

Data Sheet

USAID Mission:	Philippines
Program Title:	Conflict Resolution in Mindanao
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	492-010
Proposed FY 2004 Obligation:	\$2,500,000 DA; \$12,780,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$6,500,000 DA; \$20,000,000 ESF
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2007

Summary: This program is the principal means through which USAID is assisting the Government of the Philippines (GRP) to consolidate the still fragile peace with the Moro National Liberation Front (MNLF) in Mindanao and to reduce the potential for Mindanao to become a source of recruits for terrorist organizations. USAID addresses threats to U.S. and global interests posed by the separatist conflict in Mindanao through targeted assistance in conflict-affected areas and by fostering a broad and equitable expansion of economic opportunity for the people of Mindanao. USAID activities aim to integrate former combatants and their communities into the mainstream economy; improve economic infrastructure in conflict-affected areas; accelerate economic and business development; increase access to microenterprise services; and improve governance and expand availability of social services, specifically education, in conflict-affected areas.

Inputs, Outputs, Activities:

FY 2004 Program:

Integration of former combatants and their communities (\$1,860,000 ESF). USAID will continue to provide assistance to the communities of former combatants to enable them to participate in the mainstream economy through the commercial production of corn, rice, or seaweed. Assistance will be in the form of production inputs, as well as training, technical support, and marketing assistance. USAID will also provide post-harvest facilities (e.g., grain storage sheds and corn dryers) to former combatants' communities to increase the productivity and profitability of their farming/aquaculture activities through improved post-harvest handling.

Improving economic infrastructure in conflict-affected areas (\$8,920,000 ESF). USAID will finance construction of 100 community infrastructure projects (such as water systems, jetty improvements, bridges, culverts, and farm-to-market roads) with an average cost of \$20,000 each. Approximately seven mid-size projects (mostly road, port or bridge rehabilitation) costing between \$500,000 to \$1 million will also be undertaken. These projects, all located in the Autonomous Region in Muslim Mindanao (ARMM) and conflict-affected areas of Mindanao, are designed to facilitate the movement of goods and services in order to spur economic development in the area.

Accelerating economic and business development of Mindanao (\$500,000 DA, \$500,000 ESF). USAID will provide technical assistance to expand the production and marketing of high-value crops and products (such as finfish and certain vegetables), and assist in the formation and/or strengthening of business support organizations such as the Mindanao Business Council. This activity provides small farmers with better access to new technology, expands their markets, and helps reduce rural poverty. A special effort will be made to shift an estimated 3,000 former-MNLF combatants, who graduated from USAID's livelihood assistance program, to the production and marketing of higher value commodities to raise their incomes.

Increasing access to microfinance services (\$2,000,000 DA). USAID will provide technical assistance to an additional 50 rural bank units to enable them to profitably provide loan and deposit services to

microenterprises on a continuing basis. Continuing attention will be paid to rural banks located in conflict-affected areas, or which provide services to members of cultural minorities. It is anticipated that approximately 40,000 new microfinance borrowers and 20,000 new cooperative members will benefit.

Improving governance and delivery of social services in the ARMM (\$1,500,000 ESF). Based on assessments of the educational needs in the ARMM, USAID will provide assistance for improving school administration in the ARMM; expanding linkages between schools and the business community and parents' groups; reducing inappropriate practices in procurement, and teacher hiring and promotion; and improving internet access for ARMM students.

Principal contractors for the above activities include Louis Berger Group and Chemonics.

FY 2005 Program:

Livelihood assistance to former Moro Islamic Liberation Front (MILF) fighters (\$4,000,000 ESF). USAID will provide livelihood assistance to an additional 4,000 former combatants and their communities.

Improving economic infrastructure in conflict-affected areas (\$11,000,000 ESF). USAID will fund the construction of 11 high visibility infrastructure projects in the conflict-affected areas of Mindanao to help spur economic development.

Accelerating economic and business development of Mindanao (\$3,500,000 DA, \$1,000,000 ESF). USAID will provide technical assistance for business development, including support for eight business support organizations, to enable them to achieve targets set in their business development plans, thus achieving the goal of viability and sustainability by the end of the program. USAID will also shift an estimated 4,000 beneficiaries of livelihood assistance to production and marketing of higher value fruits, vegetables, and aquaculture products. Exports of fish, fruit and vegetables to growing Asian markets from Mindanao are expected to grow by as much as 15% per year.

Increasing access to microfinance services (\$3,000,000 DA). USAID will continue to assist rural banks and credit cooperatives to ensure profitability in their microfinance lending operations. Approximately 60 new rural banks, benefiting some 50,000 new microfinance borrowers and 30,000 additional cooperative members, will receive access to microfinance services in FY 2005.

Increasing governance and delivery of social services in the ARMM (\$4,000,000 ESF). USAID expects to support education initiatives and expand governance efforts begun in FY 2003. Governance efforts will focus on improving efficiency, transparency, and accountability of the ARMM Regional Government. Education efforts will continue to focus on promoting greater awareness of education issues, school administration, and improving internet access.

Performance and Results: USAID provided production inputs and training, including 150 post-harvest facilities to MNLF communities, to over 5,000 former MNLF combatants, bringing the total number of program graduates to 21,000. This provided the former combatants a steady source of income which they are now using for buying production inputs, sending their children to school, building houses or acquiring farm implements. Some 18 rural bank units received training and technical assistance to develop their capability to profitably service the microenterprise market, bringing the total number of beneficiary bank units to 115. These banks have provided Pesos 2.9 billion in loans to 107,000 microenterprises (36,000 of the loans were made in 2003). In addition, 44,000 micro-depositors opened accounts in 2003, increasing the total to 175,000 now regularly saving at the participating banks. Some 1,300 of the 3,000 USAID-trained Livelihood Enhancement and Peace (LEAP) Project graduates shifted production to higher value commodities and 535 are now marketing products that command significantly higher prices than their traditional products. USAID facilitated an initial shipment to China of agricultural products valued at Pesos 6.45 million.

US Financing in Thousands of Dollars

Philippines

492-010 Conflict Resolution in Mindanao	DA	ESF
Through September 30, 2002		
Obligations	6,900	12,211
Expenditures	1,310	0
Unliquidated	5,590	12,211
Fiscal Year 2003		
Obligations	6,750	27,500
Expenditures	4,595	9,135
Through September 30, 2003		
Obligations	13,650	39,711
Expenditures	5,905	9,135
Unliquidated	7,745	30,576
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	2,500	12,780
Total Planned Fiscal Year 2004		
Obligations	2,500	12,780
Proposed Fiscal Year 2005 NOA		
Obligations	6,500	20,000
Future Obligations	9,000	30,000
Est. Total Cost	31,650	102,491