The politics of transition

The 1996 Peace Agreement between the Philippine government and the Moro National Liberation Front (MNLF) was announced as a breakthrough. It seemed to have achieved the politically impossible. It affirmed the legitimacy of the Bangsamoro cause, even as it maintained the sovereignty and territorial integrity of the Philippine republic. Moreover, the promise of unlocking Mindanao’s vast development potential beckoned. The Organisation of Islamic Conference (OIC) and the Association of Southeast Asian Nations (ASEAN), along with other international bodies, expressed eagerness to support the Agreement.

The Agreement promised to expand both the powers and the territory of the Autonomous Region of Muslim Mindanao (ARMM), subject to a plebiscite, but this would be postponed for three years to allow for confidence-building. The formula was an attempt to reconcile the Philippine Constitution’s provisions for a plebiscite as a precondition for autonomy with the Tripoli Agreement’s provisions for a Moro autonomous region with a predominantly Christian population. The MNLF’s anxiety that a plebiscite would inevitably reduce the autonomous region’s territory was allayed, to some extent, by the provision that provincial boundaries could be redrawn to cluster predominantly Muslim municipalities. This offered the possibility of a new autonomous region substantially bigger than the existing ARMM, and including most Muslim communities in Mindanao.

During the three-year transition period, a Southern Philippines Council for Peace and Development (SPCPD), led by the MNLF, would supervise development programmes in the 14 provinces covered by the agreement. In a parallel informal agreement, MNLF Chair Nur Misuari had agreed to run for election as governor of the existing ARMM under the banner of President Ramos’s party. The entire package was intended to demonstrate to a doubting public that a larger autonomous region under Bangsamoro leadership could improve the lives of all people in the area.

Less than a month after the document was signed, however, the deal had begun to falter. Executive Order (EO) 371, the presidential directive for carrying out the Agreement, clearly missed out on some substantive points. It proclaimed a Special Zone of Peace and Development (SZOPAD) in the 14 provinces. However, the transition structures created — the SPCPD and the Consultative Assembly (CA)
— were too powerless to make an impact. They had very limited funding, no police powers, no control over national projects and programmes that were supposed to be within their remit, and no jurisdiction over significant sections of the bureaucracy in the region.

It has become clear that the transition structures have failed and run out of time. The question is — can the transition still be saved? — and granting that it can, what lies ahead when the autonomy embodied in Phase II of the Agreement is implemented?

A precarious compromise

The transition was a precarious compromise from the outset because the government did not speak with one voice to the MNLF. When the peace negotiations went into substantive discussion in late 1995, Congress initially distanced itself, declaring the talks to be exclusively the domain of the executive. Congress, therefore, was not bound by any commitment the Administration made, and could question the agreements entered into.

After an interim agreement containing the points of consensus was signed, the Senate stepped in. From July to September 1996, it conducted public hearings to review the commitments made. Only when the Administration accepted nine amendments did the Senate back down. These included the withdrawal of any political powers of governance from the SPCPD and the CA. The Senate also wanted the independence of local government units emphasised, and insisted that national government agencies to be controlled and supervised by the SPCPD should be enumerated to avoid blanket coverage. Six of the 24 senators, including the Senate President, voted against a resolution expressing support for the peace talks.

In the House of Representatives, the opposition was led by three women from Mindanao, collectively known as the ‘Tres Marias’. They accused the Ramos administration of selling out to the MNLF and whipped up anti-Moro
sentiment into virulent opposition to the Agreement among Christian settlers in Mindanao. Only ‘over their dead bodies’ would the MNLF rule Mindanao, they said. In the end, the Tres Marías, through the House Appropriations Committee, were able to block funding for the transition structures.

The politicians who opposed the Agreement were emboldened by public uproar against the deal. Vigilantes exploded bombs to make their presence felt and threatened further violence if the Agreement was sealed. Attacks on the Agreement gained ground and were left largely unchecked for a number of reasons. The negotiations had lacked transparency, which made the political opposition nervous about what might be cooking. Civil society organisations were kept out of the discussions. Even efforts backing the Agreement, from groups like the Peace Advocates of Zamboanga, were largely ignored. The Agreement thus came out with relatively little popular support. Although many Christians were prepared to give it a chance, the opposition had a head start.

