of the sizeable market offered by China and other countries by helping them identify market opportunities, develop appropriate products, and improve production and marketing efficiencies. Some 3,000 former combatants who became small-scale commercial farmers with assistance from USAID will be trained and assisted to expand and diversify into the production and marketing of higher value products. The principal contractor is LBG with the various BSOs as partners.

Strengthen Financial Sector's Contribution to Economic Growth (\$1,200,000 DA). With USAID support to

rural banks and credit cooperatives, in FY 2005 approximately 50 new rural banks will begin serving some 80,000 new microfinance borrowers, and some 60,000 additional cooperative members will receive access to microfinance services. The principal contractor for the effort focused on banks is Chemonics International, Inc. The World Council of Credit Unions provides TA for the effort focused on credit unions.

Support Democratic Local Government and Decentralization (\$3,000,000 ESF). USAID will help the ARMM Regional Government and local government units (LGUs) become more professional, effective, transparent, and autonomous. Programs will be designed to improve the ARMM's capacity to deliver basic services (especially in health and education sectors) and may include supporting additional university-based centers for good governance in Mindanao. Grantees include the Asian Institute for Management, The Asia Foundation, and the National Democratic Institute. LBG will also assist.

FY 2006 Program: Address Conflict Transitional Issues (\$4,000,000 ESF). Assuming that a peace agreement between MILF and GRP is in place, USAID plans to assist an additional 4,000 former MILF combatants and their communities make the transition to productive farmers and fishers. Same implementers as above.

Expand and Improve Access to Economic and Social Infrastructure (\$3,000,000 ESF). USAID plans to fund the construction of two high visibility, medium-scale infrastructure projects (e.g., roads), and 100 community infrastructure projects in CAAs to help spur economic development and provide a tangible peace dividend to those who have abandoned conflict. Same implementers as above.

Increase Private Sector Growth (\$1,249,000 DA). USAID will continue strengthening BSOs, focusing on their revenue generating capacity. Efficiencies in the production and marketing of commodities already being produced by livelihood training graduates (i.e., tuna, seaweed, aquaculture products, fruits, and vegetables) will be improved to make producers more competitive in the Chinese and global market. USAID will also shift an additional 3,000 livelihood assistance beneficiaries to production and marketing of higher value fruits, vegetables, and aquaculture products. Same implementers as above.

Strengthen Financial Sector's Contribution to Economic Growth (\$1,200,000 DA). USAID plans to continue to provide technical assistance to rural and thrift banks. Approximately 60 new rural banks will begin serving microenterprises. At least 120,000 new microfinance borrowers will receive access to financial services in FY 2006. Same implementers as above.

Support Democratic Local Government and Decentralization (\$1,000,000 ESF). USAID plans to broaden its program to promote peaceful resolution of disputes associated with clan conflict, land disputes, and other sources of conflict. New activities addressing natural resource-based conflicts will be complemented and reinforced by activities under the Environment and Energy program. Same implementers as above.

Performance and Results: Since the expanded Conflict Resolution program strategic objective is new, this section highlights the performance of the previous Mindanao Conflict program. A total of 25,165 former MNLF combatants have received livelihood assistance and approximately 24,000 have "graduated" from the program. The remainder are expected to graduate by early 2005. Some 3,162 of them have diversified to higher value crops and over 2,000 are now selling their produce and earning higher incomes. Some 202 community infrastructure projects and 10 mid-scale infrastructure projects are either completed or under construction and benefit over 800,000 people by way of reduced transport costs, increased rural productivity, and improved access to markets. A total of 104 schools received computers with internet connections through partnerships with private sector groups that include Microsoft, Intel, Ayala Foundation, and Systems Technology Institute. Some 198 rural bank units received training and technical assistance to develop their capability to profitably serve the microenterprise market. These banks have provided more than \$80 million in loans to about 157,000 microenterprises and 242,000 micro-depositors have opened accounts and are regularly saving at participating banks. Mindanao exports of fruits, vegetable, and fish products to China increased by 34% last year with USAID assistance in marketing and business matching. With the establishment of a "cold chain" for vegetables from Bukidnon, Mindanao, complemented by USAID's Economic Governance program to improve transportation, vegetable shipments to Manila have increased 200% since December 2002.

US Financing in Thousands of Dollars

Philippines

492-012 Conflict Resolution in Mindanao and Other Areas	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	0	0
Expenditures	0	0
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	3,500	19,720
Total Planned Fiscal Year 2005		
Obligations	3,500	19,720
Proposed Fiscal Year 2006 NOA		
Obligations	2,449	8,000
Future Obligations	0	0
Est. Total Cost	5,949	27,720