

# Transition Initiatives: Philippines Field Report

December 2000 - January 2001

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## Country Situation

**BREAKING NEWS from Manila (As of January 24, 2001)**, Vice-President Gloria Macapagal-Arroyo was sworn in as the new President of the Philippines on January 20 after four days of street demonstrations forced a beleaguered President Joseph Estrada from office after serving less than half his term. Former President Estrada's impeachment trial had been derailed on January 17 when, by a 11 to 10 vote, the Senators decided not to open up bank records for Estrada's accounts. This caused the whole prosecution team to resign and massive anti-Estrada street protests began. On January 19, the Philippines military withdrew its support for the former president after mid-level officers threatened to use force to arrest him. On January 20, the Philippines Supreme Court stripped Estrada of his title following announcements by the military, the police and most members of the cabinet that they would not serve under him. On January 23, the courts barred Estrada from leaving the country and froze his bank account. Senate President and the Supreme Court's chief justice said they wanted to restart an impeachment trial against Estrada to wind up proceedings, and Former President Estrada has stated that he will seek to return to power. The new Philippines president will have to move quickly to begin rebuilding the country after months of political and economic turmoil. (To obtain the latest updates log into: <http://www.inquirer.net> then click on "what's happening.")

### *Political Background to the Above*

The presidential impeachment trail has dominated the attention of the country over the last four months. In October 2000, a corruption scandal erupted when an impeachment case was filed against President Estrada. The case was based on allegations that the President accepted \$8 million from an illegal lottery ring. On November 13, the impeachment case was forwarded by the Speaker of the House of Representatives to the Senate for trial. The impeachment trial began on December 7. On January 16, Senate Impeachment Court voted along partisan lines (11-10) to exclude evidence (bank documents) needed to prove one of the four charges against President Estrada. The information was excluded on the basis of a technicality. The excluded evidence is known to show that Jose Velarde (alias for Joseph Estrada) had other bank accounts containing P 3.3 billion (\$66 million). The Court voted with full knowledge about the information it was excluding and about how it related to the impeachment charges.

### *Economic*

The political crisis in Manila continued to negatively affect the Philippine economy. The Peso has declined further to another all-time low of P54.7/\$1. In 1997 the Peso was trading at P28/\$1. The Philippine stock market also continues to decline.

### *Insurgency*

On December 30, 2000 a series of five bombings took place in Metro Manila that injured 120 people and killed 19. The Philippine National Police immediately arrested 16 Muslims and accused the Moro Islamic Liberation Front (MILF) of being behind the bombings. The MILF denied involvement and subsequently all but one of the Muslims arrested was released. During most of the Ramadan period (November 27 to December 27), the security situation in Mindanao remained relatively peaceful with only a few small encounters taking place between the MILF and Armed Forces of the Philippines (AFP). In December, several grenade attacks in Cotabato City resulted in the Mayor and religious leaders' call for the replacement of the Police Chief who they felt had not adequately investigated the crimes. Other localized incidents between the MILF and AFP were reported in the provinces of North Cotabato, Maguindanao, Sultan Kudarat, Lanao del Norte, and Lanao del Sur. Several politically motivated attacks associated with the upcoming May 2001 elections have occurred (e.g. armed attacks on mayors), which may be a harbinger that this year's election could precipitate an increase in the level of violence.

## Program Highlights

### TRANSITION ASSISTANCE GRANT (TAG) SUMMARY

Since August 31, 2000 no new village based grants have been approved in order to meet the close down deadline. Since September the focus of field activities have been to complete delivery of all 422 approved grants. The following represents the total number of grants approved and delivered under the OTI/Philippines' Support With Implementing Fast Transition (SWIFT) program since June 1999:

Category	Families	Ex-Combatants	Approved Grants	Delivered Grants	Matching Funds (\$)	USAID Contribution (\$)
Agriculture Production	3,776	2,573	101	96	426,129	257,260
Reconciliation	0	0	38	34	47,992	54,124
Capacity Building & Media*	0	0	4	3	676	189,289
Gender and Development	553	131	16	14	48,212	35,251
Post-Harvest Facilities	6,520	4,740	176	172	656,392	432,486
Village Infrastructure	6,050	2,479	87	75	505,590	247,828
TOTAL	16,899	9,923	422 **	394	1,684,991	1,216,238

\* In order not to double count beneficiaries the number of families and ex-combatants assisted under the capacity building line are not calculated.