Just before the Final Agreement was signed, six senators, nine congressional representatives and a provincial governor filed a petition with the Supreme Court to invalidate the Agreement. They argued that the transition violated constitutional statutes, that the executive had usurped legislative powers, that the document could not have the force of law, and that the peace treaty would pave the way for Moro authoritarianism in the south. There was, however, a technicality: the Supreme Court could not act on the petition until the administration issued the necessary Executive Order as proof of its intentions.

Thus the petition became a sword of Damocles hanging over the Agreement and it effectively watered down substantive provisions in the Executive Order. When EO 371 was issued on 2 October 1996, there were clear mismatches with the Agreement. Among these were:

- the EO provision on funding did not specifically allocate funds for the transition structures — neither was the Department of Budget and Management instructed to draft a supplementary budget for recommendation to Congress, as stated in Point 15 of the Agreement;
- the EO did not make explicit that 44 (out of 81) members of the Consultative Assembly would come from the MNLF, as stated in the Agreement;
- the EO created a complicated bureaucratic maze (see box opposite) — its provisions on the role of SPCPD were merely declarations of policy, too general to be of any use for ground level executive action. The Agreement itself was more specific: it named seven government agencies whose operations in the SZOPAD region would be ‘placed under the control and supervision of the SPCPD’.

The administrative framework for the transition had reduced any impact the new institutions could be expected to make. All they could do was make recommendations to the President. Any attempt to increase these powers could result in the Supreme Court declaring the entire set-up as unconstitutional.

Lacking authority and adequate funding, the SPCPD, the CA, and the SPCPD Secretariat have remained essentially powerless, unable to make any noticeable impact. They could not even initiate development planning because that function had been specifically assigned to a Special Development Planning Task Group headed by the National Economic and Development Authority. Nor could they directly ask national government agencies to address the priorities they established — everything and anything had to go through the Office of the President.

The transition is expected to set in motion a much more difficult political process: to push Congress to amend or repeal the existing autonomy law (Republic Act 6734), pass a new Organic Act incorporating pertinent provisions of the Agreement, and submit this Act for
A bureaucratic nightmare

By Fr Eliseo R Mercado

The Peace Agreement and Executive Order 371 carved out a Special Zone of Peace and Development (SZOPAD), which covers the administrative regions of Southern, Western and Central Mindanao, as well as the existing Autonomous Region of Muslim Mindanao (ARMM). The Agreement also established two new structures, the Southern Philippines Council for Peace and Development (SPCPD) and the Consultative Assembly (CA). These two bodies were set up to co-ordinate, promote and accelerate peace and development efforts in the SZOPAD.

The SPCPD and CA were established without any change in existing regional boundaries or administrative structures in the Southern Philippines. Thus they co-exist with Regional Development Councils (RDCs), Regional Peace and Order Councils (RPOCs), and regional offices of national government departments. No division of roles and functions was defined between the old and new bureaucracies. The old bureaucracies, in any case, were unlikely to welcome any newcomers to their turf, let alone bodies composed of former rebels.

The relationship of the SPCPD and the CA to local government units at provincial and municipal level is also ambiguous. While the provincial governors and city mayors are ex officio members of the CA, their attendance and participation in its meetings are minimal. It has too little authority to be of interest to them. The new structures seem to be in limbo, as far as the other government bodies operating in SZOPAD are concerned.

The MNLF leaders, serving in the new structures and in the ARMM, have had to learn new skills and undergo radical adjustments to conform to the processes of government bureaucracy. The government bureaucratic wheel turns slowly, and anything but customer-friendly. The MNLF’s integration into this bureaucracy means that it has assumed the bureaucracy’s unfriendly culture.

Another problem is the perceived exclusiveness of the MNLF. People in SZOPAD perceive that one needs to wear an MNLF ‘badge’ to get appointed to a responsible position in the ARMM or the SPCPD. But an MNLF badge is no guarantee of competence or managerial skills. Unless this exclusiveness is replaced by an inclusiveness for all the peoples of the Southern Philippines, the MNLF will simply turn into a traditional patronage system.

Recommendations

There is an urgent need to extend the transition period and to rework Executive Order 371 in keeping with the spirit of the peace accord.

1. Much is expected of the MNLF, but little support has been given. The capacity of institutions and individuals must be built up to assist its transformation from a politico-military organisation into an organisation for democratic governance.

2. The administrative regions of the Southern Philippines must be redrawn. The existing regional divisions should give way to a new administrative region, the SZOPAD.

3. The SPCPD and the Consultative Assembly should replace the existing RDCs and RPOCs in SZOPAD.

4. The functions of the SPCPD and the Assembly urgently need further definition.

5. The relationships between the new structures and the various government agencies should be defined.

6. The participation of local government units in the new structures must be strengthened. Development and peace initiatives happen at the level of local communities — villages, municipalities, cities and provinces. Local government is at the front line.

The SPCPD and the CA must be given a clear mandate as the primary bodies co-ordinating, promoting and accelerating peace and development efforts in the SZOPAD.
approval in a plebiscite to the people in the affected area. In the meantime, however, die-hard opponents of any meaningful political settlement with the Moros have grown more powerful.

The 1998 local elections swept many pro-Agreement politicians out of office, while their anti-Moro counterparts expanded their bases. In General Santos City, Mayor Rosalita Nuñez lost to Adelbert Antonino. A wealthy settler who made money from logging, he is the husband of Representative Lualhati Antonino, one of the Tres Marias.

Another representative, Daisy Avance Fuentes, not only won re-election but was even ‘promoted’ to the powerful post of Deputy Speaker for Mindanao in the House of Representatives. She is remembered for her harangues calling Moros ‘killers of (our) relatives’. Former Representative Maria Clara ‘Caling’ Lobregat, a symbol of conservative Christian politics in the South, is now mayor of Zamboanga City. Her son Celso took her seat in Congress. Their election slogan was ‘No to SPCPD’!

These three representatives are allied to incumbent President Joseph Estrada who, despite pronouncements of support for the Agreement, seems uninterested in the Moro cause. No clear policy on Mindanao, much less on the Peace Agreement, has been heard from the new administration.

This situation is exacerbated by the growing political isolation of the MNLF. Rather than trying to create a wide constituency of support for the Peace Agreement, the MNLF chose to build an exclusive partnership with Lakas-NUCD (Ramos’s political party) whose presidential candidate Jose de Venecia lost in the 1998 election.

The election results show signs of diminishing popular support for the MNLF, in the face of challenges from within the wider Muslim community: ex-rebels, politicians, or the traditional elite. Only two of the MNLF leaders who ran for Congress or for important local posts were elected. Hussin Amin is now Congressional Representative for Sulu 1st District. Former MNLF Secretary General Muslimin Sema has become Mayor of Cotabato City, but his victory was tainted by charges of irregularity.

The political realignments have not only left Misuari and the MNLF without strong, dependable allies in Manila. They may also have diminished the prospects of Congress or the new President initiating a rescue of the transition.

**Saving the Agreement**

The 1996 Peace Agreement, therefore, is in danger of suffering the fate of the Tripoli Agreement. Instead of a real settlement that will permanently end the violence, a mangled version of autonomy is undermining public confidence in the proposed solution. Bureaucratic gridlock, legal disputes, political challenges, and diminishing popular support are eroding the territory, authority, funding and political infrastructure of the new autonomous region even before it can be set up. National government is indifferent. Popular acceptance is lacking. Institutional support from the churches, business and the media is lukewarm or at times completely absent. MNLF leadership and executive agencies in SZOPAD, including the Office of the President, have not lived up to popular expectations.

The MNLF, having taken charge of the ARMM government and entered into a partnership with the administration, has found out the hard way that running government bureaucracy can be more difficult than waging revolution. For instance, whether he wants to or not, Misuari is being asked to be a patron providing jobs and attending to requests from people who knock on his door. But Mindanao needs more than a patron. It needs a leader who can be both skilled technocrat and savvy politician, or a modernising agent who is also a tough boss, and can rein in the various challenges, some of them still armed, to his rule.
The 1996 Agreement simply has not been given a chance to work. As September 1999 approaches, when the SPCPD’s term expires, fingers will inevitably be pointed at those who are to blame for another apparent failure. But the facts can be allowed to stand for themselves. What is needed is consensus from the various key players — the Administration, Congress, the MNLF, local politicians, the churches, civil society organisations, the international community etc. — on the need for positive and complementary intervention to save the Agreement, drawing on the lessons of the past three years.

Government, particularly the Office of the President, has to initiate a rescue, for the simple reason that it has the most to lose. Should the Agreement fail, Manila will go on record as being incapable of meeting commitments made at the negotiating table.

To start with, the Administration could prolong the transition period and increase the powers of the transitional institutions. Under the terms of the peace agreement, the President can extend the transition on the request of the SPCPD. In effect, the Administration and the MNLF would have to agree on this step.