\*\* To date, ten of the approved grants have been canceled due to security issues in the area or lack of good counterpart partners.

### PROGRESS TOWARD OBJECTIVES

**HAND-OFF PLANNING.** In preparation for the exit of USAID's Office of Transition Initiatives from the Philippines at the end of the SWIFT program (March 31, 2001), OTI and the USAID Mission in Manila have continued to develop the hand-off strategy. During a TDY by OTI's Asia Team Leader in early December, a number of decisions were reached. USAID Manila has agreed to develop a new Livelihood Enhancement and Peace Program (LEAP) that incorporates various aspects of the SWIFT and Emergency Livelihood Assistance Program (ELAP).

The situation in Mindanao remains perilous. While the fighting between the AFP and the MILF has declined from the level it reached during the spring and summer of 2000, the conflict is still ongoing and continues to cost 100 to 200 lives each month. It is very possible that the violence could escalate. For these reasons, it is important that the Peace Agreement between the GOP and the MNLF continue to hold. In order to increase prospects that it will hold, it is important that more former MNLF combatants receive the "peace dividends" provided by USAID's programs. In the words of the Vice Chairman of the MNLF: "Our people have been disappointed and frustrated at the slow pace of the Philippine Government's compliance with the terms of the Peace Agreement. Because of this, there is a good deal of sympathy for our MILF brothers and their continuing struggle. However, this sympathy has not led many of the brothers to join their struggle. USAID's programs have made a difference. Now we can make a living. Now we have something to lose."

Therefore, the follow-on program is envisioned to be a two-year program that continues to consolidate the gains made to date by USAID in support of the 1996 Peace Agreement between the MNLF and the Philippine Government, as well as to reach out to new groups of former combatants. USAID Manila is awaiting word from the State Department regarding their urgent outstanding request for \$5 million in FY2001 Economic Support Funds (ESF) that would be used to fund the follow-on LEAP program. A draft scope of work has been developed that would be used to issue a task order under the OTI-developed Support Which Implements Fast Transition IQC contract. It is envisioned that the LEAP scope of work will be finalized by the end of January, and that as soon as the ESF funding

is made available, contract actions can be initiated. It is hoped that the contracting firm that will implement the follow-on program can be selected in February to allow an adequate field hand-off from the existing SWIFT and ELAP programs.

DA-SWIFT VILLAGE PARTNERSHIP. Since the signing of the Philippine Department of Agriculture (DA) - OTI memorandum on March 8, 2000 a total of 255 village groups have had projects approved. A total of 394 units of equipment will be delivered to MNLF former combatant groups by the DA under this partnership. By the end of December, 122 village groups had received DA equipment deliveries. DA Secretary Angara was asked by President Estrada to take over as his Executive Secretary during a recent cabinet reshuffling exercise. DA Deputy Secretary Panganiban has been nominated as the new DA Secretary. Secretary-designate Panganiban is familiar with the DA-SWIFT program. However, due to the fast changing political events in Manila, it is unknown what impact these changes will have on the final implementation of the DA equipment deliveries.

## **NEXT STEPS/IMMEDIATE PRIORITIES**

- Continue to encourage the Department of Agriculture to deliver equipment pledged in the MOU.
- Focus field operations on final deliveries and development of final grant reports for village projects.
- In February, full initiation of close down operations will commence.
- Provide technical assistance to USAID Manila on the final design of the follow-on program.