The Administration can also, for instance, initiate post-Agreement discussions and evaluations to continue the seemingly endless but critically important search for solutions. Key problems that have emerged — lack of funding, the armed challenges, or bureaucratic inertia — should be clearly identified so they can be properly dealt with. The different sides, including the international community, can then begin to be more pro-active in dealing with other problems that are starting to emerge, like the political realignments after the May 1998 elections. The transition is supposed to be a confidence-building phase for both sides. If any lesson is to be drawn from the past three years, it is that confidence can be built only through continuous dialogue.

Eventually Congress, more than the executive, will emerge as the key institution with the mandate and power to resolve the troubles. The transition phase merely buys time for the more difficult process of enacting a new autonomy law. Congress is the venue where the substantive provisions for autonomy will be debated and crafted.

Whether Congress does take the lead will of course depend on a number of factors. First, the parties represented there need to reach a consensus in laying down what Soliman Santos describes as the legal framework for peacemaking (see box p. 72). The lack of a multi-partisan base for the Agreement was a key reason why Congress became increasingly opposed to the deal. Second, the fate of this process in the legislature will depend on a change of heart among key congressional leaders. Congress can also allocate the necessary funds — seed money or dividends — for consolidating peace. Assuming an extension of the transition period, it can also expand the limited space under which the SPCPD and the CA operate by reshaping administrative boundaries according to the proposals of Fr. Eliseo Mercado (see box p. 69).

Mercado’s proposals seem to be the crucial middle ground that could strengthen the political perimeters of the Agreement. The SPCPD and the CA, operating as a new Regional Development Council for SZOPAD, have the potential to consolidate authority, build local multi-party consensus, and rationalise development efforts.

In drawing up a new autonomy law, Congress could also start a wider consultative process to demonstrate to Christians, Muslims and Lumads alike that autonomy is in their interest. This could lead to the crafting of a package that promises to further enhance local government roles and start the long process of redistributing wealth and the benefits of development. By enshrining the policy framework that will guide future ground-level executive action, Congress could provide a sense of security to the different groups involved, recognising minority demands and concerns, and guaranteeing the
Party politics and constitutional change

By Soliman M Santos

Excerpts from a speech delivered at a Sri Lankan Parliamentarians Seminar, sponsored by International Alert on 18 April 1997 at Hotel Danara, Quezon City

'Creating bi-partisan or multi-partisan support and understanding of peace negotiations at the parliamentary level is vital for achieving a permanent solution to conflict. More importantly, an end to conflict may even require constitutional change.

'In the Philippines, the lack of bi-partisan support led to the watering down of the 1996 Peace Agreement. The Senate introduced amendments in the final agreement that diluted the powers and autonomy of the transitional structures. Executive Order 371 further watered down, and deviated from the Peace Agreement. This could have been avoided had there been an early bi-partisan approach.

'The Ramos administration recognised the necessity of some kind of bi- or multi-partisan approach in forming its peace team. All government panels had advisers across parties from the Senate and the House of Representatives, in addition to a Cabinet Secretary. But panel advisers, especially from the oppositionist Senate, did not always act ‘according to the script’. If the Philippine bi-partisan attempt has any lesson, it may be that token bi-partisanism will not do. There must be a genuine approach of building links, dialogue and confidence.

'Separation of powers has led to dissonance in the Philippine peace process. Government negotiates not as one entity but as three separate centres of power. A legislated national peace policy would help the branches of government to act together. Unfortunately, no senator or congressional representative has been bold enough to adopt it.

'Under a constitutional system, all laws are based on or consistent with the fundamental law which is the Constitution. Thus, we need to look for a constitutional policy on peace, or provisions that they may tip the balance in resolving judicial questions of constitutionality of certain peace agreements. Some constitutions have more, some have less. The 1987 Constitution does not provide enough.

'A University of the Philippines professor rues that while the 1987 Constitution provides the President with extraordinary powers ‘to prevent or suppress lawless violence, invasion or rebellion,’ it has no provisions for the use of extraordinary peaceful means to meet armed threats to the State. There is no reference to peace negotiations as an instrument for resolving social and ethnic conflict. The chief executive must have peacemaking powers as a counterpart to wargmaking powers.

'Such powers may need constitutional change. Of the five rebel groups, the two military rebel groups and now the MNLF accept the Philippine Constitution. The National Democratic Front (NDF) and the Moro Islamic Liberation Front (MILF) do not. In the peace talks with the NDF, a major agenda is 'political and constitutional reforms'.

'The government has consistently conducted its peace negotiations 'within the mandates of the Constitution.' But this would, in the NDF's view, 'negate the inherent character and purpose of the peace negotiations.' As a rebel group, it considers itself outside the purview of the Constitution. The MILF wants an Islamic system where religion, government, the economy and socio-cultural life are integrated. Can there be space for such a system in Muslim areas when the Constitution declares that 'the separation of Church and State shall be inviolable'?

'There are possible solutions, like federalism and models of 'one country, two systems.' The preferred solution is still one which holds the nation-state together while creating spaces for the Bangsamoro aspirations of self-determination, social justice, economic well-being and preservation of cultural heritage.'
financial and administrative sustainability of autonomous structures. If mutual confidence can be consolidated, then the outcome of the plebiscite, whichever way it goes, will become much more acceptable to all sides — even if only six provinces and a few clustered municipalities vote to join a new regional autonomous government.

It should have become clear to the MNLF that the success of the Agreement depends on wider popular support, beyond the Moro constituency. They therefore need to build coalitions with civil society organisations, sympathetic Christian politicians and local officials, and to reassure certain sectors that their fears of so-called ‘Moro authoritarianism’ are unfounded.

Rather than addressing the criticisms, MNLF Chair Nur Misuari simply deflects blame towards the limitations of the Agreement. He argues that only when real autonomy is implemented — that is, when the autonomous region has its own regional security force, its own legislature, and the physical and financial capability to sustain itself — can the problems of the Moro people begin to be properly addressed. But the vision of autonomy needs more content: it becomes devoid of significance to people’s lives if issues of democratisation and development are glossed over.

To many people in the ARMM, the concept of autonomy has come to mean simply an extra bureaucratic layer between themselves and Manila, which slows government down rather than making it more responsive or accessible to the people. This is clearly not the fault of the MNLF. But the MNLF will have to show the positive potential of regional autonomy.

The MNLF must review its goals and re-create itself. Based on their performance so far, some MNLF leaders are beginning to look like traditional politicians, using patronage and political office to increase their wealth and status. So far, the MNLF has not defined an economic agenda that would redistribute assets and the benefits of development, and demonstrate that their goals are for the good of the majority.

Civil society organisations need to assert themselves more. These groups are crucial in raising strategic questions omitted from the Agreement (such as the Lumad agenda), improving transparency and scrutinising the kind of strategies government is pursuing to promote ‘peace and development’. Civil society organisations can also support the social infrastructure needed for reconstruction.

More than ever, support from the media, the churches, business councils and other social institutions is needed to turn around opinion about the Agreement. For instance, there has been very little effort to explain the Agreement to the population at large. The document has not been translated into local languages and distributed to, say, the barangay (village) councils in the affected areas.

Finally, the international community must intervene more creatively. The United Nations Development Program for instance, has led the field in providing short-term development assistance to help Moro rebels to return to productive civilian lives. But unless these efforts are tied to a more strategic vision of eradicating poverty, the programme might end up as a deodorised version of Marcos’s policy of attraction. It should show official support for efforts that aim to redistribute assets and provide long-term, stable jobs — the ultimate measures of security for a long-dispossessed people.

The next arena may prove to be more difficult, but nobody said it was going to be easy. The reconstruction and rehabilitation of Mindanao and the Bangsamoro homeland is going to be long, difficult, and complex. ■
The peace and development formula

The promise of development, which the Ramos administration and the MNLF proclaimed was at the heart of their peace agreement, has different meanings for the different ethnic, social and political groups in Mindanao.

The Ramos administration’s goal was to attract foreign investment into Mindanao, but in the 1980s, political instability was perceived as a deterrent to investors and hence an obstacle to economic growth. For the Ramos administration, peace was a prerequisite for development.

Abraham Iribani, chair of the MNLF Secretariat for the peace talks, says, ‘The government did not go into the agreement because it loves the Muslims, but because it needs peace in order to develop Mindanao’s resources’. Many MNLF leaders shared Ramos’s development goals, seeing Malaysia as the preferred model — its development was financed by foreign investment, but with the state playing an important role and preferential policies to develop a Malay Muslim entrepreneurial class in an economy previously dominated by the Chinese community.

During the negotiations, development was a common interest that could bring the MNLF and the Ramos administration together while they thrashed out the constitutional issues that kept them apart. Their vision of development was shared by the Indonesian government, which was mediating the talks. Indonesia and the Philippines were already working with two other members of the Association of South East Asian Nations (ASEAN) — Brunei and Malaysia — on a cross-border economic co-operation project called the East ASEAN Growth Area (EAGA). It aimed to develop trade, tourism and investment in Borneo, Mindanao, Palawan, Sulawesi, Maluku and Irian Jaya (West Papua).

For the parties to the talks, development meant ports and airports, power generation, plantations, tourism, mining and industrial development. This vision had considerable resonance among the urban middle class, both Muslim and Christian. It also found favour with foreign government aid departments. In the early 1990s, new office buildings and tourist resorts sprang up, bank
branches opened, transport, communications and service industries boomed in urban enclaves such as Cagayan de Oro, General Santos and Davao City.

The Peace Agreement was intended to sustain this growth, but for the poor, of whatever ethnic group, it meant displacement from homes and sources of livelihood, homes bulldozed to make way for shopping malls and office blocks, farmland taken over for plantations or cleared for open-pit mining.

The Lumads, with little political clout or armed strength to protect their claims to the land, are particularly vulnerable to displacement by agribusiness, tree farming or mining. Like indigenous peoples elsewhere in the Philippines, many of them define their experience as ‘development aggression’. Many Lumads see the transitional structures set up by the peace agreement as vehicles for large projects run by outsiders. As Subanen leader Boy Anoy says, ‘The problem is that the SPCPD is for large-scale development projects. This means displacement for indigenous people’.

Investment in Mindanao increased after the Peace Agreement, although how much of it went outside urban areas is not clear. One local government planner had this criticism of the attempts to devise a coordinated plan for the Zone of Peace and Development: ‘[Central government] planners simply presented their own plans, drawn up without consulting people on the ground. [Their] plans were all to do with investments, but that is not what is needed. What is needed is poverty alleviation, employment and basic services’.

Many people in Mindanao agree. ‘People are looking for some sort of reconstruction, for basic needs to be met: housing, farm-to-market roads, water systems that were destroyed in the war,’ says Professor Jamail Kamlian.

To most Muslims, the absence of government services in their communities is a symptom of government neglect and discrimination, a cause and a consequence of the conflict. Development, understood as government services, is a symbol of inclusion and of equality with other citizens of the Philippines.

The 1997 Philippine Human Development Report attempts to indicate quality of life through a Human Development Index based on life expectancy, functional literacy and per capita income. It puts the five predominantly Muslim provinces among the six worst off out of 74 provinces in the Philippines. According to Education Department figures for 1994, the proportion of people in the Autonomous Region of Muslim Mindanao (ARMMP) aged 15 years or more who had not completed even one year of schooling was 27.8% compared to a national average of 3.7%.

To rectify this would require a speeding up of bureaucracy and the creation of a secure environment in remote rural areas. In 1997 teachers in Sulu began campaign for the province to leave the ARMM because their pay was always late. Their assumption was that ARMM bureaucrats were making temporary use of teachers’ salaries to earn money by making short-term loans.

However, many Christians also interpret specific local development projects as symbols of inclusion or exclusion. Thus they may see initiatives that focus on Muslims, or predominantly Muslim areas, not as redress of persistent inequality, but as expressions of favouritism.

Similarly, civilians of all ethnic groups often interpret initiatives that focus on MNLF ex-combatants as excluding them from the alleged benefits of peace. Members of a women’s group in Jolo town were pleased that housing projects have been started for the MNLF fighters, but added, ‘there has been no other development, and nothing for civilians’. Thus development programmes, intended for confidence building between the parties to the conflict, have in effect reduced civilian confidence in those parties.

Since the peace agreement was signed, difficulties have been compounded by the East Asian currency crisis and the 1997-98 drought. The currency crisis hit in 1997 and led ultimately to political instability in Malaysia and upheaval in Indonesia, throwing the government’s development strategy into question. The direct effect on the Philippines was to devalue the currency, increasing the peso denomination of the foreign debt. This reduced the government budget available for infrastructure projects. The drought caused hunger and disease, which affected at least a million people throughout Mindanao. Government relief operations came rather late — in the middle of the 1998 election campaign — and many people saw them as politically motivated.

Through the transitional structures for Phase I of the Peace Agreement, the government was offering the MNLF a partnership in making its development vision a reality. Given the competing priorities of people in the Zone of Peace and Development, the proclamation of that partnership was bound to arouse expectations that simply could not be met.